Huntington Exploration Inc.

2021 Second quarter Condensed Interim Consolidated Financial Statements
(Unaudited)

Notice for National Instrument 51-102
The interim condensed consolidated financial statements and notes thereto for the six months ended June 30, 2021 are prepared by management and have not been independently audited or reviewed by the Company's auditors.

	NOTE		June 30, 2021		December 31, 2020
Assets					
Current Assets					
Cash and cash equivalents		$	9,187,048	$	1,144,150
Accounts receivable			8,361		39,835
Prepaid expense			106,687		186,210
			9,302,096		1,370,195
Restricted Cash	6		45,920		45,806
Mineral exploration and evaluation assets	4		82,135		33,635
Property and equipment	5		106		132
		$	9,430,256	$	1,449,768
Liabilities and Shareholders' Equity					
Current Liabilities					
Accounts payable and accrued liabilities		$	341,461	$	108,804
Flow through share provision			357,118		-
Provision for Abandonment			33,000		33,000
			731,579		141,804
Long-term Liabilities					
Decommissioning obligations	6		88,559		87,204
			820,138		229,008
Shareholders' Equity					
Share capital			20,385,926		12,459,976
Contributed surplus			3,314,408		2,207,058
Retained Earnings (Deficit)			(15,090,216)		(13,446,274)
			8,610,118		1,220,760
		$	9,430,256	$	1,449,768

The accompanying notes are an integral part of these financial statements.

	NOTE	Six months ended June 30, 2021	Six months ended June 30, 2020	Three months ended June 30, 2021	Three months ended June 30, 2020
Revenue					
Petroleum and natural gas sales		$ 36,867	$ 28,138	$ 17,088	$ 12,152
Less: Royalties		(6,203)	(4,713)	(3,025)	(2,035)
		30,664	23,425	14,063	10,117
Other Income		185	437	129	210
		30,850	23,862	14,192	10,327
Expenses					
Operating expense		40,783	27,669	11,680	12,706
Administrative		525,277	59,046	249,691	26,181
Share-based compensation	7d	1,107,350	-	1,107,350	-
Accretion of decommissioning obligations		1,355	1,313	680	659
Depletion and depreciation		26	44	13	22
		1,674,792	88,072	1,369,415	39,568
Net loss for the period		$ (1,643,942)	$ (64,210)	$ (1,355,223)	$ (29,241)
Basic loss per share		$ (0.034)	$ (0.003)	$ (0.026)	$ (0.001)
Weighted average number of common shares outstanding:					
Basic and diluted	(1)	48,541,497	19,899,431	52,703,980	19,899,431

(1) The options and warrants have been excluded from the diluted loss per share computation as they are anti-dilutive.

The accompanying notes are an integral part of these financial statements.

	Number of Common Shares		Share Capital		Contributed Surplus		Deficit		*Total* Shareholders' Equity
Balance at January 1, 2020	19,899,431	$	11,360,736	$	2,207,058	$	(13,269,361)	$	298,433
Loss for the period	-		-		-		(64,210)		(64,210)
Balance June 30, 2020	19,899,431		11,360,736		2,207,058		(13,333,571)		234,223
Shares Issued for cash (net of issue costs)	22,750,000		1,099,240		-		-		1,099,240
Loss for the period	-		-		-		(112,703)		(112,703)
Balance at December 31, 2020	42,649,431	$	12,459,976	$	2,207,058	$	(13,446,274)	$	1,220,760
Balance at January 1, 2021	42,649,431	$	12,459,976	$	2,207,058	$	(13,446,274)	$	1,220,760
Issued for cash (net of issue costs)	28,570,928		8,469,825		-		-		8,469,825
Shares issued for consideration	200,000		33,000		-		-		33,000
Share-based compensation	-		-		1,107,350		-		1,107,350
Flow-through premium	-		(357,118)		-		-		(357,118)
Common shares issued on exercise of warrants	7,275,000		363,750		-		-		363,750
Share issue costs	-		(583,507)		-		-		(583,507)
Loss for the period	-		-		-		(1,643,942)		(1,643,942)
Balance at June 30, 2021	78,695,359	$	20,385,926	$	3,314,408	$	(15,090,216)	$	8,610,118

The accompanying notes are an integral part of these financial statements.

	NOTE	Six months ended June 30, 2021	Six months ended June 30, 2020
Operating activities			
Net loss		$ (1,643,942)	$ (64,210)
Add items not affecting cash:			
Depletion and depreciation		26	44
Accretion on decommissioning liabilties		1,355	1,313
Share-based compensation	7d	1,107,350	-
		(535,210)	(62,853)
Changes in non-cash working capital items related to operating activities		343,654	(20,768)
		(191,556)	(83,621)
Financing activities			
Increase in restricted cash		(114)	(437)
Share issue (net of issue costs)		7,925,950	-
		7,925,836	(437)
Investing activities			
Mineral Exploration and evaluation additions		(48,500)	-
Changes in non-cash investing working capital items related to investing activities		-	-
Flow through premium		357,118	-
		308,618	-
Decrease in cash for the period		8,042,898	(84,058)
Cash, beginning		1,144,150	427,345
Cash, end		$ 9,187,048	$ 343,287
Cash consists of:			
Cash		$ 9,187,048	343,287
Supplementary information:			
Interest received		$ 185	$ 437

The accompanying notes are an integral part of these financial statements.

1. CORPORATE INFORMATION

Huntington Exploration Inc. ("Huntington" or the "Company") was a public junior oil and gas company engaged in the evaluation, acquisition, exploration and development of natural gas and oil properties in Western Canada. Going forward the focus of the Company will be exploration work in the mineral sector. The Company's shares trade on the TSX Venture Exchange under the symbol HEI.

Huntington Exploration Inc. ("Huntington" or the "Company") was incorporated as 676182 Alberta Ltd. under the laws of the Province of Alberta on November 28, 1995. On February 1, 1996 the Company changed its name to Goldust Mines Ltd. and subsequently, on July 18, 1997 changed its name to Huntington Exploration Inc. The Company's principal operating address is Eau Claire Place II 440, Box 14, 521 – 3 Avenue S.W., Calgary, Alberta.

Huntington has a 100% interest in Huntington Capital Inc.

2. BASIS OF PREPARATION

a) Statement of Compliance

These condensed interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting. They do not contain all disclosures required by International Financial Reporting Standards ("IFRS") for annual financial statements and, accordingly, should be read in conjunction with the audited financial statements for the year ended December 31, 2020. These condensed financial statements were authorised for issue by the Board of Directors on August 24, 2021.

b) Going Concern Assumption

The Company's ability to continue as a going concern is dependent upon its ability to attain profitable operations, generate sufficient funds therefrom, receive continued support from its creditors and continue to obtain capital from investors sufficient to meet its current and future obligations. The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19" was declared a global pandemic by the World Health Organization on March 11, 2020. Governments worldwide enacted emergency measures to combat the spread of the virus. These measures have caused material disruption to businesses globally resulting in an economic slowdown.

The Company had working capital of $8,570,517 at June 30, 2021 has an accumulated deficit of $15,090,216, incurred a net loss of $1,643,942 during the current six-month period and incurred a gain of cash from operating activities before changes in non-cash working capital of $343,654 during the period ended June 30, 2021. Although management's efforts to raise capital and monetize assets have been successful in the past, there is no certainty that they will be able to do so in the future.

Governments and central banks have reacted to the global pandemic with significant monetary and fiscal interventions designed to stabilize economic conditions. However, the duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the governments and central bank interventions.

The aforementioned circumstances may create significant doubt as to the ability of the Company to continue as a going concern and meet its obligations as they come due. These financial statements have been prepared using accounting principles that are applied to a going concern and do not reflect the adjustments that would be necessary to the presentation and carrying amounts of the assets and liabilities

2. BASIS OF PREPARATION (CONTINUED)

if the Company were not able to continue operations. These adjustments and reclassifications may be material.

c) Basis of Measurement

These financial statements have been prepared on a historical cost basis except share based payment transactions that are measured at fair value.

The condensed interim financial statements are presented in Canadian dollars, which is also the Company's functional currency.

d) Basis of consolidation

The consolidated financial statements comprise of the financial statements of Huntington Exploration Inc. (the parent Company) and its subsidiary, Huntington Capital Inc.

e) Use of Estimates

The preparation of financial statements requires management to make estimates and use judgment regarding the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the period. By their nature, estimates are subject to measurement uncertainty and changes in such estimates in future periods could require a material change in the financial statements. Accordingly, actual results may differ from the estimated amounts as future confirming events occur. Significant estimates and judgments made by management in the preparation of these financial statements are as follows:

Valuation of account receivable

The valuation of accounts receivable is based on management's best estimate of the provision for doubtful accounts.

Decommissioning Provisions

Decommissioning provisions have been created based on the Company's knowledge as at December 31, 2020 and 2019. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standard and techniques will result in changes to provisions from period to period. Actual decommissioning costs will ultimately depend on future market prices from the decommissioning costs which will reflect the market conditions at the time of the decommissioning costs are actually incurred. The final cost of the currently recognized decommissioning provisions may be higher or lower than currently provided for.

Income Taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

2. BASIS OF PREPARATION (CONTINUED)

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

Share-based Payment Transactions
The company measurers the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

Deferred price premium on flow-through shares
The amounts recorded for the deferred price premium on flow-through shares and the related deferred income tax effect are based on management's estimates of the estimated market value of the Company's shares on the date of issuance of the flow-through common shares.

Impairment
A CGU is defined as the lowest grouping of integrated assets that generate identifiable cash inflows that are largely independent of the cash inflows of other assets or groups of assets. The Company has concluded each CGU is the individual properties held. As of June 30, 2021 and December 31, 2020 the Company had one CGU's being Warwick. The allocation of assets into CGUs requires significant judgment and interpretations with respect to the integration between assets, the existence of active markets, similar exposure to market risks, shared infrastructures, and the way in which management monitors the operations. The recoverable amounts of CGUs and individual assets have been determined based on the higher of fair value less costs to sell or value-in-use calculations. The key assumptions the Company uses in estimating future cash flows for recoverable amounts are anticipated future commodity prices, expected production volumes and future operating and development costs. Changes to these assumptions will affect the recoverable amount of CGUs and individual assets and may then require a material adjustment to their related carrying value.

Reserves
The estimate of reserves is used in forecasting the recoverability and economic viability of the Company's oil and gas properties, and in the depletion and impairment calculations. The process of estimating reserves is complex and requires significant interpretation and judgment. It is affected by economic conditions, production, operating and development activities, and is performed using available geological, geophysical, engineering, and economic data. Future development costs are estimated using assumption as to the number of wells required to produce the commercial reserves, the cost of such wells and associated production facilities and other capital assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These condensed interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting. They do not contain all disclosures required by International Financial Reporting Standards ("IFRS") for annual financial statements and, accordingly, should be read in conjunction with the audited financial statements for the year ended December 31, 2020.

4. MINERAL EXPLORATION AND EVALUATION ASSETS

On December 1, 2020, the Company entered into two mineral property acquisition agreements with arm's length third parties with respect to the purchase of option rights to mineral exploration properties in the Birch-Uchi region in Ontario bridging Treaty 3 and Treaty 9 Territories (the "Quartz Lake Property"). Under the terms of the agreements, the purchase price was satisfied by aggregate cash payment of $30,000 and the issuance of 200,000 common shares at a deemed price of $0.165 per share within ten business days of acceptance of the agreements by the TSX-Venture Exchange. One of the vendors retains a 1.5% Net Smelter Return ("NSR") royalty, payable upon the commencement of commercial production from the Quartz Lake Property. The Company has the right at any time to purchase one-half of the NSR royalty from the vendor for $500,000.

The Company received TSX-Venture Exchange approval for the purchase of the Quartz Lake Property on January 18, 2021

		Total
December 31, 2019	$	-
Additions		33,635
December 31, 2020		33,635
Additions		48,500
June 30, 2021	$	82,135

Mineral Exploration and evaluation (E&E) assets consist of the Company's mineral property projects which are pending the Exploration determination of proven or probable reserves. Additions represent the Company's share of costs incurred on E&E assets during the period.

5. PROPERTY, PLANT AND EQUIPMENT

The following represents a summary of changes in the Company's property and equipment.

	Petroleum Properties	Office Equipment	Total
Cost:			
December 31, 2019	$ 1,168,896	$ 7,599	$ 1,176,495
Additions	-	-	-
December 31, 2020	1,168,896	7,599	1,176,495
Additions	-	-	-
June 30, 2021	$ 1,168,896	$ 7,599	$ 1,176,495

	Petroleum Properties	Office Equipment	Total
Depletion, depreciation and impairment losses:			
December 31, 2019	$ 1,168,896	$ 7,378	$ 1,176,274
Depletion/depreciation	-	89	89
December 31, 2020	1,168,896	7,467	1,176,363
Depletion/depreciation	-	26	26
June 30, 2021	$ 1,168,896	$ 7,493	$ 1,176,389

	Petroleum Properties	Office Equipment	Total
Carrying amounts:			
At December 31, 2020	$ -	$ 132	$ 132
At June 30, 2021	$ -	$ 106	$ 106

6. DECOMMISSIONING LIABILITIES

The following reconciles the changes in the Company's decommissioning obligation:

	Six Months Ended June 30, 2021	Year ended December 31, 2020
Balance, beginning of period	$ 87,204	$ 73,757
Increase (decrease) in liabilities	-	-
Changes in estimate	-	-
Accretion expense	1,355	13,447
Balance, end of period	$ 88,559	$ 87,204

Decommissioning Provision

Huntington makes full provision for the future cost of site decommissioning on a discounted basis at the time development expenditures take place. The decommissioning provision represents the present value of decommissioning costs relating to petroleum and natural gas properties, which are expected to be incurred up to the final date of the properties' lives. These decommissioning provisions on currently producing assets are expected to be settled over the next 12 years with the majority of costs incurred between 2021 and 2034.

The discount rate currently applied in the calculation of the net present value of the provision is between 1.02%-2.33% and the inflation rate is 2.5%.

Pursuant to government regulations, the Company has on deposit cash of $45,920 (2020 - $45,806) restricted for the completion of future abandonments.

7. SHARE CAPITAL

a) Authorized

Unlimited number of:
Common shares without par value
Preferred shares, assumable in series

b) Class A Common Shares Issued

On June 16, 2021 the Company closed its private placement with Canaccord Genuity Corp. and Sprott Capital Partners for gross proceeds of $6,000,000 comprised of units ("HD Units") sold at a price of $0.28 per HD Unit.
The Company also closed its contemporaneous non-brokered private placement of flow-through units (" FT Units") sold at a price of $0.35 per FT Unit for aggregate proceeds of $2,500,000
Each HD Unit and FT Unit consisted of one common share of the Company and one-half of one transferable common share purchase warrant (each whole common share purchase warrant, a "Warrant"). Each Warrant will entitle the holder thereof to purchase one common share of the Company at an exercise price of $0.40 for the period of 2 years following the closing of the Offering.

7. SHARE CAPITAL (CONTINUED)

c) Stock Options

The Company's stock option plan limits the number of common shares reserved under the plan from exceeding a "rolling maximum" of ten (10) percent of the Company's issued and outstanding common shares. Under the plan, the number of stock options for any one (1) individual may not exceed 5% of the issued and outstanding shares in any one twelve-month period. The stock options vest at the discretion of the Board of Directors upon grant to directors, officers, employees and consultants of the Company.

Changes in the number of stock options, with their weighted average exercise prices, are summarized below:

	Six Months Ended June 30, 2021		Year ended December 31, 2020	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, beginning of period	-	$ -		$
Granted	4,050,000	0.28		
Balance, end of period	4,050,000	$ 0.28	-	$
Exercisable, end of period	4,050,000	$ 0.28		$

As at June 30, 2021, the following stock options are outstanding:

Number of common shares under option	Exercise price per common share	Expiry Date
1,550,000	$ 0.24	April 2031
2,500,000	$ 0.31	June 2031
4,050,000		

The weighted average remaining contractual life of the options is 9.92 (December 2020 - NIL) years.

d) Share-based compensation

The Company recorded $1,107,350 (December 31, 2021 - $NIL) in share-based compensation expense in the period and a corresponding amount was credited to contributed surplus.

e) Warrants

The Company's Performance warrant program limits the number of common shares reserved under the plan from exceeding a "rolling maximum" of ten (10) percent of the Company's issued and outstanding common shares. The warrants vest at the discretion of the Board of Directors upon grant to directors, officers, and employees of the Company.

7. SHARE CAPITAL (CONTINUED)

Changes in the number of warrants, with their weighted average exercise prices, are summarized below:

	Six Months Ended June 30, 2021			Year Ended December 31, 2020		
	Number of Warrants		Weighted Average Exercise Price	Number of Warrants		Weighted Average Exercise Price
Balance, beginning of period	32,750,000	$	0.05	14,166,667	$	0.05
Granted	14,285,464		0.40	22,750,000		0.05
Exercised	(7,275,000)		0.05	-		-
Expired				(4,166,667)		0.05
Balance, end of period	39,760,464	$	0.18	32,750,000	$	0.05
Exercisable, end of period	39,760,464		0.18	32,750,000		0.05

As at June 30, 2021, the following warrants are outstanding:

Number of common shares under warrant	Exercise price per common share	Expiry Date
4,225,000	$0.05	August 2021
21,250,000	$0.05	November 2022
14,285,464	$0.40	June 2023
39,760,464		

8. RELATED PARTY TRANSACTIONS

Except as disclosed elsewhere in these condensed financial statements the Company had the following related party transactions during the period:

June 30,	Six months ended June 30,				hree months ended June 30			
		2021		2020		2021		2020
Salaries and fees incurred to companies owned by Executive or senior management.	$	79,500	$	12,000	$	25,500	$	6,000

9. FINANCIAL INSTRUMENTS

(a) Foreign Currency Exchange Risk

The Company does not sell or transact in any foreign currency; however, the US dollar influences the price of oil and natural gas sold in Canada. Price fluctuations, as a result can affect the fair value of the Company's property and equipment and future cash flows however, given it is an indirect influence, the impact of changing exchange rates cannot be accurately quantified. The Company's other financial assets and liabilities are not directly affected by a change in currency rates.

(b) Interest Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is not exposed to interest rate fluctuations at June 30, 2021 and December 31, 2020. Fixed rate debt is subject to interest rate price risk, as the value will fluctuate as a result of changes in market rates. As at June 30, 2021 and December 31, 2020, the Company has no fixed interest rate debt.

(c) Market risk

Market risk is comprised of two components: currency risk and interest rate risk.

(d) Fair Value of Financial Instruments

The Company classifies the fair value of these financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

- Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

- Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

- Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

Cash, restricted cash and the investment have been classified as Level 1.

All financial assets (except for cash which is classified as held for trading), are classified as either loans or receivables and are accounted for on an amortized cost basis. All financial liabilities are classified as other liabilities. There have been no changes to the aforementioned classifications during the year ended December 31, 2020.

(e) Liquidity Risk

Liquidity risk includes the risk that, as a result of the Company's operational liquidity requirements:

- The Company will not have sufficient funds to settle a transaction on the due date;

- The Company will be forced to sell financial assets at a value which is less than what they are worth; or

9. FINANCIAL INSTRUMENTS (CONTINUED)

The Company's accounts payable and accrued liabilities as at June 30, 2021 and December 31, 2020 is comprised of the following:

		June 30, 2021		December 31, 2020
Trade accounts payable	$	311,665	$	22,409
Accruals (1)		9,600		54,000
Joint Venture		20,196		32,395
Balance, end of period	$	341,461	$	108,804

(1) Includes $9,600 (December 31, 2020 - $24,000) with respect to professional fees and $NIL (December 31, 2020 - $30,000 with respect to other costs.

The Company's trade accounts payable and accrued liabilities as at June 30, 2021 are aged as follows:

Trade Accounts Payable and Joint Venture Payable	0 to 30 Days	31 to 60 Days	61 to 90 Days	Greater than 90 Days
$341,461	$289,291	$27,306	($4,571)	$29,435

10. SUBSEQUENT EVENT

On July 28, 2021 the Company announced that it completed the acquisition of the Winora Property, previously announced on May 4, 2021, through an arm's length mineral property acquisition. The Acquisition consists of 17 patented mining claims located in the District of Kenora, Northern Ontario. The Winora Property is located 500 m east of the historical Lingman Lake Gold Mine, developed in the late 1940s that, for a variety of reasons, has never reached commercial production.

The Terms of the Winora acquisition agreement involved a consideration of 4,000,000 common shares of the Company at a deemed price of $0.304 per share and a 2% NSR to the vendor. Furthermore, Huntington has granted the vendor a pro rata right of subscription. The common shares issued in connection with the Acquisition will be subject to a hold period of eighteen months from the date of closing.