Huntington Exploration Inc.
Consolidated Financial Statements
December 31, 2021

Contents

Independent Auditors' Report

To: The Shareholders of **Huntington Exploration Inc.**

Opinion

We have audited the consolidated financial statements of Huntington Exploration Inc. and its subsidiaries (collectively, the "Company"), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020 and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Consolidated Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditors' report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged With Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with

Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this Independent Auditors' report is Roland A. Bishop, CPA, CA.

March 6, 2022
Calgary, Alberta

Kenway Mack Slusarchuk Stewart LLP

Chartered Professional Accountants

As At	NOTE	December 31, 2021	December 31, 2020
Assets			
Current Assets			
Cash and cash equivalents		$ 5,758,720	$ 1,144,150
Marketable securities	4	3,009,127	-
Accounts receivable		61,763	39,835
Prepaid expense		107,562	186,210
		8,937,172	1,370,195
Restricted cash		46,035	45,806
Mineral exploration and evaluation assets	5	1,585,236	33,635
Property and equipment	6	3,295	132
		$ 10,571,738	$ 1,449,768
Liabilities and Shareholders' Equity			
Current Liabilities			
Accounts payable and accrued liabilities		$ 262,840	$ 108,804
Flow through share premium		323,275	-
Provision for abandonment		33,000	33,000
		619,115	141,804
Long-term Liabilities			
Decommissioning obligations	7	89,935	87,204
		709,050	229,008
Shareholders' Equity			
Share capital	8	21,890,449	12,459,976
Share based payment reserve		3,348,908	2,207,058
Deficit		(15,376,669)	(13,446,274)
		9,862,688	1,220,760
		$ 10,571,738	$ 1,449,768

Approved by the Board:

"Mark Santarossa"
Mark Santarossa, Director

"Joseph Mullin"
Joseph Mullin, Director

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

For the year ended December 31,	NOTE	2021	2020
Revenue			
Production sales		$ 93,270	$ 59,484
Less: royalties		(15,975)	(9,926)
		77,295	49,558
Other income		19,476	429
		96,771	49,987
Expenses			
Operating expense		76,683	55,127
Administrative		839,523	113,237
Property investigation and evaluation		-	45,000
Share-based compensation		1,141,850	-
Accretion of decommissioning obligations		2,731	13,447
Depletion and depreciation		222	89
		2,061,009	226,900
Loss before income taxes		(1,964,238)	(176,913)
Deferred income tax expense (recovery)	9	(33,843)	-
Loss and comprehensive loss		$ (1,930,395)	$ (176,913)
Basic and diluted loss per share		$ (0.028)	$ (0.008)
Weighted average number of common shares outstanding Basic and diluted (note 8c, 8e)		68,284,458	22,080,938

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

	Number of Common Shares	Share Capital	Share Based Payment Reserve	Deficit	Total Shareholders' Equity
Balance at January 1, 2020	19,899,431	$ 11,360,736	$ 2,207,058	$ (13,269,361)	$ 298,433
Shares issued for cash (net of issue costs)	22,750,000	1,099,240	-	-	1,099,240
Net and comprehensive loss for the year	-	-	-	(176,913)	(176,913)
Balance at December 31, 2020	42,649,431	12,459,976	2,207,058	(13,446,274)	1,220,760
Balance at December 31, 2020	42,649,431	12,459,976	2,207,058	(13,446,274)	1,220,760
Issued for cash	28,571,386	8,499,825	-	-	8,499,825
Share issued as consideration	4,200,000	1,249,000	-	-	1,249,000
Flow-through share premium	-	(357,118)	-	-	(357,118)
Share-based compensation	-	-	1,141,850	-	1,141,850
Common shares issued on exercise of warrants	13,400,000	670,000	-	-	670,000
Share issue costs	-	(631,234)	-	-	(631,234)
Net and comprehensive loss for the year	-	-	-	(1,930,395)	(1,930,395)
Balance at December 31, 2021	88,820,817	$ 21,890,449	$ 3,348,908	$ (15,376,669)	$ 9,862,688

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

For the year ended December 31,	2021	2020
Operating activities		
Net loss	$ (1,930,395)	$ (176,913)
Add items not affecting cash:		
Depletion and depreciation	222	89
Accretion on decommissioning liabilties	2,731	13,447
Share-based compensation	1,141,850	-
Deferred income tax recovery	(33,843)	-
	(819,434)	(163,377)
Changes in non-cash working capital items related to operating activities	199,732	(206,614)
	(619,702)	(369,991)
Financing activities		
Increase in restricted cash	(229)	(430)
Share issue (net of issue costs)	8,538,591	1,087,226
	8,538,362	1,086,796
Investing activities		
Increase in marketable securities	(3,009,127)	-
Mineral exploration and evaluation additions	(291,579)	-
Property and equipment additions	(3,385)	-
Changes in non-cash working capital	-	-
	(3,304,091)	0
Increase (decrease) in cash for the year	4,614,570	716,805
Cash and cash equivalents, beginning	1,144,150	427,345
Cash and cash equivalents, end	$ 5,758,720	$ 1,144,150
Cash consists of:		
Cash in a financial institution	648,351	1,144,150
Cash in GIC investment	5,110,369	-
	$ 5,758,720	$ 1,144,150
Supplementary information:		
Interest received	$ 10,670	$ -
Acquisition of mineral exploration assets included in account payable	$ 44,657	$ 33,635

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

1. CORPORATE INFORMATION

Huntington Exploration Inc. ("Huntington" or the "Company") is a junior mining company. The principal business of the Company is the identification, evaluation and acquisition of mineral properties, as well as exploration of mineral properties once acquired. The Company is an exploration stage company and is in the process of acquiring and exploring its mineral property interests. The Company's shares trade on the TSX Venture Exchange under the symbol HEI.

Huntington was incorporated under the *Business Corporations Act* (Alberta) 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 head office of the Company is located at Eau Claire Place II, 440, Box 14, 521 – 3 Avenue SW, Calgary, Alberta, T2P 3T3 and the registered office is located at Suite 1000, 250 - 2 Street SW, Calgary, Alberta, T2P 0C1.

The company is currently in the process of transferring its legacy oil and gas properties in Western Canada to Huntington Capital Inc

Huntington has a 100% interest in Huntington Capital Inc.

2. BASIS OF PRESENTATION

Statement of compliance
The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee (IFRIC).

These financial statements were approved and authorized for issuance by the Board of Directors on March 4, 2022.

Going concern assumption
These financial statements have been prepared on a going concern basis. In making the assessment that the Company is a going concern management has taken into account available information about the future, which is at least, but not limited to, one year from December 31, 2021

Coronavirus
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.

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.

Functional and presentation currency
These financial statements are presented in Canadian dollars, which is the Company's functional currency.

Basis of measurement
These financial statements have been prepared on a historical cost basis except for certain financial instruments and share based payment transactions that are measured at fair value.

2. BASIS OF PRESENTATION (CONTINUED)

Basis of consolidation
The consolidated financial statements comprise the financial statements of Huntington Exploration Inc. (the parent Company) and its subsidiary, Huntington Capital Inc. The subsidiary has been fully consolidated from the date of its incorporation. Intercorporate transactions have been eliminated.

Use of estimates and judgments
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 consolidated 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 consolidated 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 consolidated financial statements are as follows:

Share-based compensation
The Company measures 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. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 8.

Exploration and Evaluation Expenditure
The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information become available

Valuation of account receivable
The valuation of accounts receivable is based on management's best estimate of the provision for expected credit losses.

Decommissioning and Abandonment Provisions
Decommissioning and abandonment provisions have been created based on the Company's knowledge as at December 31, 2021 and 2020. 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 for 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

2. BASIS OF PRESENTATION (CONTINUED)

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.
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.

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. As of December 31, 2020, the Company no longer carries any oil and gas assets that have been assigned economic reserves.

3. SUMMARY OF ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the years presented in these financial statements, unless otherwise indicated.

Jointly controlled operations and jointly controlled assets:
The Company's oil and natural gas activities involve jointly controlled assets. Under the joint arrangement the Company has rights to the assets and obligations for the liabilities. Accordingly, the financial statements include the Company's share of these jointly controlled assets and related liability and a proportional share of the relevant revenue and related costs.

Financial instruments:
Non-derivative financial instruments:
Non-derivative financial instruments comprise accounts receivables, cash, marketable securities, restricted cash, accounts payable and accrued liabilities. Non-derivative financial instruments are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Financial assets at fair value through profit and loss:
An instrument is classified at fair value through profit and loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognized in earnings when incurred. Financial instruments at fair value through profit and loss are measured at fair value, and changes therein are recognized in earnings

Cash, marketable securities and restricted cash are classified as at fair value through profit and loss.

Other:
Other non-derivative financial assets, such as accounts receivable are measured at amortized cost using the effective interest method, less any impairment losses. Other non-derivative financial liabilities, such as accounts payable and accrued liabilities, are measured at amortized cost using the effective interest method.

3. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Share capital
Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

On the issue of units consisting of two or more equity components the residual value approach is used, whereby the share component is measured at its fair value and the residual of the consideration proceeds received is allocated to the warrants.

Cash Equivalents:
The Company considers all investments that are readily convertible to cash and subject to an insignificant risk of changes in value to be cash equivalents.

Mineral exploration and evaluation expenditures:
Exploration and evaluation expenditures include the costs associated with the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Expenditures incurred before the Company has obtained the legal rights to explore an area are expensed in the period in which they are incurred. The costs associated with acquiring an exploration and evaluation asset are capitalized on an individual prospect basis until such time as an economic ore body is defined or the prospect is abandoned. Option payments are considered acquisition costs if the Company has the intention of exercising the underlying option.

Impairment:
(i) Financial assets:
The Company has elected to apply the simplified approach to providing for expected credit losses and measures loss allowances for trade accounts receivable at an amount equal to lifetime expected credit losses at the date of initial recognition of the trade account receivable. In estimating the lifetime expected credit losses the Company considered historical default rates, current conditions and forecasts of future economic conditions.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognized in the statement of operations and comprehensive income (loss).

(ii) Non-financial assets:
The carrying amounts of the Company’s non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. For goodwill and other intangible assets that have indefinite lives or that are not yet available for use an impairment test is completed each year.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (CGU). The recoverable amount of an asset or a CGU is the greater of its value in use and its fair value less costs to sell. The Company has grouped its development and production assets into one CGU being Warwick.

Fair value less cost to sell is determined as the amount that would be obtained from the sale of a CGU in an arm’s length transaction between knowledgeable and willing parties.

Value in use is determined as the net present value of the estimated future cash flows expected to arise from the continued use of the asset or CGU in its present form and its eventual disposal. Value in use is determined by applying assumptions specific to the Company’s continued use and can only take into account approved future development costs. Estimates of future cash flows used in the

3. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

evaluation of impairment of assets are made using management's forecasts of commodity prices and expected production volumes. The latter takes into account assessments of future recoverable reserves and resources and includes expectations about proved and probable volumes, which are risk-weighted utilizing geological, production, recovery and economic projections.
The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to the CGU's that are expected to benefit from the synergies of the combination.

An impairment loss is recognized if the carrying amount of a CGU exceeds its estimated recoverable amount. Impairment losses recognized in respect of CGU's are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

Impairment losses recognized in prior years are assessed at each reporting date to determine if facts and circumstances indicate that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion and depreciation, if no impairment loss had been recognized.

Share based compensation:
The Company has established a share based compensation plan (the "Plan") (refer to note 8(c) for further details of the Plan). The Company uses the fair value method for valuing share based compensation. Under this method, the compensation cost attributed to stock options granted are measured at the fair value at the grant date and expensed over the vesting period with a corresponding increase to a category within equity referred to as share based payment reserve. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of option or units that vest. Upon the settlement of the stock options the previously recognized value in share based payment reserve is recorded as an increase to share capital.

Provisions:
A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax "risk-free" rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are not recognized for future operating losses.

Decommissioning obligations:
The Company's activities give rise to dismantling, decommissioning and site disturbance remediation activities. Provision is made for the estimated cost of abandonment and site restoration and capitalized in the relevant asset category.

Decommissioning obligations are measured at the present value of management's best estimate of the expenditure required to settle the present obligation as at the reporting date. Subsequent to the initial measurement, the obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognized as accretion whereas increases/decreases due to changes in the estimated future cash flows or changes in the discount rate are capitalized. Actual costs incurred upon settlement of the decommissioning obligations are charged against the provision to the extent the provision was established.

Revenue:
Revenue from the sale of petroleum and natural gas is measured based on the consideration specified in contracts with customers. The Company recognizes revenue when it transfers control of the product to the buyer. This is generally at the time the customer obtains legal title to the product and when it is

3. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

physically transferred to the custody transfer point agreed with the customer, often terminals, pipelines or other transportation methods. As a practical expedient the Company does not adjust the transaction price for the effects of a financing component when at contract inception the expected period between the transfer of goods to the customer and the expected payment will be one year or less.
Royalty income is recognized as it accrues in accordance with the terms of the overriding royalty agreements.

Finance:
Finance expense comprises interest expense on borrowings, accretion of the discount on decommissioning obligations and the issuance of penalty shares, if and when issued.

Income tax:
Income tax expense is comprised of current and deferred tax. Income tax expense is recognized in the statement of loss and comprehensive income (loss) except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax is recognized on the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Flow through share provisions:
Periodically, the Company finances a portion of its exploration and development activities through the issuance of flow-through shares. The resource expenditure deductions for income tax purposes related to exploratory development activities are renounced to investors in accordance with tax legislation. Flow-through shares issued are recorded in share capital at the fair value of common shares on the date of issue. The premium received on issuing flow-through shares is initially recorded as a liability. When the qualifying expenditures are incurred, the share premium liability is recognized in deferred tax expense along with the tax effect on the expenditures. The Company is subject to Part XII.6 tax in respect of flow-through share proceeds renounced if the expenditures are not made within the prescribed time permitted. Provisions are measured based on prevailing tax rates and expected penalties.

Foreign currency translation:
Transactions denominated in foreign currencies are translated to Canadian dollars at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing at the reporting date. Non-monetary assets and liabilities are translated at historical exchange rates prevailing at each transaction date. Revenues and expenses are translated at exchange rates prevailing on the date of transactions. All exchange gains and losses are included in determination of earnings.

3. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Changes in accounting policy:
There have been no new accounting pronouncements that the Company needed to adopt prior to December 31, 2021.

Future Changes in Accounting Policies:
Huntington has reviewed new and revised accounting pronouncements, including those summarized below, that have been issued but are not yet effective. The adoption of these standards and amendments are not expected to significantly impact the Company.

IAS1 "Presentation of financial statements" – amendments to the classification of liabilities as current. The objectives of the amendments are to provide clarification on the classification of liabilities and state explicitly than a company classifies a liability as current when it does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. The amendments are effective for annual reporting periods beginning on or after January 1, 2023

IAS8 "Accounting Policies, Changes in Accounting Estimates and Errors" – amendment. The amendment provides a definition of accounting estimates and provides clarifications to help distinguish between accounting polices and accounting estimates. Accounting estimates are defined as monetary amounts that are subject to measurement uncertainty.

4. MARKETABLE SECURITIES

As a part of cash management strategy, the Company has invested $3,000,000 in units of Scotia Mortgage Income Fund (Series A) which can be converted to cash, as required, withing 3-5 business days. Mortgages in this fund are guaranteed to be re-purchased by the Bank of Nova Scotia at par in the event of a default and is expected to earn between 1-2% (net of fees) annually. The total value of the fund is $1.5Bn and it commenced operations in November 1992.

5. MINERAL EXPLORATION AND EVALUATION ASSETS

On July 28, 2021, the Company completed the acquisition of the Winora Property from an arm's length third party. The Winora Project consists of 17 patented mining claims located in the District of Kenora, Northern Ontario. Under the terms of the agreements, the purchase price was satisfied by the issuance of 4,000,000 common shares at a deemed price of $0.304 per share and a 2.0% Net Smelter Return ("NSR") royalty, payable upon the commencement of commercial production from the property.

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 rights to mineral exploration properties that comprises the Quartz Lake Project in the Birch-Uchi region in Ontario bridging Treaty 3 and Treaty 9 Territories. Under the terms of the agreements, the purchase price was satisfied by aggregate cash payments of $30,000 and the issuance of 200,000 common shares at a deemed price of $0.165 per share. One of the vendors retains a 1.5% Net Smelter Return ("NSR") royalty, payable upon the commencement of commercial production from the Quartz Lake Project. The Company has the right at any time to purchase one-half of the NSR royalty from the vendor for $500,000. The Company has the right to terminate the agreements in their entirety at any time prior to the transfer date.

5. MINERAL EXPLORATION AND EVALUATION ASSETS (CONTINUED)

The acquisition of the Quartz Lake Project was completed February 8, 2021.

	Total
December 31, 2019	$ -
Additions	33,635
December 31, 2020	33,635
Additions	1,551,601
December 31, 2021	$ 1,585,236

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.

The Company has taken steps to verify title to mining interests in which it has or is in the process of earning an interest in, including review of condition of title reports, vesting deeds, mining claim location notices and filings, and property tax and other public records and is not presently aware of any title defects. The procedures the Company has undertaken and may undertake in the future to verify title provide no assurance that the underlying properties are not subject to prior agreements or transfers of which the Company is unaware.

6. PROPERTY, PLANT AND EQUIPMENT

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

	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	-	222	222
December 31, 2021	$ 1,168,896	$ 7,689	$ 1,176,585

	Petroleum Properties	Office Equipment	Total
Carrying amounts:			
At December 31, 2020	$ -	$ 132	$ 132
At December 31, 2021	$ -	$ 3,295	$ 3,295

7. DECOMMISSIONING LIABILITIES

The following table presents the reconciliation of the beginning and ending aggregate carrying amount of the obligation associated with the decommissioning of oil and natural gas properties.

	Year Ended December 31, 2021	Year Ended December 31, 2020
Opening balance	$ 87,204	$ 73,757
Accretion expense	2,731	13,447
Closing balance	$ 89,935	$ 87,204

The undiscounted amount of cash flows, required over the estimated life of the underlying assets, to settle the obligation, adjusted for inflation, is estimated at $110,487. The obligation was calculated using a risk-free discount rate of 3.13 percent and an inflation rate of 2.5 percent. It is expected that the majority of costs are expected to occur between 2022 and 2029.

Pursuant to government regulations, the Company has on deposit cash of $46,035 (2020 - $45,806) restricted for the completion of future abandonments.

8. SHARE CAPITAL

a) Authorized

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

b) Class A Common Shares Issued

On July 28, 2021 the Company completed its acquisition of the Winora property for 4,000,000 shares at a price of $0.304 per share.

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.

On February 8, 2021, the Company completed its acquisition of rights to mineral exploration properties that comprises of the Quartz Lake Project and issued 200,000 common shares at a deemed price of $0.165 per share.

8. SHARE CAPITAL (CONTINUED)

On November 27, 2020 the Company completed the closing of a non-brokered private placement offering of units at a price of $0.05 per Unit, for gross proceeds of up to $1,137,500. Each Unit consisted of one common share and one transferable common share purchase warrant, with each warrant entitling the holder to purchase one additional common share at a price of $0.05 per share for a period of two years from closing. Directors of the Company subscribed for, directly or indirectly, a total of 1,000,000 units under the private placement for proceeds of $50,000.

c) Stock Options

The Company has a stock option plan that provides for the issuance to its directors, officers, employees and consultants options to purchase from treasury a number of common shares not exceeding 10% of the common shares that are outstanding from time to time which is the number of shares reserved for issuance under the plan. Options granted under the plan vest immediately. The options are non-transferable if not exercised. The exercise price is based on the Company's common shares prior to the day of the grant, which may be different from the closing price of such shares on the day of grant for options granted to date. To date the exercise price has not been materially different from the trading price of the shares on the grant date.

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

As at December 31, 2021, the following stock options are outstanding:

Number of common shares under option, outstanding	Exercise price per common share	Expiry Date
1,550,000	$ 0.24	April 2031
2,500,000	$ 0.31	June 2031
150,000	$ 0.31	October 2031
4,200,000		

The weighted average remaining contractual life of the options is 9.42 (December 2020 – NIL) years.

Details of the fair value of options granted and the assumptions used in the Black-Scholes option pricing model are as follows:

	December 31, 2021
Fair value of options granted	$0.203 to $0.265
Risk-free interest rate	1.39% to 1.6%
Estimated life	10 years
Expected volatility based on historic volatility	153%
Expected dividend yield	nil
Forfeiture rate	0%

d) Share-based compensation

The Company recorded $1,141,850 (December 31, 2020 - $NIL) in share-based compensation expense in the period and a corresponding amount was credited to share based payment reserve.

8. SHARE CAPITAL (CONTINUED)

e) Warrants

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

	Year Ended December 31, 2021		Year Ended December 31, 2020	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance, beginning of year	32,750,000	$ 0.05	14,166,667	$ 0.05
Issued	14,285,464	0.40	22,750,000	0.05
Exercised	(13,400,000)	0.05	-	-
Expired	-	-	(4,166,667)	0.05
Balance, end of year	33,635,464	$ 0.20	32,750,000	$ 0.05
Exercisable, end of year	33,635,464	0.20	32,750,000	0.05

As at December 31, 2021, the following warrants are outstanding:

Number of common shares under warrant	Exercise price per common share	Expiry Date
19,350,000	$0.05	November 2022
14,285,464	$0.40	June 2023
33,635,464		

9. INCOME TAXES

The provision for income taxes varies from the amount that would be computed by applying the expected tax rate to loss before income taxes. The principal reasons for differences between such expected income tax expense and the amount actually recorded are as follows:

	2021	2020
Loss before income taxes	(1,964,237)	(176,913)
Combined income tax rate	23.00%	24.00%
Computed expected tax expense	$ (451,775)	$ (42,459)
Increase (decrease) in income taxes resulting from		
Share-based compensation and other non-deductible items	262,631	599
Increase in unrecognized losses	189,144	41,860
Flow-through share premium recovery	(33,843)	-
Deferred income tax recovery	$ (33,843)	$ (0)

9. INCOME TAXES (CONTINUED)

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts for income tax purposes. The components of the Company's deferred income tax assets and liabilities are as follows:

	2021	2020
Property and equipment/ E&E assets	$ 1,945,875	$ 2,050,527
Non-capital losses	2,099,555	1,878,621
Finance costs	122,313	8,370
Capital losses	13,027	13,027
	4,180,770	3,950,545
Deferred income tax assets not recognized	(4,180,770)	(3,950,545)
Deferred tax liability	$ -	$ -

The Company has non-capital losses of approximately $9,128,498 (2020 – $8,157,120), which are available to reduce taxable income in future years. If unutilized, these losses will expire as follows: 2029 - $79,376, 2030 - $121,116, 2031 - $612,783, 2032 $ 1,542,026, 2033 - $2,943,712, 2034 - $343,844, 2035 - $496,938, 2036 - $552,161, 2037 - $473,370, 2038 - $393,581, 2039 - $321,016, 2040 - $277,197 and 2041 - $971,378

The following are the Company's estimated Federal tax pools at December 31

	2021	2020
Undepreciated capital cost	37,471	12,816
Canadian exploration expense	4,122,640	4,066,678
Canadian development expense	1,242,796	18,724
Canadian oil and gas property expense	879,097	879,097
	$ 6,282,004	$ 4,977,315

10. KEY MANAGEMENT PERSONNEL

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. Key management personnel include the officers and vice-presidents. Executive officers are paid salaries or management fees and participate in the Company's stock option program. Key management personnel compensation is comprised of the following:

10. KEY MANAGEMENT PERSONNEL (CONTINUED)

		Year Ended December 31, 2021		Year Ended December 31, 2020
Consulting and management fees (1)	$	274,284	$	24,000
Share-based compensation		840,950		-
Termination benefits		51,000		
	$	1,166,234	$	24,000

(1) Consulting and management fees of $33,500 (2020 - $nil) were capitalized to exploration and evaluation assets.

11. FINANCIAL INSTRUMENTS

(a) Foreign Currency Exchange Risk

The Company periodically has transactions in US dollars. The US dollar also 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. At December 31, 2021 and 2020 the Company did not have any foreign currency denominated financial assets or liabilities.

(b) Market risk

The Company is subject to market risk on its marketable securities. The Company mitigates its exposure to market risk by investing in mortgage funds that guarantee the principle.

(c) Fair Value of Financial Instruments

The Company classifies the fair value of the financial instruments measured at fair value subsequent to initial recognition 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, marketable securities and restricted cash have been classified as Level 1.

11. FINANCIAL INSTRUMENTS (CONTINUED)

(d) 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
- The Company may be unable to settle or recover a financial asset.

To manage cash flow requirements, the Company maintains a significant portion of its assets in cash and marketable securities.

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

	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Trade accounts payable	$ 193,543	$ 22,409
Accruals (1)	27,500	54,000
Joint Venture (2)	41,797	32,395
Balance, end of period	$ 262,840	$ 108,804

(1) Includes $27,500 (December 31, 2020 - $24,000) with respect to professional fees and $NIL (December 31, 2020 - $30,000 with respect to other costs.

(2) Relates to gas production costs owed to the operator.

The Company's trade accounts payable and accrued liabilities as at December 31, 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
$262,840	$235,121	$13,560	$13,943	$215

The Company's trade accounts payable and accrued liabilities over 90 days relates to gas production costs owed to the operator and royalty holders. The balance of the payables are related to current operations.

12. COMMITMENTS

In connection with the flow-through share financing in June 2021, the Company is committed to incur qualifying Canadian Exploration Expenditures (as such term is defined in the Income Tax Act (Canada)) of a total of $2,499,825 by December 31, 2022. As at December 31, 2021, the Company is required to incur $2,262,930 of these qualifying exploration expenditures.

13. CAPITAL RISK MANAGEMENT

The Company manages its capital with the objective to continue as a going concern, create investor confidence and to strengthen its working capital position. The capital structure of the Company is primarily composed of equity. The Company's strategy is to currently access capital, primarily through equity issuances, in order to maintain a strong capital base for the objectives of maintaining financial flexibility and to sustain the future development of the business. The Company manages its capital structure and makes adjustments relative to changes in economic conditions and the Company's risk profile.

In order to maintain the capital structure, the Company may from time-to-time issue shares and adjust its capital spending to manage current working capital levels. Bank debt may be added in future periods. The Company is not currently subject to any externally imposed covenants.

The Company defines capital as equity which at December 31, 2021 was $9,862,688 and $1,220,760 at December 31, 2020.:

14. SEGMENTED INFORMATION

The Company operates in one reportable operating segment as described in note 1.

15. SUBSEQUENT EVENT

On Oct 5, 2021, the Company announced that it had signed a binding letter of intent to acquire a 100% interest in Lago De Oro SA de CV, a wholly-owned Mexican subsidiary of the Delaware-based Lago de Oro LLP. Lago De Oro SA de CV holds title to the 537 sq. km El Grande exploration property located near the town of Acaponeta in the State of Nayarit, Mexico, approximately 150 km southeast of the resort city of Mazatlán in the State of Sinaloa. The El Grande property is located in the southern portion of the 700 km-long Sierra Madre Metalogenic province that hosts significant gold, silver and base-metal deposits and producing mines. The project covers large areas of altered volcanic rocks and is being targeted for its copper, gold and silver potential. Huntington intends to initiate its regional exploration program upon closing of the transaction.

Subject to TSX Venture Exchange approval and the completion of due diligence, Huntington has agreed to pay to Lago De Oro LLP the following; 1) US$500,000 cash, 2) 4.0 million shares of Huntington, at a price per share as determined at the close of the proposed acquisition, 3) a Net Smelter Return capped at 2%, and 4) milestone bonus payments of 2 shares per ounce of gold equivalent precious metal that is added to a geologically modeled resource from one or more deposits within El Grande, which are in turn, contained within a pit or stope constrained mine model. The first issuance will be made after an initial threshold of 500,000 gold equivalent ounces is modeled in an independent resource estimate.