

HUNTINGTON

Exploration Inc.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This management's discussion and analysis of financial condition and results of operations ("MD&A") of Huntington Exploration Inc. ("Huntington" or the "Company") is dated November 29, 2021 and should be read in conjunction with the audited financial statements of the Company for the year ended December 31, 2020 and the unaudited condensed interim financial statements of the Company for the nine months ended September 30, 2021. These financial statements, including the comparative figures, were prepared in accordance with International Financial Reporting Standards ("IFRS"). Unless otherwise noted, all financial measures are expressed in Canadian dollars. This MD&A contains forward looking information based on the Company's current expectations and projections.

Additional information relating to the Company is available on SEDAR at www.sedar.com.

Forward Looking Statements - Certain statements contained within the Management's Discussion and Analysis, and in certain documents incorporated by reference into this document, constitute forward looking statements. These statements relate to future events or the Company's future performance. All statements other than statements of historical fact may be forward looking statements. Forward looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward looking statements.

In particular, this MD&A contains the following forward-looking statements pertaining to, without limitation, the following: Huntington's production volumes and the timing of when additional production volumes will come on stream; Huntington's realized price of commodities in relation to reference prices; future commodity prices; the Company's future royalty rates and the realization of royalty incentives; Huntington's expectation of reducing operating costs on a per unit basis; the relationship of Huntington's interest expense and the Bank of Canada interest rates; increases in general and administrative expenses and recoveries; future development and exploration activities and the timing thereof; the future tax liability of the Company; the depletion, depreciation and accretion rate; the estimated future contractual obligations of the Company and the amount expected to be incurred under its farm-in commitments; the future liquidity and financial capacity of the Company; and its ability to fund its working capital and forecasted capital expenditures. In addition, statements relating to "reserves" or "resources" are deemed to be forward looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the resources and reserves described can be profitably produced in the future.

With respect to the forward-looking statements contained in the MD&A, Huntington has made assumptions regarding: future commodity prices; the impact of royalty regimes and certain royalty incentives, the timing and the amount of capital expenditures; production of new and existing wells and the timing of new wells coming on-stream; future proved finding and development costs; future operating expenses including processing and gathering fees; the performance characteristics of oil and natural gas properties; the size of oil and natural gas reserves; the ability to raise capital and to continually add to reserves through exploration and development; the continued availability of capital, undeveloped land and skilled personnel; the ability to obtain equipment in a timely manner to carry out exploration and development activities; the ability to obtain financing on acceptable terms; the ability to add production and reserves through exploration and development activities; and the continuation of the current tax and regulation.

We believe the expectations reflected in those forward looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward looking statements included in, or incorporated by reference into, this MD&A should not be unduly relied upon. These statements speak only as of the date of this MD&A or as of the date specified in the documents incorporated by reference into this Management's Discussion and Analysis, as the case may be. The actual results could differ materially from those anticipated in these forward looking statements as a result of the risk factors set forth below and elsewhere in this Management's Discussion and Analysis: volatility in market prices for oil and natural gas; counterparty credit risk; access to capital; changes or fluctuations in production levels; liabilities inherent in oil and natural gas operations; uncertainties associated with estimating oil and natural gas reserves; competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel; geological, technical, drilling and processing problems; limitations on insurance; changes in environmental or legislation applicable to the Company's operations, and ability to comply with current and future environmental and other laws; changes in income tax laws or changes in tax laws and incentive programs relating to the oil and gas industry; and the other factors discussed under "Risk Factors" in the following MD&A.

Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward looking statements contained in this MD&A and the documents incorporated by reference herein are expressly qualified by this cautionary statement. The forward-looking statements contained in this document speak only as of the date of this document and Huntington does not assume any obligation to publicly update or revise them to reflect new events or circumstances, except as may be required pursuant to applicable securities laws.

The financial data presented herein has been prepared in accordance with IFRS. The Company has also used certain measures of financial reporting that are commonly used as benchmarks within the oil and natural gas production industry in the following MD&A discussion. The measures discussed are widely accepted measures of performance and value within the industry, and are used by investors and analysts to compare and evaluate oil and natural gas exploration and producing entities. Most notably, these measures include operating netback and funds flow from operations. Operating netback is a benchmark used in the crude oil and natural gas industry to measure the contribution of oil and natural gas sales subsequent to the deduction of royalties and operating costs. Funds flow from operations is before changes in non-cash working capital and site restoration expenditures, and is used to analyze operations, performance and liquidity. These measures are not defined under IFRS and should not be considered in isolation or as an alternative to conventional IFRS measures. These measures and their underlying calculations are not necessarily comparable to a similarly titled measure of another entity. When these measures are used, they are defined as "non IFRS" and should be given careful consideration by the reader.

Per barrel of oil equivalent ("boe") amounts have been calculated using a conversion rate of six thousand cubic feet of natural gas to one barrel of oil. BOE's may be misleading, particularly if used in isolation. The boe conversion ratio used is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Huntington Exploration Inc. Transition to Mineral Exploration Company

Huntington Exploration announced on January 15, 2021 mineral exploration property acquisitions. The exploration area that comprises the Quartz Lake Property is located midpoint between Red Lake and the Springpole Gold Project (fully owned by First Mining Gold) approximately 80 kilometers northeast of Red Lake within the same regional geological depositional environment. The acquisition will consolidate positions held by the two arm's length third party vendors, which in total cover an area of 11,280 hectares - this region has drawn new attention driven recent discoveries of significant high grade gold mineralization by Great Bear Resources at their Dixie Project and by improved commodity pricing. Following the completion of the acquisition, Huntington would own a critical mass of contiguous exploration opportunities with an exploration workplan currently in development for 2021.

The Quartz Lake Property is contiguous with Great Bear Resources' Red Lake North project and Prosper Gold Corp's Golden Sidewalk project, where recent channel sampling results returned up to 32.6 g/t Au over 2.0 m (Prosper Gold Corp news release dated November 16, 2020). Other notable new active projects in the region include Pacton Gold's Swain and ALX Resources' Vixen projects. It is located near the Jackson-Manion Mine, which historically produced 29,778 oz Au, as well as the Bathurst Mine which produced 307oz Au.

The Quartz Lake Property is underlain by mafic to felsic metavolcanics of the Birch-Uchi greenstone belt and more than 10 km of the Swain Lake deformation zone. There are a total of 29 historic mineral showings on Huntington's property with notable results including a drill intercept of 63.5 g/t over 0.7 m at Surprise Lake Northwest, 30.6 g/t Au over 1.3 m in a channel sample at the Heine showing and a grab sample of 15.8 g/t Au at the East Peanut Lake showing.

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

On July 27, 2021, Huntington Exploration completed its previously announced (May 4, 2021) acquisition of the Winora Property. The Winora prospect consists of 17 patented mining claims covering an area of approximately 354 Ha 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.

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, about the end of November.

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.

Lands and Rights Held As At September 30, 2020

A summary description of Huntington's major producing and exploration properties is set out below. References to gross volumes refer to total production. References to net volumes refer to Huntington's working interest share before the deduction of royalties payable to others. These properties are all located in the Alberta, Canada.

Warwick Alberta

Huntington Exploration owns a 50% working interest in two wells located on one section of land. The Company share of production from these wells in the third quarter of 2021 was 7,059 mcf or 76.73 mcf/day.

Production and Operating Costs

| September 30 | Nine Months 2021 | Three Months 2021 | Nine Months 2020 | Three Months 2020 |
|-------------------------------|---------------------|----------------------|---------------------|----------------------|
| Total boe production | 7,506 | 1,257 | 3,851 | 1,256 |
| BOE/day | 5.98 | 13.67 | 14.06 | 13.65 |
| Working interest revenue (\$) | 61,028 | 23,762 | 43,273 | 15,135 |
| Revenue / boe (\$) | 48.61 | 18.90 | 11.24 | 12.05 |
| Royalties (\$) | 10,159 | 3,957 | 7,248 | 2,535 |
| Royalties/boe (\$) | 8.09 | 3.15 | 1.88 | 2.02 |
| Production costs (\$) | 58,375 | 17,592 | 40,747 | 13,078 |
| Production costs/boe (\$) | 46.50 | 13.99 | 10.58 | 10.41 |
| Operating net back (\$) | (7,506) | (2,213) | (4,722) | (478) |
| Operating net back/boe (\$) | (5.98) | (1.76) | (1.22) | (0.38) |

With respect to the revenues, royalties and production costs in the current period are in the line with expectations.

Depletion and Depreciation Expense

The depletion expense in 2021 and 2020 comparative periods is in line with expectations. The Company is using its proved plus probable reserves to compute the depletion expense.

General and Administrative Expense

A detailed breakdown of general and administrative expenses is as follows:

| September 30, | Nine Months 2021 | Three Months 2021 | Nine Months 2020 | Three Months 2020 |
|--------------------------------|---------------------|----------------------|---------------------|----------------------|
| | \$ | \$ | \$ | \$ |
| Professional fees | 334,874 | 112,880 | 46,173 | 12,000 |
| Management and consulting fees | 284,776 | 78,076 | - | - |
| Shareholder communication | 57,430 | 31,247 | - | - |
| Insurance | 13,387 | 4,389 | 3,466 | 2,338 |
| Fees and Licenses | 57,945 | 9,765 | 10,545 | 1,715 |
| Rent | 4,443 | 1,429 | 4,717 | 1,512 |
| Evaluation fees | - | - | 2,250 | 750 |
| Software lease | 7,549 | 3,375 | 12,364 | 5,974 |
| Other | 37,430 | 31,395 | 5,481 | 1,660 |
| Total | 797,834 | 272,556 | 84,996 | 25,949 |

The change in general and administrative expense is in line with expectations.

Finance Expense

The finance expense is the interest on the note payable and the increase in the present value of the decommissioning obligation for the current period and the amount of this expense will fluctuate commensurate with the asset retirement obligation as new wells are drilled, acquired through acquisitions or property depositions.

Income Taxes

Presently the Company does not expect to pay current taxes into the foreseeable future based on existing tax pools, planned capital activities and current forecasts of taxable income. However, the current tax horizon will ultimately depend on several factors including commodity prices, future production, corporate

expenses, and both the type and amount of capital expenditures incurred during the remainder of the year and in future reporting periods.

Working Capital, Liquidity & Capital Resources

As at September 30, 2021, Huntington has a current working capital of \$8,570,296. The Company's ability to continue as a going concern is dependent upon its ability to attain profitable operations, generate sufficient funds there from, receive support from its creditors and continue to obtain capital from investors sufficient to meet its current and future obligations. 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. The Company will use additional equity issues to fund its obligations and future obligations, if available.

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 and oil prices have experienced significant volatility and weakness.

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.

Outstanding Share Data

The Company has authorized an unlimited number of Common shares, Non-voting shares and First and second preferred shares, assumable in series. The Company currently has 88,020,359 common shares outstanding.

The following details the share capital structure as of the date of this MD&A.

| | Expiry Date | Exercise Price | Number | Total Number |
|---------------|---------------|----------------|------------|--------------|
| Common shares | | | | 88,020,359 |
| Warrants | November 2022 | \$0.05 | 20,150,000 | |
| | June 2023 | \$0.40 | 14,285,464 | 34,435,464 |

Financial Instruments

Crude oil and natural gas operations involve certain risks and uncertainties. These risks include, but are not limited to, commodity prices, foreign exchange rates, interest rates, credit, operational and safety.

Operational risks are managed through the Company's external insurance program designed to protect the Company from significant losses arising from risk exposures. Risks associated with commodity prices, interest and exchange rates are generally beyond the control of the Company; however, various hedging products may be considered to reduce the volatility in these areas.

Safety and environmental risks are addressed by compliance with government regulations as well as adoption and compliance of the Company's safety and environmental standards policy.

The Company is exposed to concentration of credit risk as substantially all of the Company's accounts receivable are with customers and joint venture partners in the oil and gas industry and are subject to normal industry credit risks. The Company mitigates this risk by entering into transactions with long-standing counterparts and partners. If significant amounts of capital are to be spent on behalf of a joint venture partner, the partner is "cash called" in advance of the capital spending taking place.

Management assesses quarterly if there should be any impairment of the financial assets of the Company. No impairment provisions were required during the current quarter.

Summary of Quarterly Results

| | Three months ended September 30, 2021 | Three months ended June 30, 2021 | Three months ended March 31, 2021 | Three months ended December 31, 2020 |
|---|---|--|--|---|
| <i>(\$ thousands, except per share amounts)</i> | | | | |
| Revenue | 17 | 28 | 20 | 16 |
| Net income (loss) | (1,385) | (18) | (259) | (86) |
| Per share – basic and diluted | (0.16) | (0.003) | (0.006) | (0.004) |
| Total assets | 10,602 | 9,430 | 1,339 | 1,450 |

| | Three months ended September 30, 2020 | Three months ended June 30, 2020 | Three months ended March 31, 2020 | Three months ended December 31, 2019 |
|---|--|-------------------------------------|--|---|
| <i>(\$ thousands, except per share amounts)</i> | | | | |
| Revenue | 15 | 12 | 16 | 12 |
| Net income (loss) | (27) | (29) | (35) | (14) |
| Per share – basic and diluted | (0.001) | (0.001) | (0.002) | (0.001) |
| Total assets | 372 | 392 | 447 | 474 |

Critical Accounting Estimates

A summary of the Company's significant accounting policies is contained in note 3 to the financial statements. These accounting policies are subject to estimates and key judgments about future events, many of which are beyond Huntington's control. The following is a discussion of the accounting estimates that are critical to the financial statements.

Crude oil and natural gas assets - reserves estimates – The process of estimating crude oil and natural gas reserves is subjective and involves a significant number of decisions and assumptions in evaluating available geological, geophysical, and economic data. These estimates will change over time as additional data from ongoing development and production activities becomes available and as economic conditions affecting crude oil and natural gas prices and costs change. Reserves can be classified as proved, probable or possible with decreasing levels of likelihood that the reserves will be ultimately produced. As of December 31, 2020, the Company no longer carries any oil and gas assets that have been assigned economic reserves.

Reserve estimates are a key input to the Company's depletion calculations and impairment tests. Property, plant and equipment within each area are depleted using the unit-of-production method based on proved and probable reserves using estimated future prices and costs. In addition, the costs subject to depletion include an estimate of future costs to be incurred in developing proved reserves. A revision in reserve estimates or future development costs could result in the recognition of higher depletion charged to net income.

Under the IFRS, the carrying amounts of property, plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the estimated recoverable amount is calculated. 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 (the "cash-generating unit" or "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. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Value in use is generally computed by reference to the present value of the future cash flows expected to be derived from production of proven and probable reserves. Exploration and evaluation ("E&E") assets will be allocated to the related CGU's to assess for impairment, both at the time of any triggering facts and circumstances as well as upon their eventual reclassification to

producing assets (oil and natural gas interests in property, plant and equipment). An impairment loss is recognized in income if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Reserve, revenue, royalty and operating cost estimates and the timing of future cash flows are all critical components of the impairment test. Revisions of these estimates could result in a write-down of the carrying amount of crude oil and natural gas properties.

Decommissioning liabilities – The Company recognizes the estimated fair value of the decommission liability in the period in which it is incurred and records a corresponding increase in the carrying value of the related asset. The future asset retirement obligation is an estimate based on the Company's ownership interest in wells and facilities and reflects estimated costs to complete the abandonment and reclamation as well as the estimated timing of the costs to be incurred in future periods. Estimates of the costs associated with abandonment and reclamation activities require judgments concerning the method, timing and extent of future retirement activities. The capitalized amount is depleted on a unit-of-production method over the life of the proved and probable reserves. The liability amount is increased each reporting period due to the passage of time and this accretion amount is charged to earnings in the period, which is included as a financing expense. Actual costs incurred on settlement of the decommissioning liability are charged against the liability. Judgments affecting current and annual expense are subject to future revisions based on changes in technology, abandonment timing, costs, discount rates and the regulatory environment.

Share based payments – Stock options issued to employees and directors under the Company's stock option plan are accounted for using the fair value method of accounting for stock-based compensation. The fair value of the option is recognized as a share based payment and contributed surplus over the vesting period of the option. Share based payment is determined on the date of an option grant using the Black-Scholes option pricing model. The Black-Scholes pricing model requires the estimation of several variables including estimated volatility of Huntington's stock price over the life of the option, estimated option forfeitures, estimated life of the option, estimated risk-free rate and estimated dividend rate. A change to these estimates would alter the valuation of the option and would result in a different related share based payment.

Income taxes – Huntington follows the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting period, and any adjustment to tax payable in respect to previous periods. Tax interpretations and legislation in which the Company operates are subject to change. As such, income taxes are subject to measurement uncertainty and interpretations can impact net income through current tax arising from the changes in the deferred income tax asset and liabilities.

Adopted Accounting Pronouncements

Effective January 1, 2020, the Company adopted amendments to IFRS 3 "Business Combinations". There were no material changes as a result of the adoption of these standards.

Future accounting changes

Huntington has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company is currently evaluating the impact of the adoption of these standards and amendments. 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 objective of the amendments is 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 the Company's annual reporting period beginning January 1, 2022.

Risk Factors

There are a number of risk factors facing Companies that participate in the Canadian oil and gas as well as mining industry. A summary of certain risk factors relating to our business are disclosed below. Huntington Exploration will no longer pursue opportunities in the oil and gas sector and will refocus on mining exploration opportunities.

Mining Exploration and Development

Exploration for and development of gold properties involves significant financial risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish mineral reserves by drilling, constructing mining and processing facilities at a site, developing metallurgical processes and extracting gold from ore. We cannot ensure that our current exploration programs will result in profitable commercial mining operations.

The economic feasibility of the mine is based upon many factors, including the accuracy of mineral resource and mineral reserve estimates; metallurgical recoveries; capital and operating costs; government regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting and environmental management and protection; and gold prices, which are highly volatile. Development projects are also subject to the successful completion of feasibility studies, issuance of necessary governmental permits and availability of adequate financing.

Metal Prices

The mining industry, in general, is intensely competitive and there is no assurance that a profitable market will exist for the sale of metals produced even if commercial quantities of precious and/or base metals are discovered. Factors beyond the control of the Company may affect the marketability of metals discovered. Pricing is affected by numerous factors beyond the Company's control, such as international economic and political trends, global or regional consumption and demand patterns, increased production and smelter availability. There is no assurance that the price of metals recovered from any mineral deposit will be such that they can be mined at a profit.

Mining Title Risks

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.

Exploration, Development and Production Risks

Huntington Exploration will no longer pursue exploration opportunities in the oil and gas sector and will work towards the abandonment and reduced liability of its existing oil and gas asset base.

As Huntington pursues its goals to abandon its existing oil and gas operations, there could be ongoing delays due to obtaining governmental approvals or consents, shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical conditions. Existing operations will continue with diligent well supervision and effective maintenance operations but risk associated with production delays and declines from normal field operating conditions cannot be eliminated and can be expected to adversely affect revenue and cash flow levels to varying degrees.

In addition, oil and gas operations are subject to the risks of exploration, development and production of oil and natural gas properties, including encountering unexpected formations or pressures, premature declines of reservoirs, blow-outs, sour gas releases, fires and spills. Losses resulting from the occurrence of any of these risks could have a materially adverse effect on future results of operations, liquidity and financial condition. Huntington attempts to minimize these risks by utilizing a technical team of consultants with extensive experience to assure the highest probability of success in its production, suspension and abandonment program.

Prices, Markets and Marketing of Crude Oil and Natural Gas

Oil and natural gas are commodities whose prices are determined based on world demand, supply and other factors, all of which are beyond the control of Huntington. World prices for oil and natural gas have fluctuated widely in recent years. Any material decline in prices could result in a reduction of net production revenue. Certain wells or other projects may become uneconomic as a result of a decline in world oil prices and natural gas prices, leading to a reduction in the volume of Huntington's oil and gas reserves. Huntington might also elect not to produce from certain wells at lower prices. All of these factors could result in a material decrease in Huntington's future net production revenue, causing a reduction in its oil and gas acquisition and development activities. In addition, bank borrowings available to Huntington are expected to be determined in part by the borrowing base of Huntington. A sustained material decline in prices from historical average prices could limit Huntington's borrowing base, therefore reducing the bank credit available to Huntington, and could require that a portion of any existing bank debt of Huntington be repaid.

In addition to establishing markets for its oil and natural gas, Huntington must also successfully market its oil and natural gas to prospective buyers. The marketability and price of oil and natural gas which may be acquired or discovered by Huntington will be affected by numerous factors beyond its control. Huntington will be affected by the differential between the price paid by refiners for light quality oil and the grades of oil produced by Huntington. The ability of Huntington to market its natural gas may depend upon its ability to acquire space on pipelines which deliver natural gas to commercial markets. Huntington will also likely be affected by deliverability uncertainties related to the proximity of its reserves to pipelines and processing facilities and related to operational problems with such pipelines and facilities and extensive government regulation relating to price, taxes, royalties, land tenure, allowable production, the export of oil and natural gas and many other aspects of the oil and natural gas business.

Substantial Capital Requirements; Liquidity

Huntington's cash flow from its production and sales of petroleum and natural gas may not, at all times be sufficient to fund its ongoing activities. From time to time, Huntington may require additional financing in order to carry out its mining acquisition, exploration and development activities. Failure to obtain such financing on a timely basis could cause Huntington to forfeit its interest in certain properties, miss certain acquisition opportunities and reduce or terminate its operations. If Huntington's funds from operations are not sufficient to satisfy its capital expenditure requirements, there can be no assurance that additional debt or equity financing will be available to meet these requirements or available on terms acceptable to Huntington.

Access to Capital

Access to capital has become limited during these times of economic uncertainty. To the extent the external sources of capital become limited or unavailable, Huntington's ability to make the necessary capital investments to maintain or expand its mining activity may be impaired.

Credit Exposure

Recent economic conditions have increased the risk that certain counterparties for the Company's oil and gas sales and our joint venture partners may fail to pay. We mitigate these increased risks through diversification and a review process of the credit worthiness of our counterparties.

Huntington's policy to mitigate credit risk associated with product sales is to maintain marketing relationships with large, established and reputable purchasers that are considered creditworthy. Huntington has not experienced any collection issues with its petroleum and natural gas marketers. Joint venture receivables are typically collected within two to three months of the joint venture bill being issued to the partner. Huntington attempts to mitigate the risk from joint venture receivables by obtaining partner approval of significant capital and operating expenditures prior to expenditure and in certain circumstances may require cash deposits in advance of incurring financial obligations on behalf of joint venture partners.

Joint venture receivables are from partners in the petroleum and natural gas industry who are subject to the risks and conditions of the industry. Significant changes in industry conditions and risks that negatively impact partners' ability to generate cash flow will increase the risk of not collecting receivables.

Huntington does not typically obtain collateral from petroleum and natural gas marketers or joint venture partners; however, the Company does have the ability to withhold production from joint venture partners in the event of non-payment or may be able to register security on the assets of joint venture partners.

Mining Exploration Environmental Regulations

Huntington will abide by all environmental regulations required to conduct mineral exploration in Canada. This includes appropriate consultation with Indigenous people when entering new treaty regions of Canada. It is important to Huntington that all aspects of environmental stewardship are maintained and that all laws and regulations relating to mining exploration activities are respected.

A breach of environmental legislation or regulation may result in imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact statements and/or studies.

Environmental legislation is evolving in a direction of stricter standards and enforcement and higher fines and penalties for non-compliance. Environmental assessments of proposed projects carry a heightened degree of responsibility from companies, directors, officers and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations. There can be no assurance that all necessary permits and government approvals, which the Company may require for its exploration activities and operations will be obtainable on reasonable terms or on a timely basis or that such laws and regulations would not have an adverse effect on any mining project which the Company may undertake. The Company fully intends to comply with all environmental regulations.

Health, Safety and Environment

All phases of the mining and oil and natural gas businesses present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of federal, provincial and local laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with oil and natural gas operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach of applicable environmental legislation may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require the Corporation to incur costs to remedy such discharge.

There are potential risks to the environment inherent in the business activities of the Company. Huntington has developed and implemented policies and procedures to mitigate health, safety and environment (HS&E) risks. Huntington mitigates HS&E risks by maintaining its wells and complying with all regulations. Technical consultants working for Huntington make regular field inspections to ensure that all field personnel and third-party contractors comply with all company and regulatory guidelines. An action plan has been developed to ensure inactive wells are suspended properly and abandoned in a timely fashion. The above noted policies and procedures are designed to protect and maintain the environment and to ensure that the employees, contractors, subcontractors and the public at large are kept safe at all times.

Insurance

Huntington's involvement in the exploration for and development of oil and gas properties may result in Huntington becoming subject to liability for pollution, blow-outs, property damage, personal injury or other hazards. Although Huntington has insurance in accordance with industry standards to address such risks, such insurance has limitations on liability that may not be sufficient to cover the full extent of such liabilities. In addition, such risks may not, in all circumstances be insurable or, in certain circumstances, Huntington may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The payment of such uninsured liabilities would reduce the funds available to Huntington. The occurrence of a significant event that Huntington is not fully insured against, or the insolvency of the insurer of such event, could have a material adverse effect on Huntington's financial position, results of operations or prospects.

Competition

Huntington actively competes for acquisitions, exploration leases, licenses and concessions and skilled industry personnel with a substantial number of other mining companies, many of which have significantly greater financial and personnel resources than Huntington. Huntington's competitors include major as well as independent mining companies and individual miners and operators.

Certain of Huntington's customers and potential customers are themselves in mining exploration and the results of such exploration efforts could affect Huntington's ability to sell its ore to these customers in the future. Huntington's ability to successfully bid on and acquire additional property rights, to discover reserves, to participate in opportunities and to identify and enter into commercial arrangements with customers will be dependent upon developing and maintaining close working relationships with its future industry partners and joint operators and its ability to select and evaluate suitable properties and to consummate transactions in a highly competitive environment.

Social License to Operate

Heightened public monitoring and regulation of hydrocarbon resource producers, refiners, distributors and commercial/retail sellers, especially where their activities carry the potential for having negative impacts on communities and the environment, involves varying degrees of risk to the Company's reputation, relations with landowners and regulators, and in extreme cases even the ability to operate. Huntington maintains an active website that complies with Exchange requirements for timely disclosure and is the primary means of communicating to the general public when required. While media attention and public perception remaining largely beyond the control of Huntington's executive, employees, contractors and directors, the Company makes every effort in its corporate and field operations to engage all stakeholders in a respectful and transparent manner.