HUNTINGTON EXPLORATION INC.

AUDITED FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2016

- AND –

UNAUDITED FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE INTERIM PERIOD ENDED JUNE 30, 2017

Huntington Exploration Inc.
Consolidated Financial Statements
December 31, 2016

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Financial Statements

Kenway Mack Slusarchuk Stewart LLP
Chartered Professional Accountants,
Chartered Accountants

Celebrating 30 years

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.

Kenway Mack Slusarchuk Stewart LLP

April 27, 2017
Calgary, Alberta

Chartered Professional Accountants,
Chartered Accountants

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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
		488,142	361,547
Restricted cash	6	218,111	216,477
Exploration and evaluation	4	100,000	100,000
Property and equipment	5	295,857	266,102
		$ 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
		210,972	250,172
Decommissioning obligations	6	160,001	165,795
		370,973	415,967
Equity			
Share capital		10,918,489	11,390,722
Share based payment reserve		2,158,949	1,186,716
Deficit		(12,346,301)	(12,049,279)
		731,137	528,159
		$ 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			**(25,679)**		(43,734)
			141,523		228,163
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**		**(95,000)**		816,181
			438,543		1,345,617
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.

	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		**(323,171)**	(257,288)
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		**(333,371)**	(431,443)
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		**500,000**	(150,420)
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		**(11,034)**	262,490
Increase (decrease) in cash		**155,595**	(319,373)
Cash, beginning of year		**313,820**	633,193
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.

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.

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.

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.

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").

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).

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

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 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

4. Exploration and Evaluation ("E&E")

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

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
justedBalance, 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	$	1,203,056	$	7,599	$	1,210,655
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	$	908,220	$	6,578	$	914,798
Carrying amounts:						
December 31, 2015	$	264,400	$	1,702	$	266,102
December 31, 2016	$	294,836	$	1,021	$	295,857

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.

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		
	WTI Cushing Oklahoma	Edmonton Par Price 40° API	Hardisty Heavy 24.9° API	Spot	NGL Mix	Exchange Rate	Inflation Rate
	($US/bbl)	($/bbl)	($/bbl)	($/MMBtu)	($/bbl)	($Cdn/ $US)	(%/Year)
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.

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:

As at December 31,	**2016**	2015
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

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		
Common shares	**Shares (i)**		**Amounts**	Shares (i)		Amounts
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:

9. Share Capital - continued

Stock Options	December 31, 2016 Number of options	December 31, 2016 Weighted average Exercise price	December 31, 2015 Number of Options	December 31, 2015 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.

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.

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.

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.

Huntington Exploration Inc.
Management's Discussion and Analysis

This management's discussion and analysis of the financial condition and results of operations ("MD&A") of Huntington Exploration Inc. ("Huntington" or "the Company") is dated April 27, 2017 and should be read in conjunction with the audited consolidated financial statements of the Company for the year ended December 31, 2016. These consolidated 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. The measure used is operating netback. 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. The measure is not defined under IFRS and should not be considered in isolation or as an alternative to conventional IFRS measure. The underlying calculation is not necessarily comparable to a similarly titled measure of another entity. When the measure is used, it is 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.

Select Annual Information

($ thousands, except per share amounts)	For the year ended December 31, 2016	For the year ended December 31, 2015	For the year ended December 31, 2014
Petroleum and natural gas sales, net of royalties	142	228	508
Net income (loss)	(297)	(782)	460
Per share – basic and diluted	(0.010)	(0.034)	0.026
Net capital expenditures	-	100	31
Working capital surplus (deficiency)	277	111	257
Total assets	1,102	944	2,198
Weighted average shares outstanding (000s) *	30,191	22,931	17,429
Current shares outstanding (000s) *	39,598	22,931	22,931

*Comparative year information has been restated to reflect the one new-for-six-old share consolidation that received regulatory approval June 9, 2016

Lands and Rights Held As At December 31, 2016

A summary description of Huntington Exploration Inc.'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 Exploration's working interest share before the deduction of royalties payable to others. These properties are all located in the Alberta, Canada.

Provost Alberta

Huntington Exploration owns a 0.87% working interests in the Provost Veteran Viking Unit in Alberta.

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 2016 was 82,150 mcf which the averaged over the year net to the company was 224 mcf/d.

Bindloss Alberta

Huntington Exploration has 100% working interest in 1,152 hectares in the Bindloss area of Alberta. There are several Glauconite Channel structures that have outlined in the area. These structures have already had wells drilled into them which produced heavy oil at a relatively shallow depth.

Panny Alberta

In the first quarter of 2015, Huntington Exploration acquired a 50% interest in a P&NG license containing 30 sections of land. The play associated with this land is a Keg River reef complex prospective for light oil.

Production and Operating Costs

	For the Three Months Ended December 31,		For the Year Ended December 31,	
	2016	2015	**2016**	2015
Total boe production	**2,809**	4,160	**13,787**	17,743
BOE/day	**31**	45	**38**	49
Working interest revenue ($)	**51,911**	60,573	**165,559**	270,155
Revenue / boe ($)	**18.48**	14.56	**12.01**	15.22
Royalties ($)	**(8,136)**	(9,457)	**(25,679)**	(43,734)
Production costs ($)	**26,457**	36,723	**155,195**	171,554
Production costs/boe ($)	**9.42**	8.83	**11.26**	9.67
Operating net back ($)	**17,318**	14,393	**(15,315)**	54,867
Operating net back/boe ($)	**6.16**	3.46	**(1.11)**	3.09

The current year's production has decreased due to the disposal of the Company's interest in the Viking C Unit which closed on January 15, 2015*.*

Production costs are in line with expectations.

Depletion and Depreciation Expense

The depletion expense in 2016 and 2015 comparative periods is in line with expectations. The Company is using its proved plus probable reserves to compute the depletion expense.

Impairment Provisions

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 & impairment of $81,389 in respect of non-producing properties in the Bindloss CGU.

General and Administrative Expenses

General and administrative costs increased by $9,792 or 3% to $309,499 for the year ended December 31, 2016 from $299,707 for the year ended December 31, 2015. Staffing and consulting fees accounted for approximately 31% (2015 - 19%) of the total general and administrative expenses, professional fees were 23% (2015 - 32%), regulatory reporting and shareholder and public relations were 1% (2015 - 3%), insurance costs were 6% (2015 - 7%), software costs were 8% (2015 – 10%) and all other costs were 31% (2015 - 29%) of general and administrative expenses.

Finance Expense

The finance expense is comprised of the incremental fair value of the warrant extension and increase in the present value of the decommissioning obligation. The following is the summary of the finance expenses incurred:

	2016	2015
Accretion of decommissioning obligation	$ 3,606	$ 3,717

The accretion of the decommissioning obligation will fluctuate commensurate with the asset retirement obligation as new wells are drilled, acquired through acquisitions or property depositions and as changes to the estimates are made.

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 December 31, 2016, Huntington has a current working capital of $277,170.
During 2016, the Company expended $NIL (2015 - $910) in capital expenditures for its developed and producing oil and gas activities. During 2016, the Company expended $NIL (2015 - $100,000) in capital expenditures for its exploration and evaluation oil and gas activities.

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 39,597,723 common shares outstanding.

Pursuant to a special resolution passed by shareholder 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.

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

	Expiry Date	Exercise Price	Number	Total Number
Common shares				39,597,723
Warrants	December 31, 2017	$0.10	9,750,000	26,416,667
	June 9. 2019	$0.05	16,666,667	

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. During the year ended December 31, 2016, the Company sold approximately 100% of its oil and gas production to a single purchaser. At December 31, 2016, 92% of the balance of accounts receivable is due from this purchaser. 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.

Summary of Quarterly Results

($ thousands, except per share amounts)	Three months ended December 31, 2016	Three months ended September 30, 2016	Three months ended June 30, 2016	Three months ended March 31, 2016
Revenue	53	49	23	41
Net income (loss)	3	(106)	(97)	(96)
Per share – basic and diluted	0.0001	(0.0027)	(0.0042)	(0.0042)
Total assets	1,102	1,124	735	842

($ thousands, except per share amounts)	Three months ended December 31, 2015	Three months ended September 30, 2015	Three months ended June 30, 2015	Three months ended March 31, 2015
Revenue	61	63	68	78
Net income (loss)	(868)	(98)	(81)	265
Per share – basic and diluted *	(0.0378)	(0.0043)	(0.0035)	0.012
Total assets	944	1,717	1,830	1.926

*Comparative year information has been restated to reflect the one new-for-six-old share consolidation that received regulatory approval June 9, 2016

Changes in accounting polices:

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.

New accounting standards and interpretations not yet adopted:

The standards and interpretations that are issued but not yet effective up to the date of issuances of the Company's financial statements are listed below.

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

Risk Factors

There are a number of risk factors facing Companies that participate in the Canadian oil and gas industry. A summary of certain risk factors relating to our business are disclosed below.

Exploration, Development and Production Risks
Oil and natural gas exploration involves a high degree of risk, for which even a combination of experience, knowledge and careful evaluation may not be able to overcome. There is no assurance that expenditures made on future exploration by Huntington will result in new discoveries of oil or natural gas in commercial quantities. It is difficult to project the costs of implementing an exploratory drilling program due to the inherent uncertainties of drilling in unknown formations, the costs associated with encountering various drilling conditions such as over-pressured zones, tools lost in the hole and changes in drilling plans and locations as a result of prior exploratory wells or additional seismic data and interpretations thereof.

The long-term commercial success of Huntington will depend on its ability to find, acquire, develop and commercially produce oil and natural gas reserves. No assurance can be given that Huntington will be able to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, Huntington may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participations uneconomic.

Future oil and gas exploration may involve unprofitable efforts, not only from dry wells, but from wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in 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. While diligent well supervision and effective maintenance operations can contribute to maximizing production rates over time, 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 exploration, development and production risks by utilizing a technical team with extensive experience to assure the highest probability of success in its drilling efforts. Our collaboration of a team of seasoned veterans in the oil and gas business, each with a unique expertise in the various upstream to downstream technical disciplines of prospect generation to operations, provides the best assurance of competency, risk management and drilling success. A full cycle economic model is utilized to evaluate all hydrocarbon prospects. Detailed geological and geophysical techniques are regularly employed including 3D seismic, petrography, sedimentology, petrophysical log analysis and regional geological evaluation.

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.

Huntington’s portfolio consists of heavy crude oil. Huntington continually monitors the movement of commodity prices, interest rates and adjusts its capital expenditure program accordingly.

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 oil and gas 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 revenues from its production of petroleum and natural gas decrease as a result of lower oil and natural gas prices or otherwise, it may affect Huntington's ability to expend the necessary capital to replace its reserves or to maintain its production. 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.

If Huntington is able to negotiate debt financing it is likely lenders will be provided with security over substantially all of the assets of Huntington. If Huntington becomes unable to pay its debt service charges or otherwise commits an event of default, such as bankruptcy, these lenders may foreclose on or sell Huntington's properties. The proceeds of any such sale would be applied to satisfy amounts owed to Huntington's lenders and other creditors and only the remainder, if any, would be available to Huntington.

Huntington monitors and updates its cash projection models on a regular basis which assists in the timing decision of capital expenditures. Farm-outs of projects may be arranged if capital constraints are an issue or if the risk profile dictates that the Company wish to hold a lesser working interest position. Equity, if available and if on reasonable terms, may be utilized to help fund Huntington’s capital program.

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 oil and gas reserves 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 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 a large, established and reputable purchaser that is considered creditworthy. Huntington has not experienced any collection issues with its petroleum and natural gas marketer. 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.

Health, Safety and Environment
All phases of the oil and natural gas business 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. Regular field inspections are also carried out 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 reserve acquisitions, exploration leases, licenses and concessions and skilled industry personnel with a substantial number of other oil and gas companies, many of which have significantly greater financial and personnel resources than Huntington. Huntington's competitors include major integrated oil and natural gas companies and numerous other independent oil and natural gas companies and individual producers and operators.

Certain of Huntington's customers and potential customers are themselves exploring for oil and natural gas, and the results of such exploration efforts could affect Huntington's ability to sell or supply oil or gas to these customers in the future. Huntington's ability to successfully bid on and acquire additional property rights, to discover reserves, to participate in drilling 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.

Huntington Exploration Inc.

2017 Second quarter Condensed Interim Consolidated Financial Statements (unaudited)

Notice for National Instrument 51-102

The interim condensed consolidated financial statements and notes thereto for the six months ended June 30, 2017 are prepared by management and have not been independently audited or reviewed by the Company's auditors.

	Notes	June 30, 2017 $	December 31, 2016 $
Assets			
Current assets			
Cash		**328,062**	469,415
Accounts receivable		**17,356**	13,845
Prepaid expenses and deposits		**5,755**	4,882
Total current assets		**351,173**	488,142
Restricted Cash	6	**218,928**	218,111
Exploration and evaluation assets	4	**100,000**	100,000
Property, plant and equipment	5	**258,605**	295,857
		928,706	1,102,110
Liabilities and shareholders' equity			
Current liabilities			
Accounts payables and accrued liabilities		**59,687**	81,583
Provision for abandonment		**81,389**	81,389
Flow through share provision	7	**48,000**	48,000
Total current liabilities		**189,076**	210,972
Decommissioning liability	6	**161,839**	160,001
Total liabilities		**350,915**	370,973
Shareholders' deficiency			
Share capital	8	**10,918,489**	10,918,489
Contributed surplus		**2,158,949**	2,158,949
Accumulated deficit		**(12,499,647)**	(12,346,301)
		577,791	731,137
		928,706	1,102,110

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

June 30,	6 Months 2017	3 Months 2017	6 Months 2016	3 Months 2016
	$	$	$	$
Revenue				
Petroleum and natural gas revenue	**97,876**	**64,151**	64,470	23,146
Other income	**817**	**413**	825	410
Royalties	**(15,592)**	**(10,464)**	(10,052)	(3,480)
	83,101	**53,546**	55,243	20,076
Expenses				
Operating	**69,134**	**22,101**	81,468	26,464
Administrative	**128,223**	**58,902**	154,180	84,791
Finance charges:				
Accretion of decommissioning liabilities	**1,838**	**922**	1,790	898
Interest on loan	**-**	**-**	-	-
Depletion and depreciation	**37,252**	**24,458**	11,593	5,185
	249,031	**106,383**	249,031	117,338
Net loss before other items	**(153,346)**	**(52,837)**	(193,788)	(97,262)
Gain on sale of property	**-**	**-**	-	-
Net income (loss) for the period	**(153,346)**	**(52,837)**	(193,788)	(97,262)
Income (Loss) per common share - **basic and diluted**	**(0.004)**	(0.001)	(0.008)	(0.004)
Weighted average shares outstanding - **basic and diluted** (1)	**39,597,723**	**39,597,723**	22,931,056	22,931,056

(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

	Share capital	Contributed surplus	Deficit	Total
	$	$	$	$
Balance at January 1, 2016	**11,390,722**	**1,186,716**	**(12,049,279)**	**528,159**
Net and comprehensive income for the period	-	-	(297,022)	(297,022)
Common shares issued for cash (net of issue costs)	500,000			500,000
Expiry of warrants	(972,233)	972,233	-	-
Balance at December 31, 2016	**10,918,489**	**2,158,949**	**(12,049,279)**	**731,137**
Balance, January 1, 2017	**10,918,489**	**2,158,949**	**(12,049,279)**	**731,137**
Net income for the period	-	-	(153,346)	(153,346)
Balance at June 30, 2017	**10,918,489**	**2,158,949**	**(12,499,647)**	**577,791**

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 six months ended June 30,	2017 $	2016 $
Cash flows from operating activities		
Net loss	**(153,346)**	(193,788)
Add items not affecting cash:		
Depletion and depreciation	**37,252**	11,593
Accretion on decommissioning liabilities	**1,838**	1,790
Gain on sale of property	**-**	-
Changes in non-cash working capital items related to operating activities	**(26,280)**	11,309
Total cash flows (outflows) from operating activities	**(140,536)**	(169,096)
Cash flows from investing activities		
Acquisition of exploration properties	**-**	-
Acquisition of property, plant and equipment	**-**	-
Proceeds on disposition of property	**-**	-
Total cash (outflows) from investing activities	**-**	-
Cash flows from financing activities		
Increase in restricted cash	**(817)**	(815)
Flow through share liability	**-**	-
Total cash inflows (outflows) from financing activities	**(817)**	(815)
Decrease in cash and cash equivalents	**(141,353)**	(169,911)
Cash and cash equivalents, beginning of period	**469,415**	313,820
Cash and cash equivalents, end of period	**328,062**	143,909

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 480, 700 – 4 Ave 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, 2016. These condensed financial statements were authorised for issue by the Board of Directors on August 29, 2017.

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 Company had working capital of $162,097 at June 30, 2017 has an accumulated deficit of $12,499,647, incurred a net loss of $153,346 during the current six month period and incurred a loss of cash from operating activities before changes in non-cash working capital of $114,256 during the period ended June 30, 2017. Management continues to focus its efforts on optimizing current production, increasing production through drilling new wells, farm-outs 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.

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.

2. BASIS OF PREPARATION(CONTINUED)

d) 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, 2014 and 2013. 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.

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.

2. BASIS OF PREPARATION (CONTINUED)

Share-based Payment Transactions

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

Deferred price premium on flow-through shares

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

Impairment

A CGU is defined as the lowest grouping of integrated assets that generate identifiable cash inflows that are largely independent of the cash inflows of other assets or groups of assets. The Company has concluded each CGU is the individual properties held. As of June 30, 2017 and December 31, 2016 the Company had 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

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, 2016.

4. EXPLORATION AND EVALUATION ASSETS

The following is a summary of the Company's changes in exploration and evaluation assets during the period:

Balance at December 31, 2015	$ 100,000
Additions	-
Balance at December 31, 2016	100,000
Acquisition of land	-
Balance at June 30, 2017	$ 100,000

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, 2015	1,203,056	7,599	1,210,655
Additions	-	-	-
Balance, December 31, 2016	1,203,056	7,599	1,210,655
Additions	-	-	-
Balance, June 30, 2017	1,203,056	7,599	1,210,655
Accumulated depletion and depreciation:			
Balance, December 31, 2015	938,656	5,897	944,553
Depletion and depreciation	64,564	681	65,245
Impairment	(95,000)	-	(95,000)
Balance, December 31, 2016	908,220	6,578	914,798
Depletion and depreciation	37,048	204	37,252
Balance, June 30, 2017	945,268	6,782	952,050
Carrying amounts:			
December 31, 2016	$ 294,836	$ 1,021	$ 295,857
June 30, 2017	$ 257,788	$ 817	$ 258,605

6. DECOMMISSIONING LIABILITIES

	June 30, 2017	December 31, 2016
Balance, beginning of period	$ 160,001	$ 165,795
Change in estimate	-	(9,400)
Accretion expense	1,838	3,606
Balance, end of period	$ 161,839	$ 160,001

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 2017 and 2033.

The discount rate currently applied in the calculation of the net present value of the provision is between 1.10%-3.13% and the inflation rate is 2.5%.

Pursuant to government regulations, the Company has on deposit cash of $218,928 (2016 - $218,111) restricted for the completion of future abandonments.

7. DEFERRED PRICE PREMIUM ON FLOW THROUGH SHARES

	JUNE 30, 2017	DECEMBER 31, 2016
Deferred flow through price premium, beginning of period	$ 48,000	$ 48,000
Settled costs associated with unexpended flow through funds	-	-
Deferred flow through price premium, end of period	$ 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 is committed to incur $487,500 of Canadian Eligible Expenses on or before December 31, 2013. Huntington recognized a deferred liability based on the premium received on the flow-through shares compared to the common share trading price adjusted for the fair value of the warrants issued in the financing. During 2013 Huntington was unable to meet their commitment and as a result has accrued $48,000 (2016 - $48,000) as a provision for the estimated liability it has to the shareholders that invested in the flow through offering.

8. SHARE CAPITAL

a) Authorized

Unlimited number of:

Common shares without par value

Preferred shares, assumable in series

b) Issued

	June 30, 2017			December 31, 2016		
Common shares	**Shares (1)**		**Amounts**	Shares		Amounts
Opening balance	**39,597,723**	**$**	**10,870,380**	**22,931,056**	**$**	**10,370,380**
Shares issued for cash	**-**		**-**	**16,666,667**		**500,000**
Balance end of period	**39,597,723**	**$**	**10,370,380**	**39,597,723**	**$**	**10,870,380**
Warrants						
Opening balance	**26,416,667**	**$**	**48,109**	**9,571,895**	**$**	**1,020,342**
Warrants issued	**-**		**-**	**16,666,667**		**-**
Warrants expired	**-**		**-**	**(47,681,369)**		**(972,233)**
Balance end of period	**26,416,667**	**$**	**48,109**	**26,416,667**	**$**	**48,109**
		$	**10,918,489**		**$**	**10,918,489**

(1) 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. Effective at the opening, June 14, 2016,the shares commenced trading on the TSX Venture Exchange on the consolidated basis.

(b) Warrants

The following table summarizes the warrants outstanding and exercisable at June 30, 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		

(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. A summary of the status of the Company's stock option plan as at June 30, 2017 and December 31, 2016 and changes during the respective periods ended on those dates is presented below:

8. SHARE CAPTIAL (CONTINUED)

Stock Options	June 30, 2017 Number of options	June 30, 2017 Weighted average Exercise price	December 31, 2016 Number of Options	December 31, 2016 Weighted average exercise price
Opening balance	-	$ -	1,250,000	$0.10
Forfeited	-	$ -	(1,250,000)	$0.10
End of period	-	$ -	-	$ -
Exercisable, end of period	-	$ -	-	$ -

9. RELATED PARTY TRANSACTIONS

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

June 30,	6 Months 2017	3 Months 2017	6 Months 2016	3 Months 2016
	$	$	$	$
Salaries and fees incurred to companies owned by Executive or senior management	**68,160**	**34,080**	56,179	28,080

10. 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) 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.

(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 period ended June 30, 2017, the Company sold approximately 100% (2016 – 100%) of its oil and gas production to a single purchaser. At June 30, 2017, $16,281 (December 31, 2016 - $12,748) 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.

10. FINANCIAL INSTRUMENTS (CONTINUED)

(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 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.

(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 June 30, 2017 and December 31, 2016.

Fixed rate debt is subject to interest rate price risk, as the value will fluctuate as a result of changes in market rates. As at June 30, 2017 and December 31, 2016, 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.

(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 these financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

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

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

All financial assets (except for cash which is classified as held for trading), are classified as either loans or receivables and are accounted for on an amortized cost basis. All financial liabilities are classified as other liabilities. 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, 2016.

(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's accounts payable and accrued liabilities as at June 30, 2017 and December 31, 2016 is comprised of the following:

10. FINANCIAL INSTRUMENTS (CONTINUED)

	June 30, 2016	December 31, 2016
Trade accounts payable	$ **15,499**	$ **19,797**
Accruals *(1)*	**19,500**	**42,000**
Joint venture	**24,688**	**19,786**
	$ **59,687**	$ **81,583**

(1) *Includes $19,500 (December 31, 2016 - $42,000) with respect to professional fees and $NIL (December 31, 2016 - $NIL) of other miscellaneous accruals.*

The Company's trade accounts payable and accrued liabilities as at June30, 2017 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
$59,687	$17,439	$(25,845)	$(12,000)	80,093

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.

HUNTINGTON Exploration Inc.

480, 700 – 4 Ave SW, Calgary, Alberta

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 August 29, 2017 and should be read in conjunction with the audited financial statements of the Company for the year ended December 31, 2016 and the unaudited condensed interim financial statements of the Company for the six months ended June 30, 2017. 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.

Lands and Rights Held As At June 30, 2017

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.

Provost Alberta

Huntington Exploration owns a 0.87% working interest in the Provost Veteran Viking Unit in Alberta.

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 second quarter of 2017 was 25,066 mcf or 275 mcf/day.

Bindloss Alberta
Huntington Exploration has 100% working interest in 1,152 hectares in the Bindloss area of Alberta. There are several Glauconite Channel structures that have been outlined in the area. These structures have already had wells drilled into them which produced heavy oil at a relatively shallow depth.

Panny Alberta
In the first quarter of 2015, Huntington Exploration acquired a 50% interest in a P & NG license containing 30 sections of land. The play associated with this land is a Keg River reef complex prospective for light oil. Offsetting the license are wells that have produced Keg River oil at 1200 metres.

Production and Operating Costs

June 30	**Six Months 2017**	**Three Months 2017**	**Six Months 2016**	**Three Months 2016**
Total boe production	**6,428**	4,204	**7,356**	3,268
BOE/day	**35.51**	46,20	**40.64**	35.91
Working interest revenue ($)	**97,876**	64,151	**64,470**	23,146
Revenue / boe ($)	15.23	15.26	**8.76**	7.08
Royalties ($)	**15,592**	10,464	**10,052**	3,480
Royalties/boe ($)	**2.43**	2.49	**1.37**	1.06
Production costs ($)	**69,134**	22,101	**81,468**	26,464
Production costs/boe ($)	**10,75**	5,26	**11.07**	8.10
Operating net back ($)	**13,150**	31,586	**(27,050)**	(6,798)
Operating net back/boe ($)	**2.05**	7.51	**(3.68)**	(2.08)

With respect to the revenues, the decrease over the prior period is due to a decrease in natural gas prices. Royalties in the current period are in the line with expectations. Production costs are in line with expectations.

Depletion and Depreciation Expense

The depletion expense in 2017 and 2016 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:

June 30,	**Six Months 2017 $**	**Three Months 2017** $	**Six Months 2016 $**	**Three Months 2016** $
Professional fees	**31,284**	13,232	**35,420**	17,174
Wages and Salaries	**25,643**	12,911	**19,450**	9,720
Management and consulting fees	**24,683**	12,411	**18,543**	9,362
Shareholder communication	**-**	-	**-**	-
Insurance	**8,191**	4,096	**9,440**	4,720
Fees and Licenses	**12,177**	5,699	**31,946**	25,466
Rent	**16,238**	7,878	**13,877**	8,677
Evaluation fees	**1,720**	(530)	**3,520**	520
Software lease	**5,310**	2,655	**20,256**	8,633
Other	**2,977**	550	**1,718**	508
Total	**128,223**	58,902	**154,170**	84,781

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

Finance Expense

The finance expense is 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 June 30, 2017, Huntington has a current working capital of $162,097. 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.

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 39,597,723 common shares outstanding.

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. Effective at the opening, June 14, 2016, the shares commenced trading on the TSX Venture Exchange on the consolidated basis.

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

	Expiry Date	Exercise Price	Number	Total Number
Common shares				39,597,723
Warrants	December 31, 2017	$0.10	9,750,000	
	June 9, 2019	$0.05	16,666,667	26,416,667

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

($ thousands, except per share amounts)	Three months ended June 30, 2017	Three months ended March 31, 2017	Three months ended December 31, 2016	Three months ended September 30, 2016
Revenue	64	34	53	49
Net income (loss)	(53)	(101)	3	(106)
Per share – basic and diluted	(0.001)	(0.001)	0.0001	(0.0027)
Total assets	929	1,008	1,102	1,124

($ thousands, except per share amounts)	Three months ended June 30, 2016	Three months ended March 31, 2016	Three months ended December 31, 2015	Three months ended September 30, 2015
Revenue	23	41	61	63
Net income (loss)	(97)	(96)	(1,203)	(98)
Per share – basic and diluted	(0.0042)	(0.0042)	(0.0378)	(0.0043)
Total assets	735	842	944	1,717

Factors that have caused variations over the quarters:

- The decrease in revenue is predominately due to the sale of P&E asset.

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 – Huntington retained Reliance Engineering Group Petroleum Consultants to evaluate its crude oil and natural gas reserves, prepare an evaluation report, and report to the Reserves Committee of the Board of Directors. 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, engineering 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.

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 expect 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.

New Accounting Standards

The standards and interpretations that are issued but not yet effective up to the date of issuances of the Company’s financial statements are listed below.

I 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.

Risk Factors

There are a number of risk factors facing Companies that participate in the Canadian oil and gas industry. A summary of certain risk factors relating to our business are disclosed below.

Exploration, Development and Production Risks

Oil and natural gas exploration involves a high degree of risk, for which even a combination of experience, knowledge and careful evaluation may not be able to overcome. There is no assurance that expenditures made on future exploration by Huntington will result in new discoveries of oil or natural gas in commercial quantities. It is difficult to project the costs of implementing an exploratory drilling program due to the inherent uncertainties of drilling in unknown formations, the costs associated with encountering various drilling conditions such as over-pressured zones, tools lost in the hole and changes in drilling plans and locations as a result of prior exploratory wells or additional seismic data and interpretations thereof.

The long-term commercial success of Huntington will depend on its ability to find, acquire, develop and commercially produce oil and natural gas reserves. No assurance can be given that Huntington will be able to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, Huntington may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participations uneconomic.
Future oil and gas exploration may involve unprofitable efforts, not only from dry wells, but from wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in 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. While diligent well supervision and effective maintenance operations can contribute to maximizing production rates over time, 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 exploration, development and production risks by utilizing a technical team with extensive experience to assure the highest probability of success in its drilling efforts. Our collaboration of a team of seasoned veterans in the oil and gas business, each with a unique expertise in the various upstream to downstream technical disciplines of prospect generation to operations, provides the best assurance of competency, risk management and drilling success. A full cycle economic model is utilized to evaluate all hydrocarbon prospects. Detailed geological and geophysical techniques are regularly employed including 3D seismic, petrography, sedimentology, petrophysical log analysis and regional geological evaluation.

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.

Huntington’s portfolio consists of heavy crude oil. Huntington continually monitors the movement of commodity prices, interest rates and adjusts its capital expenditure program accordingly.

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 oil and gas 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 revenues from its production of petroleum and natural gas decrease as a result of lower oil and natural gas prices or otherwise, it may affect Huntington's ability to expend the necessary capital to replace its reserves or to maintain its production. 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.

Huntington's lenders may be provided with security over substantially all of the assets of Huntington. If Huntington becomes unable to pay its debt service charges or otherwise commits an event of default, such as bankruptcy, these lenders may foreclose on or sell Huntington's properties. The proceeds of any such sale would be applied to satisfy amounts owed to Huntington's lenders and other creditors and only the remainder, if any, would be available to Huntington.

Huntington monitors and updates its cash projection models on a regular basis which assists in the timing decision of capital expenditures. Farm-outs of projects may be arranged if capital constraints are an issue or if the risk profile dictates that the Company wishes to hold a lesser working interest position. By entering into a farmout agreement the Company limits the capital exposure associated with a oil and gas project. Equity, if available and if on reasonable terms, may be utilized to help fund Huntington’s capital program.

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 oil and gas reserves 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.

Health, Safety and Environment
All phases of the oil and natural gas business 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. Regular field inspections are also carried out 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 reserve acquisitions, exploration leases, licenses and concessions and skilled industry personnel with a substantial number of other oil and gas companies, many of which have significantly greater financial and personnel resources than Huntington. Huntington's competitors include major integrated oil and natural gas companies and numerous other independent oil and natural gas companies and individual producers and operators.

Certain of Huntington's customers and potential customers are themselves exploring for oil and natural gas, and the results of such exploration efforts could affect Huntington's ability to sell or supply oil or gas to these customers in the future. Huntington's ability to successfully bid on and acquire additional property rights, to discover reserves, to participate in drilling 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.