

Huntington Exploration Inc.

2020 THIRD QUARTER CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Notice for National Instrument 51-102

The interim condensed financial statements and notes thereto for the nine months ended September 30, 2020 are prepared by management and have not been independently audited or reviewed by the Company's auditors.

Huntington Exploration Inc.
CONDENSED INTERIM STATEMENTS OF CONSOLIDATED FINANCIAL POSITION
(UNAUDITED)

	Notes	September 30, 2020 \$	December 31, 2019 \$
Assets			
Current assets			
Cash		315,504	427,345
Accounts receivable		607	1,172
Prepaid expenses and deposits		9,435	2
Total current assets		325,546	428,519
Restricted Cash	7	46,013	45,376
Property, plant and equipment	6	154	221
		371,713	474,116
Liabilities and shareholders' equity			
Current liabilities			
Accounts payables and accrued liabilities		55,670	68,926
Provision for abandonment		33,000	33,000
Total current liabilities		88,670	101,926
Decommissioning liability	7	75,734	73,757
Total liabilities		164,404	175,683
Shareholders' deficiency			
Share capital	8	11,360,736	11,360,736
Share based payment reserve		2,207,058	2,207,058
Accumulated deficit		(13,360,485)	(13,269,361)
		207,309	298,433
		371,713	474,116

The accompanying notes form an integral part of these condensed interim financial statements

Huntington Exploration Inc.
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE LOSS/INCOME
(UNAUDITED)

September 30,	9 Months 2020	3 Months 2020	9 Months 2019	3 Months 2019
	\$	\$	\$	\$
Revenue				
Petroleum and natural gas revenue	43,273	15,135	37,894	7,262
Other income	637	200	307	104
Royalties	(7,248)	(2,535)	(6,362)	(1,231)
	<u>36,662</u>	<u>12,800</u>	<u>31,839</u>	<u>6,135</u>
Expenses				
Operating	40,747	13,078	45,902	26,368
Administrative	80,996	25,949	154,030	63,345
Finance charges:				
Accretion of decommissioning liabilities	1977	664	1,917	644
Depletion and depreciation	66	22	110	36
	<u>127,786</u>	<u>39,713</u>	<u>201,958</u>	<u>90,393</u>
Net income (loss) for the period	<u>(91,124)</u>	<u>(26,913)</u>	<u>(170,120)</u>	<u>(84,258)</u>
Income (loss) per common share				
- basic and diluted - total	<u>(0.005)</u>	<u>(0.001)</u>	<u>(0.015)</u>	<u>(0.008)</u>
Weighted average shares outstanding				
- basic and diluted (1)	<u>19,899,431</u>	<u>19,899,431</u>	<u>11,187,102</u>	<u>11,187,102</u>

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

The accompanying notes form an integral part of these condensed interim financial statements

Huntington Exploration Inc.
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(UNAUDITED)

	Share capital \$	Contributed surplus \$	Deficit \$	Total \$
Balance at January 1, 2019	10,870,380	2,207,058	(13,087,044)	(9,566)
Net and comprehensive loss for the period	-	-	(170,120)	(170,120)
Shares issued for cash (net of issue costs)	490,356	-	-	490,356
Balance at September 30, 2019	11,360,736	2,207,058	(13,257,124)	310,670
Balance, January 1, 2020	11,360,736	2,207,058	(13,269,361)	298,433
Net and comprehensive loss for the period	-	-	(91,124)	(91,124)
Balance at September 30, 2020	11,360,736	2,207,058	(13,360,485)	207,309

The accompanying notes form an integral part of these condensed interim financial statements.

Huntington Exploration Inc.
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

For the nine months ended September 30,	2020	2019
	\$	\$
Cash flows from operating activities		
Net income (loss)	(91,124)	(170,120)
Add items not affecting cash:		
Depletion and depreciation	66	110
Accretion on decommissioning liabilities	1,977	1,917
Gain on sale of property	-	-
Changes in non-cash working capital items related to operating activities	(22,123)	21,248
Total cash flows (outflows) from operating activities	(111,204)	(146,845)
Cash flows from investing activities		
Acquisition of property, plant and equipment	-	-
Total cash (outflows) from investing activities	-	-
Cash flows from financing activities		
Decrease (Increase) in restricted cash	(637)	16,192
Decrease (Increase) in decommissioning costs	-	4,615
Issue of common shares (net of costs)	-	490,356
Total cash inflows (outflows) from financing activities	(637)	511,163
Increase (decrease) in cash and cash equivalents	(111,841)	364,319
Cash and cash equivalents, beginning of period	427,345	87,306
Cash and cash equivalents, end of period	315,504	451,625

The accompanying notes form an integral part of these condensed interim financial statements

1. CORPORATE INFORMATION

Huntington Exploration Inc. (“Huntington” or the “Company”) was incorporated as 676182 Alberta Ltd. under the laws of the Province of Alberta on November 28, 1995. On February 1, 1996 the Company changed its name to Goldust Mines Ltd. and subsequently, on July 18, 1997 changed its name to Huntington Exploration Inc. The Company is listed on the TSX Venture Exchange, having the symbol HEI. Huntington is engaged in the acquisition, exploration and development of oil and gas properties in western Canada. The Company’s principal operating address is Eau Claire Pace II, Box 14, 521 - 3 Avenue S.W., Calgary, Alberta.

2. BASIS OF PREPARATION

a) Statement of Compliance

These condensed interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting. They do not contain all disclosures required by International Financial Reporting Standards (“IFRS”) for annual financial statements and, accordingly, should be read in conjunction with the audited financial statements for the year ended December 31, 2019. These condensed financial statements were authorised for issue by the Board of Directors on November 26, 2020.

b) Going Concern Assumption

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

The Company had a working capital of \$236,876 at September 30, 2020 has an accumulated deficit of \$13,360,485, incurred a net loss of \$91,124 during the current nine month period and incurred a loss of cash from operating activities before changes in non-cash working capital of \$22,123 during the nine month period ended September 30, 2020. Management continues to focus its efforts on considering strategic alternative operations, optimizing current production, and raising 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.

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

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

2. BASIS OF PREPARATION (CONTINUED)**c) Basis of Measurement**

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

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

d) Basis of consolidation

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

The subsidiary has been fully consolidated from the date of its incorporation. Intercorporate transactions have been eliminated.

e) Use of Estimates

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

Valuation of account receivable

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

Decommissioning Provisions

Decommissioning provisions have been created based on the Company's knowledge as at December 31, 2019 and 2018. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standard and techniques will result in changes to provisions from period to period. Actual decommissioning costs will ultimately depend on future market prices from the decommissioning costs which will reflect the market conditions at the time of the decommissioning costs are actually incurred. The final cost of the currently recognized decommissioning provisions may be higher or lower than currently provided for.

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 become 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.

2. BASIS OF PREPARATION (CONTINUED)*Income Taxes*

Significant judgment is required in determining the provision for income taxes. There are many transaction 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.

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.

Deferred price premium on flow-through shares

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

Impairment

A CGU is defined as the lowest grouping of integrated assets that generate identifiable cash inflows that are largely independent of the cash inflows of other assets or groups of assets. The Company has concluded each CGU is the individual properties held. As of September 30, 2020 and December 31, 2019 the Company has one CGU being Warwick. The allocation of assets into CGUs requires significant judgment and interpretations with respect to the integration between assets, the existence of active markets, similar exposure to market risks, shared infrastructures, and the way in which management monitors the operations. The recoverable amounts of CGUs and individual assets have been determined based on the higher of fair value less costs to sell or value-in-use calculations. The key assumptions the Company uses in estimating future cash flows for recoverable amounts are anticipated future commodity prices, expected production volumes and future operating and development costs. Changes to these assumptions will affect the recoverable amount of CGUs and individual assets and may then require a material adjustment to their related carrying value.

Reserves

The estimate of reserves is used in forecasting the recoverability and economic viability of the Company's oil and gas properties, and in the depletion and impairment calculations. The process of estimating reserves is complex and requires significant interpretation and judgment. It is affected by economic conditions, production, operating and development activities, and is performed using available geological, geophysical, engineering, and economic data. 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

These condensed interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting. They do not contain all disclosures required by International Financial Reporting Standards (“IFRS”) for annual financial statements and, accordingly, should be read in conjunction with the audited financial statements for the year ended December 31, 2019.

4. ADOPTED ACCOUNTING PRONOUNCEMENTS

January 1, 2020, the Company adopted the following new accounting pronouncements, in accordance with the transitional provisions of the standard. A brief description of each new accounting policy and its impact on the Company’s financial statements are as follows:

IFRS 3 Business Combinations

The Company adopted IFRS 3, Business Combinations, on January 1, 2020.

The objectives of the amendments to the definition of a business are to help distinguish a business combination from a purchase of a group of assets and to clarify the accounting for previously held interests in a business if control or joint control of the business is acquired. Emphasis is put on the outputs of a business being the provision of goods or services to customers or generating income whereas previously outputs had been viewed in terms of an ability to provide a return or benefits to investors or other owners. In an effort to simplify the assessment of whether an acquired set of activities and assets meets the revised definition, an optional concentration test is available.

Future accounting changes

The Company continues to monitor the potential changes proposed by the IASB and considers the impact changes in the standards would have on the Company’s operations.

Huntington Exploration Inc.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

As at and for the nine months ended September 30, 2020

5. PROPERTY, PLANT AND EQUIPMENT

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

	Petroleum Properties \$	Office Equipment \$	Total \$
Balance, December 31, 2018	1,168,896	7,599	1,176,495
Additions	-	-	-
Balance, December 31, 2019	1,168,896	7,599	1,176,495
Disposition	-	-	-
Balance, September 30, 2020	1,168,896	7,599	1,176,495
Accumulated depletion and depreciation:			
Balance, December 31, 2018	1,168,896	7,231	1,176,127
Depletion and depreciation	-	148	148
Balance, December 31, 2019	1,168,896	7,379	1,176,275
Depletion and depreciation	-	66	66
Balance, September 30, 2020	1,168,896	7,445	1,176,341

Carrying amounts:	Cost	Depletion & impairment	Net book value
December 31, 2019	\$ -	\$ 221	\$ 221
September 30, 2020	\$ -	\$ 154	\$ 154

6. DECOMMISSIONING LIABILITIES

	September 30, 2020	December 31, 2019
Balance, beginning of period	\$ 73,757	\$ 71,191
Accretion expense	1,977	2,566
Balance, end of period	\$ 75,734	\$ 73,757

Decommissioning Provision

Huntington makes full provision for the future cost of site decommissioning on a discounted basis at the time development expenditures take place. The decommissioning provision represents the present value of decommissioning costs relating to petroleum and natural gas properties, which are expected to be incurred up to the final date of the properties' lives. These decommissioning provisions on currently producing assets are expected to be settled over the next 13 years with the majority of costs incurred between 2020 and 2033.

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

Pursuant to government regulations, the Company has on deposit cash of \$46,013 (2019 - \$45,376) restricted for the completion of future abandonments.

Huntington Exploration Inc.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

As at and for the nine months ended September 30, 2020

7. SHARE CAPITAL

a) Authorized

Unlimited number of:

Common shares without par value

Preferred shares, assumable in series

b) Issued

	September 30, 2020		December 31, 2019	
	Shares (1)	Amounts	Shares (1)	Amounts
Common shares				
Opening balance	19,899,431	\$ 11,360,736	9,899,431	\$ 10,370,380
Shares issued for cash	-	-	10,000,000	500,000
Share issue costs	-	-	-	(9,644)
Balance end of period	19,899,431	\$ 11,370,736	19,899,431	\$ 11,360,736
Warrants				
Opening balance	14,166,667	\$ -	4,166,667	\$ -
Warrants issued	-	-	10,000,000	-
Warrants expired	(4,166,677)	-	-	-
Balance end of period	10,000,000	\$ -	14,166,667	\$ -
		\$ 11,370,736		\$ 11,360,736

On August 15, 2019 the Company completed the closing of a non-brokered private placement offering of units at a price of \$0.05 per Unit, for gross proceeds of up to \$500,000. Each Unit will consist of one common share and one transferable common share purchase warrant, with each warrant entitling the holder to purchase one additional common share at a price of \$0.05 per share for a period of two years from closing. Directors of the company subscribed for, directly or indirectly, a total of 3,500,000 units under the private placement for proceeds of \$175,000.

(b) Warrants

The following table summarizes the warrants outstanding and exercisable at September 30, 2019:

Number of warrants	Exercise price	Expiry date
10,000,000	\$0.05	August 15, 2021

(c) 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.

As at September 30, 2020 and December 31, 2019 there were no stock options outstanding.

8. RELATED PARTY TRANSACTIONS

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

September 30,	9 Months 2020	3 Months 2020	9 Months 2019	3 Months 2019
	\$	\$	\$	\$
Salaries and fees incurred to companies owned by Executive or senior management	18,000	6,000	36,440	6,000

9. FINANCIAL INSTRUMENTS

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

(a) Foreign Currency Exchange Risk

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

(b) Interest Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is not exposed to interest rate fluctuations at September 30, 2020 and December 31, 2019. 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 September 30, 2020 and December 31, 2019, the Company has fixed interest rates on 100% of its interest bearing obligations. As the interest rates approximate the prevailing market rates, the fair value of these debt instruments approximate its carrying values.

(c) Market risk

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

(d) Fair Value of Financial Instruments

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

- Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.
- Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

9. FINANCIAL INSTRUMENTS (CONTINUED)

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

All financial assets (except for cash which is classified as held for trading), are classified as either loans or receivables and are accounted for on an amortized cost basis. All financial liabilities are classified as other liabilities. The marketable securities have been designated as available-for-sale. There have been no changes to the aforementioned classifications during the year ended December 31, 2019.

(e) Liquidity Risk

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

- The Company will not have sufficient funds to settle a transaction on the due date;
- The Company will be forced to sell financial assets at a value which is less than what they are worth; or
- The Company may be unable to settle or recover a financial asset.

The Company's accounts payable and accrued liabilities as at September 30, 2020 and December 31, 2019 is comprised of the following:

	September 30, 2020	December 31, 2019
Trade accounts payable	\$ 569	\$ 4,160
Accruals (1)	20,250	25,500
Joint venture	34,851	39,266
	\$ 55,670	\$ 68,926

(1) Includes the \$20,250 (December 31, 2019 - \$25,000) with respect to professional fees.

The Company's trade accounts payable as at September 30, 2020 are aged as follows:

Trade Accounts Payable and Joint Venture Payable	0 to 30 Days	31 to 60 Days	61 to 90 Days	Greater than 90 days
	\$55,670	\$19,639	\$501	\$257
				\$35,273

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.

10. SUBSEQUENT EVENT

On October 9, 2020 the Company announced that it intends to complete a non-brokered private placement offering of units at a price of \$0.05 per Unit, for gross proceeds of up to \$1,000,000. Each Unit will consist of one common share and one transferable common share purchase warrant, with each warrant entitling the holder to purchase one additional common share at a price of \$0.05 per share for a period of two years from closing. The closing of the Private Placement is expected to occur on or about October 30, 2020 and is subject to regulatory approval, including approval of the TSX Venture Exchange.

Huntington Exploration Inc.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

As at and for the nine months ended September 30, 2020

On November 12, 2020 the Company announced, further to its October 9, 2020 news release, to increase the size of the previously announced private placement of units from up to \$1,000,000 to up to \$1,500,000