

Huntington Exploration Inc. Consolidated Financial Statements December 31, 2016

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Independent Auditors' Report

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

We have audited the accompanying consolidated financial statements of Huntington Exploration Inc., which comprise the consolidated statements of financial position as at December 31, 2016 and 2015 and the consolidated statements of operations and comprehensive income (loss), changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Huntington Exploration Inc. as at December 31, 2016 and 2015, and their financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

We draw attention to Note 2 to the financial statements which indicates that at December 31, 2016 the Company has a deficit of \$12,346,301 and incurred negative cash flow from operating activities before changes in non-cash working capital of \$323,171 during the year ended December 31, 2016. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.



April 27, 2017
Calgary, Alberta

Chartered Professional Accountants,
Chartered Accountants

Huntington Exploration Inc.
Consolidated Statements of Financial Position

	Notes	December 31, 2016	December 31, 2015
Assets			
Current			
Cash		\$ 469,415	\$ 313,820
Accounts receivable		13,845	23,847
Prepaid expenses		4,882	23,880
		<u>488,142</u>	<u>361,547</u>
Restricted cash	6	218,111	216,477
Exploration and evaluation	4	100,000	100,000
Property and equipment	5	<u>295,857</u>	<u>266,102</u>
		\$ 1,102,110	\$ 944,126
Liabilities			
Current			
Accounts payable and accrued liabilities		\$ 81,583	\$ 120,783
Provision for abandonment	5	81,389	81,389
Flow through share provision	7	48,000	48,000
		<u>210,972</u>	<u>250,172</u>
Decommissioning obligations	6	160,001	165,795
		<u>370,973</u>	<u>415,967</u>
Equity			
Share capital		10,918,489	11,390,722
Share based payment reserve		2,158,949	1,186,716
Deficit		<u>(12,346,301)</u>	<u>(12,049,279)</u>
		<u>731,137</u>	<u>528,159</u>
		\$ 1,102,110	\$ 944,126
Going Concern	2		

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

Approved by the Board:

"Signed Tim Bowes"
J. Timothy Bowes, Director

"Signed Michael Binnion"
Michael Binnion, Director

Huntington Exploration Inc.

Consolidated Statements of Operations and Comprehensive Income (Loss)

For the year ended December 31,	Notes	2016	2015
Revenues			
Oil and natural gas		\$ 165,559	\$ 270,155
Finance income		1,643	1,742
Royalties		<u>(25,679)</u>	<u>(43,734)</u>
		<u>141,523</u>	<u>228,163</u>
Expenses			
Operating		155,195	171,554
Administrative		309,499	299,724
Finance charges:			
Accretion of decommissioning obligation	6	3,606	3,717
Depletion and depreciation	5	65,245	54,441
Impairment provision (recovery) of property and equipment	4,5	<u>(95,000)</u>	<u>816,181</u>
		<u>438,543</u>	<u>1,345,617</u>
Net income (loss) before other items		(297,022)	(1,117,454)
Gain on sale of property		-	335,251
Net and comprehensive income (loss) for the year		\$ (297,022)	\$ (782,203)
Income (loss) per share			
- basic and diluted (1)(2)		\$ (0.010)	\$ (0.034)
Weighted average shares outstanding			
- basic and diluted (2)		30,191,330	22,931,056

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

(2) Comparative year information has been restated – see note 9

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

Huntington Exploration Inc.
Consolidated Statements of Changes in Equity

	Share Capital	Share Based Payment Reserve	Deficit	Total Equity
Balance January 1, 2015	\$ 11,944,423	\$ 633,015	\$ (11,267,076)	\$ 1,310,362
Net and comprehensive (loss) for the year	-	-	(782,203)	(782,203)
Expiry of warrants	(553,701)	553,701	-	-
Balance December 31, 2015	\$ 11,390,722	\$ 1,186,716	\$ (12,049,279)	\$ 528,159

	Share Capital	Share Based Payment Reserve	Deficit	Total Equity
Balance January 1, 2016	\$ 11,390,722	\$ 1,186,716	\$ (12,049,279)	\$ 528,159
Net and comprehensive (loss) for the year	-	-	(297,022)	(297,022)
Common shares issued (net of issue costs)	500,000			500,000
Expiry of warrants	(972,233)	972,233	-	-
Balance December 31, 2016	\$ 10,918,489	\$ 2,158,949	\$ (12,346,301)	\$ 731,137

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

Huntington Exploration Inc.
Consolidated Statements of Cash Flows

For the year ended December 31,	Notes	2016	2015
Cash flows from (used in) operating activities			
Net income (loss) for the year		\$ (297,022)	\$ (782,203)
Items not involving cash:			
Depletion and depreciation – continuing operations		65,245	54,441
Accretion of decommissioning obligations		3,606	3,717
Impairment (recovery) of impairment of property and equipment		(95,000)	816,181
Gain on sale of property		-	(335,251)
Decommissioning expense recovery		-	(14,173)
Cash used in operating activities before changes in non-cash working capital		<u>(323,171)</u>	<u>(257,288)</u>
Changes in non-cash working capital balances:			
Accounts receivable		10,002	35,581
Prepaid expenses		18,998	(11,598)
Accounts payable and accrued liabilities		(39,200)	(198,138)
Cash flow used in operating activities		<u>(333,371)</u>	<u>(431,443)</u>
Cash flows from (used in) financing activities			
Issue of common shares	9	500,000	-
Flow through share liability		-	(150,420)
Cash flow from financing activities		<u>500,000</u>	<u>(150,420)</u>
Cash flows from (used in) Investing activities			
Proceeds on disposition of property and equipment		-	384,006
Expenditures on property and equipment		-	(910)
Expenditures on exploration and evaluation		-	(100,000)
Decommissioning liability		(9,400)	-
Restricted cash		(1,634)	(20,606)
Cash flow used in investing activities		<u>(11,034)</u>	<u>262,490</u>
Increase (decrease) in cash		155,595	(319,373)
Cash, beginning of year		<u>313,820</u>	<u>633,193</u>
Cash, end of year		\$ 469,415	\$ 313,820
Supplemental information			
Interest paid		\$ -	\$ -
Taxes paid		\$ -	\$ -

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

Huntington Exploration Inc.

Notes to the Consolidated Financial Statements

As at and for the years December 31, 2016 and 2015

1. Corporate Information

Huntington Exploration Inc. (“Huntington” or the “Company”) is a public junior oil and gas company engaged in the evaluation, acquisition, exploration and development of natural gas and oil properties in Western Canada. 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 1800, 407 – 2 Street, Calgary, Alberta, T2P 2Y3 and the registered office is located at Suite 1000, 250 -2nd Street SW, Calgary, Alberta, T2P 0C1.

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 April 27, 2017

Going concern assumption

The Company’s ability to continue as a going concern is dependent upon its ability to attain profitable operations, generate sufficient funds therefrom, receive continued support from its creditors and continue to obtain capital from investors sufficient to meet its current and future obligations. The Company had working capital of \$277,170 (2015 –\$111,375) at December 31, 2016 had a deficit of \$12,346,301 (2015 - \$12,049,279). During the fiscal 2016 year the Company realized net comprehensive loss of \$297,022 (2015 – net comprehensive loss of \$782,203) and realized negative cash flow from operating activities before changes in non-cash working capital of \$323,171 (2015 - \$257,288). Management continues to focus its efforts on optimizing current production and raising additional capital through debt or equity financings. 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 aforementioned circumstances may create significant doubt as to the ability of the Company to continue as a going concern and meet its obligations as they come due. These financial statements have been prepared using accounting principles that are applied to a going concern and do not reflect the adjustments that would be necessary to the presentation and carrying amounts of the assets and liabilities if the Company were not able to continue operations. These adjustments and reclassifications may be material.

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.

Basis of consolidation

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

Huntington Exploration Inc.
Notes to the Consolidated Financial Statements

As at and for the years December 31, 2016 and 2015

2. Basis of Presentation - continued

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:

Valuation of account receivable

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

Decommissioning and Abandonment Provisions

Decommissioning and abandonment provisions have been created based on the Company's knowledge as at December 31, 2016 and 2015. 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.

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.

Income Taxes

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

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.

Huntington Exploration Inc.
Notes to the Consolidated Financial Statements

As at and for the years December 31, 2016 and 2015

2. Basis of Presentation - continued

Share-based Payment Transactions

The company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 9.

Flow-through share Provision

The amounts recorded for the flow-through share provision and the related deferred income tax effect are based on management's estimates of the tax liability that the Company has to pay to its shareholders for not meeting its commitment to expend the qualified expenditures in a timely manner.

Impairment

A CGU is defined as the lowest grouping of integrated assets that generate identifiable cash inflows that are largely independent of the cash inflows of other assets or groups of assets. The Company has concluded each CGU is the individual properties held. As of December 31, 2016 the Company had four CGU's being Provost, Warwick, Bindloss and Panny (2015 four CGU's being Provost, Bindloss, Warwick and Panny). The allocation of assets into CGUs requires significant judgment and interpretations with respect to the integration between assets, the existence of active markets, similar exposure to market risks, shared infrastructures, and the way in which management monitors the operations. The recoverable amounts of CGUs and individual assets have been determined based on the higher of fair value less costs to sell or value-in-use calculations. The key assumptions the Company uses in estimating future cash flows for recoverable amounts are anticipated future commodity prices, expected production volumes and future operating and development costs. Changes to these assumptions will affect the recoverable amount of CGUs and individual assets and may then require a material adjustment to their related carrying value.

Reserves

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

3. Summary of Significant Accounting Policies

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:

Many of 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:

(i) Non-derivative financial instruments:

Non-derivative financial instruments comprise accounts receivables, cash, restricted cash, and 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.

Huntington Exploration Inc.
Notes to the Consolidated Financial Statements

As at and for the years December 31, 2016 and 2015

3. Summary of Significant Accounting Policies – continued

Financial assets at fair value through profit and loss:

An instrument is classified at fair value through profit and loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated 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.

Compound instruments:

Compound instruments are separated into their liability and equity components using the effective interest method. The liability component accretes up to the principal balance at maturity. The equity component will be reclassified to share capital on conversions. Any balance in equity that remains after the settlement of the liability is transferred to contributed surplus. The equity portion is recognized net of deferred income taxes.

Other:

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

(ii) Derivative financial instruments:

The Company may enter into certain financial derivative contracts in order to manage the exposure to market risks from fluctuations in commodity prices. The Company has not entered into any commodity pricing contracts. These instruments are not used for trading or speculative purposes. The Company has not designated its financial derivative contracts as effective accounting hedges, and thus not applied hedge accounting, even though the Company considers all commodity contracts to be economic hedges. As a result, all financial derivative contracts are classified as fair value through profit and loss and are recorded on the statement of financial position at fair value. Transaction costs are recognized in earnings when incurred.

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through earnings. Changes in the fair value of separable embedded derivatives are recognized immediately in earnings.

(iii) 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.

Property and equipment and exploration and evaluation assets:

Exploration and evaluation expenditures:

Pre-license costs are recognized in the statement of operations and comprehensive income (loss) as incurred. Exploration and evaluation costs, including the costs of acquiring undeveloped land and drilling costs are initially capitalized until the drilling of the well is complete and the results have been evaluated. The costs are accumulated in cost centres by well, field or exploration area pending determination of technical feasibility and commercial viability. The technical feasibility and commercial viability of extracting a mineral resource is considered to be determinable when proved reserves are determined to exist. If proved reserves are found, the drilling costs and associated undeveloped land are transferred to property and equipment. The cost of undeveloped land that expires or any impairment recognized during a period is recorded as impairment expense.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units ("CGU's").

Huntington Exploration Inc.
Notes to the Consolidated Financial Statements

As at and for the years December 31, 2016 and 2015

3. Summary of Significant Accounting Policies – continued

Development and production costs:

Items of property and equipment, which include oil and natural gas development and production assets, are measured at cost less accumulated depletion and depreciation and accumulated impairment losses. The cost of development and production assets includes: transfers from exploration and evaluation assets, which generally include the cost to drill the well and the cost of the associated land upon determination of technical feasibility and commercial viability; the cost to complete and tie-in the wells; facility costs; the cost of recognizing provisions for future decommissioning; geological and geophysical costs; and directly attributable overhead costs.

When significant parts of an item of property and equipment, including oil and natural gas interests, have different useful lives, they are accounted for as separate items (major components). Huntington will capitalize the cost of major plant turnarounds and overhauls and depreciates these costs over their estimated useful life of four years.

Gains and losses on disposal of an item of property and equipment, including oil and natural gas interests, are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized in the statement of operations and comprehensive income (loss).

Subsequent costs:

Costs incurred subsequent to the determination of technical feasibility and commercial viability and the costs of replacing parts of property and equipment are recognized as oil and natural gas interests only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in earnings as incurred. Such capitalized oil and natural gas interests generally represent costs incurred in developing proved and/or probable reserves and producing or enhancing production from such reserves, and are accumulated on a field or geotechnical area basis. The carrying amount of any replaced or sold component is derecognized.

The costs of the day-to-day servicing of property and equipment are recognized in operating expenses as incurred.

Depletion and depreciation:

The net carrying value of development and production assets is depleted using the unit of production method by reference to the ratio of production in the period to the related proved plus probable reserves, taking into account estimated future development costs necessary to bring those reserves into production and the estimated salvage value of the assets at the end of their useful lives. Future development costs are estimated taking into account the level of development required to produce the reserves.

Proved plus probable reserves are estimated annually by independent qualified reserve evaluators and represent the estimated quantities of crude oil, natural gas and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be recoverable in future years from known reservoirs and which are considered commercially producible.

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

Impairment:

(i) Financial assets:

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

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).

Huntington Exploration Inc.
Notes to the Consolidated Financial Statements

As at and for the years December 31, 2016 and 2015

3. Summary of Significant Accounting Policies – continued

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost the reversal is recognized in the statement of operations and comprehensive income.

(ii) Non-financial assets:

The carrying amounts of the Company's non-financial assets, other than exploration and evaluation assets and 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. Exploration and evaluation assets are assessed for impairment when they are transferred to property and equipment, and also if facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

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 four CGU's being Provost, Warwick, Bindloss and Panny.

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. The fair value less cost to sell of oil and gas assets is generally determined as the net present value of the estimated future cash flows expected to arise from the continued use of the CGU, including any expansion prospects, and its eventual disposal, using assumptions that an independent market participant may take into account. These cash flows are discounted by an appropriate discount rate which would be applied by such a market participant to arrive at a net present value of the CGU.

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 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 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 field reservoir performance 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. Exploration and evaluation assets are allocated to related CGUs when they are assessed 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 and equipment).

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 9(d) 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

Huntington Exploration Inc.
Notes to the Consolidated Financial Statements

As at and for the years December 31, 2016 and 2015

3. Summary of Significant Accounting Policies – continued

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.

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.

Revenue:

Revenue from the sale of oil and natural gas is recorded when the significant risks and rewards of ownership of the product is transferred to the buyer which is usually when legal title passes to the external party.

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 operations 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

Huntington Exploration Inc.
Notes to the Consolidated Financial Statements

As at and for the years December 31, 2016 and 2015

3. Summary of Significant Accounting Policies – continued

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.

Changes in accounting policies:

Effective January 1, 2016, the Company adopted IFRS 11 “Joint arrangements”, IFRS 10 “Consolidated financial statements”, IFRS 12 “Disclosure of Interests in Other Entities”, the amendments to IAS 28 “Investments in Associates and Joint Ventures”, IAS 16 “Property, Plant and Equipment”, IAS 38 “Intangible Assets” and IAS 1 “Presentation of financial statements.” There were no material changes as a result of the adoption of these standards.

Future Changes in Accounting Policies:

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.

IAS 7 “Statement of cash flows” amendments require that information be provided about changes in liabilities arising from financing activities: both those that involve or do not involve cash, effective years beginning on or after January 1, 2017.

IAS12 “Income taxes” amendments pertain to the amount of deferred tax assets that can be recognized in respect of unrealized losses and outline that when estimating the probable future taxable profit, recovery of assets for more than their carrying amount can be included when there is sufficient evidence to conclude that it is probable that the company will recover the asset for more than its carrying amount, effective years beginning on or after January 1, 2017.

IFRS 16 “Leases” requires that at inception of a contract an assessment is to be made whether the contract is, or contains, a lease. The standard provides the requirements for separating each lease component within a lease from non-lease components and for determining the lease term. There is an exemption for leases to explore for or use mineral, oil and natural gas and licenses of intellectual property granted by a lessor within the scope of IFRS15 “Revenue from Contracts with Customers”, effective years beginning on or after January 1, 2019

IFRS 15 “Revenue from Contracts with Customers” replaces IAS 11 “Construction Contracts” and IAS 18 “Revenue” and establishes a single revenue recognition framework that applies to contracts with customers, effective years beginning on or after January 1, 2018

IFRS 9 “Financial Instruments” replaces IAS 39 “Financial Instruments-Recognition and Measurement” and addresses the classification and measurement of financial instruments, effective years beginning on or after January 1, 2018

Huntington Exploration Inc.
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4. Exploration and Evaluation (“E&E”)

	Intangible Exploration Assets	
Cost:		
Balance, December 31, 2014	\$	395,873
Additions		100,000
Impairment		<u>(395,873)</u>
Balance, December 31, 2015		100,000
Additions		-
Impairment		-
Balance, December 31, 2016	\$	<u>100,000</u>

E&E assets consist of the Company’s unproved properties and capitalized exploration drilling and completion costs which are pending the determination of commercial feasibility. The Company assesses the recoverability of E&E assets before and at the moment of reclassification to property and equipment, within the Company’s CGU. The CGU’s include both E&E assets and assets related to oil and natural gas interests for that area. In December 2016, the Company determined that there was no impairment of the carrying amount. During 2015 the Company determined that \$395,873 was impaired primarily related to expiry of leases for land in Bindloss and Pinecreek.

5. Property and Equipment

	Petroleum Properties	Office Equipment	Total
Balance, December 31, 2014	\$ 1,202,146	\$ 7,599	\$ 1,209,745
Additions	910	-	910
Balance, December 31, 2015	\$ 1,203,056	\$ 7,599	\$ 1,210,655
Additions	-	-	-
Balance, December 31, 2016	<u>\$ 1,203,056</u>	<u>\$ 7,599</u>	<u>\$ 1,210,655</u>
Accumulated depletion and depreciation:			
Balance, December 31, 2014	\$ 546,430	\$ 4,763	\$ 551,193
Depletion and depreciation	53,307	1,134	54,441
Impairment	338,919	-	338,919
Balance, December 31, 2015	\$ 938,656	\$ 5,897	\$ 944,553
Depletion and depreciation	64,564	681	65,245
Impairment recovery	(95,000)	-	(95,000)
Balance, December 31, 2016	<u>\$ 908,220</u>	<u>\$ 6,578</u>	<u>\$ 914,798</u>
Carrying amounts:			
December 31, 2015	\$ 264,400	\$ 1,702	\$ 266,102
December 31, 2016	<u>\$ 294,836</u>	<u>\$ 1,021</u>	<u>\$ 295,857</u>

The depletion, depreciation and impairment of property and equipment, and any eventual reversal thereof, are recognized in earnings. At December 31, 2016, the Company included \$Nil (2015 - \$Nil) of future development costs into the net carrying value of development or production assets subject to depletion.

For impairment tests performed, the recoverable amount of each CGU was estimated based on the higher of the value in use or the fair value less costs to sell. The Company performed impairment tests for the years ended December 31, 2016 and 2015. The estimate of fair value less cost to sell was determined using proved plus probable forecasted before tax cash flows, discounted at 15%, with escalating prices and future development costs, as obtained from the Company’s reserve reports at December 31, 2016 and 2015. The future commodity prices used to estimate the fair value less cost to sell are those used by independent industry reserve engineers. The Company determined that based on the implementation of cost reduction measures a recovery of previous impairments had occurred. The Warwick CGU was stated at the recoverable amount of \$291,576 and an impairment recovery of \$95,000 was recognized in 2016. In 2015 the Company recognized an impairment of \$338,919 in respect of the Warwick CGU and provisions for abandonment & current abandonment provision of \$81,389 in respect of non-producing properties in the Bindloss CGU.

Huntington Exploration Inc.
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5. Property and Equipment - continued

The following table outlines benchmark prices used in the impairment test at December 31, 2016:

	Crude Oil			Natural Gas	NGLs	Exchange Rate (\$Cdn/ \$US)	Inflation Rate (%/Year)
	WTI Cushing Oklahoma (\$US/bbl)	Edmonton Par Price 40° API (\$/bbl)	Hardisty Heavy 24.9° API (\$/bbl)	Spot (\$/MMBtu)	NGL Mix (\$/bbl)		
2017	55.00	68.40	53.75	3.40	52.35	0.75	1.50
2018	60.20	72.65	62.60	3.20	54.20	0.78	1.50
2019	64.70	75.85	65.70	3.30	56.25	0.80	1.50
2020	67.00	76.35	67.75	3.50	57.10	0.83	1.50
2021	71.00	78.80	69.10	3.65	58.95	0.85	1.50
2022+	74.00	82.35	70.45	3.75	60.15	0.85	1.50

Escalation Rate of 1.5% thereafter

6. Decommissioning Obligation

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.

	December 31, 2016	December 31, 2015
Obligation, beginning of year	\$ 165,795	\$ 196,687
Change in estimate	(9,400)	-
Liabilities directly associated with assets sold	-	(34,609)
Accretion expenses	3,606	3,717
Obligation, end of year	\$ 160,001	\$ 165,795

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 \$203,656 (2015 - \$191,374). The obligation was calculated using a risk free discount rate of 1.10 to 3.13 percent and an inflation rate of 2.5 percent. It is expected that the majority of costs are expected to occur between 2017 and 2033.

Pursuant to government regulations, the Company has on deposit cash of \$218,111 (2015 - \$216,477) restricted for the completion of future abandonments.

7. Flow through Share Provision

	December 31, 2016	December 31, 2015
Flow through share provision, beginning of year	\$ 48,000	\$ 198,420
Payment of liability for unexpended flow through funds	-	(150,420)
Flow through share provision, end of year	\$ 48,000	\$ 48,000

On December 31, 2012, Huntington issued 9,750,000 common shares on a flow-through basis at \$0.05 per share. As a result of the issue of flow-through shares, the Company had committed to incur \$487,500 of Canadian Eligible Expenses on or before December 31, 2013. In 2012 Huntington recognized a deferred liability based on the premium received on the flow-through shares compared to the common share trading price adjusting for less the fair value of the warrants issued in the financing. During the fiscal year 2013 Huntington was unable to meet their commitment and as a result had accrued \$198,420 as a provision for the estimated liability it has to the shareholders that invested in the flow through offering. The majority of these funds were paid out in the first quarter of 2015.

Huntington Exploration Inc.
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8. Income Taxes

- (a) 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:

	2016	2015
Income (loss) before income taxes	\$ (297,022)	\$ (782,203)
Corporate income tax rate	27.00%	26.00%
Computed expected tax expense (recovery)	\$ (80,196)	\$ (203,373)
Increase (decrease) in income taxes resulting from:		
Non-deductible provision (non-taxable recovery)	80,121	212,207
Non-deductible expenses	75	150
Other	-	(8,984)
Income tax expense	\$ -	\$ -

- (b) 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:

	2016	2015
As at December 31,		
Property and equipment	\$ 2,064,095	\$ 2,698,295
Non-capital losses	1,807,273	1,214,005
Capital losses	17,993	14,160
	3,889,360	3,935,362
Deferred income tax assets not recognized	(3,889,360)	(3,935,362)
Deferred tax liability	\$ -	\$ -

The Company has non-capital losses of approximately \$6,705,206 (2015 – \$5,922,927), which are available to reduce taxable income in future years. If unutilized, these losses will expire as follows: 2029 - \$81,023, 2030 - \$121,116, 2031 - \$612,783, 2032 \$ 1,542,026, 2033 - \$2,943,712, 2034 - \$343,844, 2035 - \$496,938 and 2036 - \$563,764.

- (c) The following are the Company's estimated Federal tax pools at December 31

	2016	2015
Undepreciated capital cost	\$ 49,641	\$ 65,944
Canadian exploration expense	4,066,678	5,721,650
Canadian development expense	118,484	169,263
Canadian oil and gas property expense	1,407,884	1,420,450
	\$ 5,642,687	\$ 7,377,307

Huntington Exploration Inc.
Notes to the Consolidated Financial Statements

As at and for the years December 31, 2016 and 2015

9. Share Capital

- (a) Authorized
Unlimited number of:
Common shares without par value
Preferred shares, assumable in series

(b) Issued

	December 31, 2016		December 31, 2015	
	Shares (i)	Amounts	Shares (i)	Amounts
Common shares				
Opening balance	22,931,056	\$ 10,370,380	22,931,056	\$ 10,370,380
Share issued for cash	16,666,667	500,000	-	-
Balance end of year	39,597,723	\$ 10,870,380	22,931,056	\$ 10,370,380
Warrants				
Opening balance	9,571,895	\$ 1,020,342	18,906,427	\$ 1,574,042
Warrants issued	16,666,667	-	-	-
Warrants expired	(47,681,36)	(972,233)	(9,334,532)	(553,700)
Balance end of year	26,416,667	\$ 48,109	9,571,895	\$ 1,020,342
		\$ 10,918,489		\$ 11,390,722

- (i) Pursuant to a special resolution passed by shareholders on September 17, 2015 the Company has consolidated its capital on a one-new-for-six-old basis. The share consolidation was subject to regulatory approval which was granted June 9, 2016.
- (ii) The number of common shares and warrants have been retrospectively adjusted to reflect their numbers pursuant to the regulatory approval of consolidation.

(c) Warrants

The following table summarizes the warrants outstanding and exercisable at December 31, 2016:

Number of warrants	Exercise price	Expiry date
9,750,000	\$0.10	December 31, 2017
16,666,667	\$0.05	June 9, 2019
26,416,667		

(d) 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. A summary of the status of the Company's stock option plan as at December 31, 2016 and December 31, 2015 and changes during the respective periods ended on those dates is presented below:

Huntington Exploration Inc.
Notes to the Consolidated Financial Statements

As at and for the years December 31, 2016 and 2015

9. Share Capital - continued

Stock Options	December 31, 2016		December 31, 2015	
	Number of options	Weighted average Exercise price	Number of Options	Weighted average exercise price
Beginning of year	1,250,000	\$0.10	6,499,004	\$0.06
Forfeited	(1,250,000)	\$0.10	(5,249,004)	\$0.05
End of year	-	-	1,250,000	\$0.10
Exercisable, end of year	-	-	1,250,000	\$0.10

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:

	December 31, 2016	December 31, 2015
Consulting and management fees	\$ 122,339	\$ 112,339
Directors fees	-	-
Share based compensation	-	-
Total key management remuneration	\$ 122,339	\$ 112,339

11. Commitments and Contingencies

- (a) From time to time, the Company may be involved in litigation or has claims sought against it in the normal course of business operations. Management of the Company is not currently aware of any claims or actions that would materially affect the Company's reported financial position or results from operations.
- (b) Under the terms of certain agreements and the Company's by-laws the Company indemnifies individuals who have acted at the Company's request to be a director and/or officer of the Company, to the extent permitted by law, against any and all damages, liabilities, costs, charges or expenses suffered by or incurred by the individuals as a result of their service.

12. Financial Instruments

The Company holds various forms of financial instruments. The nature of these instruments and the Company's operations expose the Company to a variety of financial risks. The Company manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical.

(a) Commodity price risk

The Company is subject to commodity price risk for the sale of its production. The Company may enter into contracts for risk management purposes only, in order to protect a portion of its future cash flow from the volatility of petroleum commodity prices. To date the Company has not entered into any forward commodity contracts.

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12. Financial Instruments - continued

(b) Credit Risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the date of the statement of financial position. A majority of the Company's current financial assets at the balance sheet date arise from oil sales and the Company's accounts receivable are with these customers and joint venture participants in the oil and natural gas industry. Commodity sales are normally settled on the 25th day of the month following the month of production. The Company's production is sold to large marketing companies. Typically, the Company's maximum credit exposure to customers is revenue from two months of sales. During the year ended December 31, 2016, the Company sold approximately 100% (2015 – 100%) of its oil and gas production to a single purchaser. At December 31, 2016, \$12,748 (2015 - \$18,933) is due from its marketer. These sales were conducted on transaction terms that are typical for the sale of oil and gas in Canada. In addition, when joint operations are conducted on behalf of a joint venture partner relating to capital expenditures, costs of such operations are paid for in advance to the Company by way of a cash call by the partner of the operation being conducted.

Management assesses quarterly if there should be any impairment of the financial assets of the Company.

(c) Foreign Currency Exchange Risk

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

(d) Interest Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is not exposed to interest rate fluctuations at December 31, 2016 and 2015.

Fixed rate debt is subject to interest rate price risk, as the value will fluctuate as a result of changes in market rates. As at December 31, 2016, the Company had no fixed interest rate debt.

(e) Market risk

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

(f) 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.

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12. Financial Instruments - continued

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

All financial assets (except for cash and restricted cash which are classified as held for trading), are classified as loans and receivables and are accounted for on an amortized cost basis. All financial liabilities are classified as other liabilities. There have been no changes to the aforementioned classifications during the years ended December 31, 2016 and 2015. The carrying value of these financial instruments approximate fair value due to their short-terms to maturity.

(g) 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.

The company has assessed its liquidity risk in Note 2.

The Company's accounts payable and accrued liabilities as at December 31, 2016 and 2015 is comprised of the following:

	December 31, 2016	December 31, 2015
Trade accounts payable	\$ 19,797	\$ 23,726
Accruals ⁽¹⁾	42,000	42,542
Joint venture	19,786	54,514
	\$ 81,583	\$ 120,783

(1) Includes \$42,000 (2015 - \$42,000) with respect to professional fees and \$NIL (2015 - \$542) with respect to other costs.

The Company's trade accounts payable and accrued liabilities as at December 31, 2016 are aged as follows:

Total	0 to 30 Days	31 to 60 Days	61 to 90 Days	Greater than 90 days
\$81,583	\$57,348	\$2,805	\$NIL	\$21,430

The Company's operating cash requirements including amounts projected to complete the Company's existing capital expenditure program are continuously monitored and adjusted as input variables change. These variables include but are not limited to, oil production from existing wells, results from new wells drilled, commodity prices, cost overruns on capital projects and regulations relating to prices, taxes, royalties, land tenure, allowable production and availability of markets. As these variables change, liquidity risks may necessitate the Company to conduct equity issues or obtain project debt financing.

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13. Capital Risk Management

The Company manages its capital with the objective to continue as a going concern, create investor confidence, meet its capital commitments 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's capital includes the following:

	December 31, 2016	December 31, 2015
Equity	\$ 731,137	\$ 528,159

14. Segmented Information

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