

HUNTSMAN EXPLORATION INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

SIX MONTHS ENDED FEBRUARY 28, 2022

(UNAUDITED – EXPRESSED IN CANADIAN DOLLARS)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of condensed consolidated interim financial statements by an entity's auditor.

April 26, 2022

HUNTSMAN EXPLORATION INC.
Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian Dollars)

	February 28, 2022	August 31, 2021
	(unaudited)	
ASSETS		
Current		
Cash and cash equivalents	\$ 1,581,283	\$ 736,649
Amounts receivable	57,192	133,615
Prepaid expenses (Note 7)	51,095	98,279
	1,689,570	968,543
Exploration and evaluation assets (Notes 6 and 7)	11,088,952	10,185,329
	\$ 12,778,522	\$ 11,153,872
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 7)	\$ 410,832	\$ 94,677
	410,832	94,677
Shareholders' Equity		
Share capital (Note 8)	27,205,978	25,159,753
Contributed surplus (Note 8)	2,909,991	2,639,880
Deficit	(17,643,247)	(16,636,302)
Accumulated other comprehensive loss	(105,032)	(104,136)
	12,367,690	11,059,195
	\$ 12,778,522	\$ 11,153,872

Going Concern (Note 2)
 Commitments (Note 6)
 Subsequent Event (Note 12)

Authorized for issuance on behalf of the Board on April 26, 2022:

"Nathan Tribble" Director

"Jeremy Ross" Director

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

HUNTSMAN EXPLORATION INC.
Condensed Consolidated Interim Statements of Comprehensive Loss
(Unaudited – Expressed in Canadian Dollars)

	Three Months Ended		Six Months Ended	
	February 28,	February 28,	February 28,	February 28,
	2022	2021	2022	2021
Expenses				
Consulting fees (Note 7)	\$ 145,373	\$ 175,965	\$ 267,373	\$ 453,784
Foreign exchange	2,097	459	1,294	459
General exploration costs (Notes 6(d) and 7)	44,745	4,581	61,995	16,936
Management fees (Note 7)	49,159	55,000	98,738	132,500
Office and general	18,617	17,716	36,656	38,388
Professional fees	20,963	22,666	83,806	91,024
Rent (Note 7)	21,832	15,000	43,748	26,000
Share-based payments (Notes 7 and 8)	270,111	642,973	270,111	642,973
Shareholder communications and investor relations	69,620	286,428	131,538	374,296
Transfer agent and filing fees	9,083	20,627	12,192	49,327
Travel	-	1,097	-	1,226
Loss Before Other Item	(651,600)	(1,242,512)	(1,007,451)	(1,826,913)
Other Item				
Interest income	115	3,459	506	4,344
Net Loss for the Period	(651,485)	(1,239,053)	(1,006,945)	(1,822,569)
Other Comprehensive Income (Loss)				
Item that may be reclassified subsequently to income or loss:				
Exchange difference on translating foreign operations	33,321	9,815	(894)	(5,622)
Comprehensive Loss for the Period	\$ (618,164)	\$ (1,229,238)	\$ (1,007,839)	\$ (1,828,191)
Loss per Share – Basic and Diluted	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.03)
Weighted Average Number of Common Shares Outstanding				
	118,247,604	85,248,408	103,333,819	67,356,737

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

HUNTSMAN EXPLORATION INC.
Condensed Consolidated Interim Statements of Changes in Equity
(Unaudited – Expressed in Canadian Dollars)

	Share Capital		Share Subscriptions Received	Contributed Surplus	Deficit	Accumulated Other Comprehensive Income (Loss)	Total
	Number of Shares	Share Capital					
Balance, August 31, 2020	33,532,640	\$ 13,661,609	\$ 25,000	\$ 1,810,168	\$ (13,980,595)	\$ 17,369	\$ 1,533,551
Private placements	30,095,000	6,019,000	(25,000)	-	-	-	5,994,000
Share issuance costs	-	(434,619)	-	186,759	-	-	(247,860)
Shares issued for exploration and evaluation assets	23,436,890	5,891,907	-	-	-	-	5,891,907
Warrants exercised	154,545	21,636	-	-	-	-	21,636
Stock options exercised	1,000	200	-	-	-	-	200
Fair value transferred upon exercise of stock options	-	20	-	(20)	-	-	-
Stock options granted	-	-	-	642,973	-	-	642,973
Net loss for the period	-	-	-	-	(1,822,569)	-	(1,822,569)
Exchange difference on translating foreign operations	-	-	-	-	-	(5,622)	(5,622)
Balance, February 28, 2021	87,220,075	25,159,753	-	2,639,880	(15,803,164)	11,747	12,008,216
Net loss for the period	-	-	-	-	(833,138)	-	(833,138)
Exchange difference on translating foreign operations	-	-	-	-	-	(115,883)	(115,883)
Balance, August 31, 2021	87,220,075	25,159,753	-	2,639,880	(16,636,302)	(104,136)	11,059,195
Private placements	31,027,529	2,171,927	-	-	-	-	2,171,927
Share issuance costs	-	(125,702)	-	-	-	-	(125,702)
Stock options granted	-	-	-	270,111	-	-	270,111
Net loss for the period	-	-	-	-	(1,006,945)	-	(1,006,945)
Exchange difference on translating foreign operations	-	-	-	-	-	(896)	(896)
Balance, February 28, 2022	118,247,604	\$ 27,205,978	\$ -	\$ 2,909,991	\$ (17,643,247)	\$ (105,032)	\$ 12,367,690

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

HUNTSMAN EXPLORATION INC.
Condensed Consolidated Interim Statements of Cash Flows
For the Six Months Ended February 28,
(Unaudited – Expressed in Canadian Dollars)

	2022	2021
Operating Activities		
Net loss for the period	\$ (1,006,945)	\$ (1,822,569)
Item not involving cash		
Share-based payments	270,111	642,973
Changes in non-cash working capital balances		
Amounts receivable	75,919	(85,318)
Prepaid expenses	2,214	(197,972)
Accounts payable and accrued liabilities	12,281	(801,349)
Cash Used in Operating Activities	(646,420)	(2,264,235)
Investing Activity		
Exploration and evaluation asset expenditures, net	(552,464)	(901,815)
Cash Used in Investing Activity	(552,464)	(901,815)
Financing Activities		
Shares issued for cash	2,171,927	5,994,000
Share issuance costs	(125,702)	(247,860)
Shares issued for warrant exercise	-	21,636
Shares issued for stock option exercise	-	200
Repayments of loans payable	-	(262,300)
Cash Provided by Financing Activities	2,046,225	5,505,676
Change in Cash	847,341	2,339,626
Effect of Exchange Rates on Cash	(2,707)	-
Cash and Cash Equivalents, Beginning of Period	736,649	42,653
Cash and Cash Equivalents, End of Period	\$ 1,581,283	\$ 2,382,279
Non-cash Transactions and Supplemental Disclosures		
Shares issued for exploration and evaluation assets (Notes 6 and 8)	\$ -	\$ 5,891,907
Exploration and evaluation asset expenditures included in accounts payable and accrued liabilities (opening)	\$ 5,170	\$ 145,407
Exploration and evaluation asset expenditures included in accounts payable and accrued liabilities (closing)	\$ 307,680	\$ 519,755
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -

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

HUNTSMAN EXPLORATION INC.
Notes to the Condensed Consolidated Interim Financial Statements
For the Six Months Ended February 28, 2022
(Unaudited – Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS

Huntsman Exploration Inc. (the “Company”) is an exploration stage company incorporated pursuant to the British Columbia *Business Corporations Act* on March 31, 2011. The principal business of the Company is the identification, evaluation and acquisition of mineral properties, as well as exploration of mineral properties once acquired. The Company changed its name from BlueBird Battery Metals Inc. to Huntsman Exploration Inc. on September 17, 2020. The Company’s shares are listed for trading on the TSX Venture Exchange (“TSX-V”) under the symbol “HMAN” and on the US OTC Markets under the symbol “BBBMF”. The address of the Company’s corporate office and its principal place of business is 1680 – 200 Burrard Street, Vancouver, British Columbia, Canada, V6C 3L6.

2. GOING CONCERN

These condensed consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Company has incurred a net loss of \$1,006,945 for the six months ended February 28, 2022 and has an accumulated deficit of \$17,643,247 at February 28, 2022. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

In early March 2020, there was a global outbreak of coronavirus (COVID-19). The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and, specifically, the regional economies in which the Company operates. The pandemic could continue to have a negative impact on the stock market, including trading prices of the Company’s shares and its ability to raise new capital. These factors, among others, could have a significant impact on the Company’s operations.

The Company’s ability to continue its operations and to realize assets at their carrying values is dependent upon its ability to fund its existing acquisition and exploration commitments on its exploration and evaluation assets when they come due, which would cease to exist if the Company decides to terminate its commitments, and to cover its operating costs. The Company may be able to generate working capital to fund its operations by the sale of its exploration and evaluation assets or raising additional capital through equity markets. However, there is no assurance it will be able to raise funds in the future. These condensed consolidated interim financial statements do not give effect to any adjustments required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying condensed consolidated interim financial statements.

3. BASIS OF PREPARATION

a) Statement of compliance

The condensed consolidated interim financial statements of the Company have been prepared in accordance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting*.

The condensed consolidated interim financial statements of the Company should be read in conjunction with the Company’s 2021 annual consolidated financial statements that have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board.

These condensed consolidated interim financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on April 26, 2022.

HUNTSMAN EXPLORATION INC.
Notes to the Condensed Consolidated Interim Financial Statements
For the Six Months Ended February 28, 2022
(Unaudited – Expressed in Canadian Dollars)

3. BASIS OF PREPARATION (Continued)

b) Measurement basis

These condensed consolidated interim financial statements have been prepared under the historical cost basis, except for certain financial instruments that have been measured at fair value. These condensed consolidated interim financial statements have been prepared under the accrual basis of accounting, except for cash flow information.

c) Basis of presentation

These condensed consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiaries, BlueBird Battery Metals Australia Pty. Ltd. and Huntsman Exploration USA Inc., which were incorporated in Australia on April 10, 2018 and in the USA on September 22, 2020, respectively. Intercompany balances and transactions are eliminated in preparation of the Company's condensed consolidated interim financial statements.

On September 17, 2020, the Company consolidated its common shares on the basis of one new share for two old shares. All share and per share amounts have been revised to reflect the consolidation.

d) Foreign currency translation

The functional currency of the Company is the Canadian dollar. The functional currency of the Company's Australian subsidiary is the Australian dollar and the functional currency of the Company's USA subsidiary is the US dollar, which has been determined to be the currency of the primary economic environment in which the subsidiaries operate.

Transactions in currencies other than the functional currency are recorded at the exchange rates prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the rates prevailing at the reporting date. Non-monetary items are measured at historical cost in a functional currency and are not retranslated.

4. SIGNIFICANT ACCOUNTING POLICIES

Accounting standard issued but not yet effective

IAS 1 Presentation of Financial Statements

IAS 1 has been amended to clarify classification of liabilities as current or non-current. The amendments are effective for years beginning on or after January 1, 2023. The amendment is expected to have no impact for the Company.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income (loss) in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

HUNTSMAN EXPLORATION INC.
Notes to the Condensed Consolidated Interim Financial Statements
For the Six Months Ended February 28, 2022
(Unaudited – Expressed in Canadian Dollars)

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

Critical judgments in applying accounting policies

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the condensed consolidated interim financial statements within the next financial year are discussed below.

a) Impairment of exploration and evaluation assets

The application of the Company's accounting policy for exploration and evaluation expenditures and impairment of the capitalized expenditures 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 profit or loss in the year the new information becomes available.

b) Title to mineral property interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

c) 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 that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized. This is deemed to be the case when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity that are expected to reverse in the same year as the expected reversal of the deductible temporary difference, or in years into which a tax loss arising from the deferred tax asset can be carried back or forward. 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.

d) Going concern risk assessment

The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon its ability to fund its existing acquisition and exploration commitments on its exploration and evaluation assets when they come due, which would cease to exist if the Company decides to terminate its commitments, and to cover its operating costs. The Company may be able to generate working capital to fund its operations by the sale of its exploration and evaluation assets or raising additional capital through equity markets. However, there is no assurance it will be able to raise funds in the future. These condensed consolidated interim financial statements do not give effect to any adjustments required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying condensed consolidated interim financial statements.

HUNTSMAN EXPLORATION INC.
Notes to the Condensed Consolidated Interim Financial Statements
For the Six Months Ended February 28, 2022
(Unaudited – Expressed in Canadian Dollars)

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in material adjustments to the condensed consolidated interim financial statements.

a) Decommissioning liabilities

Rehabilitation provisions have been created based on the Company's internal estimates. Assumptions, based on the current economic environment, have been made that 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 standards and techniques will result in changes to provisions from year to year. Actual rehabilitation costs will ultimately depend on future market prices for the rehabilitation costs that will reflect the market condition at the time the rehabilitation costs are actually incurred.

The final cost of the currently recognized rehabilitation provisions may be higher or lower than currently provided for. As at February 28, 2022, the Company has no known rehabilitation requirements, and accordingly, no provision has been made.

b) Fair value of stock options granted

The Company uses the Black-Scholes option pricing model to value the stock options granted during the period. The Black-Scholes model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. The model requires management to make estimates that are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values.

HUNTSMAN EXPLORATION INC.
Notes to the Condensed Consolidated Interim Financial Statements
For the Six Months Ended February 28, 2022
(Unaudited – Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS

Total costs incurred on exploration and evaluation assets are summarized as follows:

	Baxter Spring	Flint Property	Canegrass Property	Total
Acquisition Costs				
Balance, August 31, 2020	\$ 34,071	\$ -	\$ 1,680,082	\$ 1,714,153
Acquisition and option payments	4,138,857	2,197,130	-	6,335,987
Claim costs	32,923	178,502	-	211,425
Currency translation difference	(3,588)	(1,709)	-	(5,297)
Balance, August 31, 2021	4,202,263	2,373,923	1,680,082	8,256,268
Acquisition and option payments	315,850	-	-	315,850
Claim costs (recovery)	4,970	(1,641)	219,111	222,440
Currency translation difference	4,069	1,941	908	6,918
Balance, February 28, 2022	\$ 4,527,152	\$ 2,374,223	\$ 1,900,101	\$ 8,801,476
Deferred Exploration Expenditures				
Balance, August 31, 2020	\$ -	\$ -	\$ 1,016,677	\$ 1,016,677
Camp and other	-	-	18,588	18,588
Drilling	-	-	500,584	500,584
Geological	20,728	44,833	202,581	268,142
Geophysical	-	-	174,905	174,905
Currency translation difference	(64)	(245)	(49,526)	(49,835)
Balance, August 31, 2021	20,664	44,588	1,863,809	1,929,061
Drilling	-	-	198,475	198,475
Geological	2,854	2,047	157,976	162,877
Currency translation difference	73	279	(3,289)	(2,937)
Balance, February 28, 2022	\$ 23,591	\$ 46,914	\$ 2,216,971	\$ 2,287,476
Total Exploration and Evaluation Assets				
Balance, August 31, 2021	\$ 4,222,927	\$ 2,418,511	\$ 3,543,891	\$ 10,185,329
Balance, February 28, 2022	\$ 4,550,743	\$ 2,421,137	\$ 4,117,072	\$ 11,088,952

HUNTSMAN EXPLORATION INC.
Notes to the Condensed Consolidated Interim Financial Statements
For the Six Months Ended February 28, 2022
(Unaudited – Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS (Continued)

a) Baxter Spring Property

On August 26, 2020, and as amended September 22, 2021, the Company entered into an option agreement to acquire a 100% interest in the Baxter Spring Property, located in Nevada, from Liberty Gold Corp. (“Liberty”) and Liberty’s wholly owned subsidiary, Pilot Gold (USA) Inc.

In consideration, the Company must make payments as follows:

- Cash payment of US\$250,000 (paid);
- An additional cash payment of US\$250,000 (paid) on or before May 31, 2022; and
- Issuance of common shares of the Company equal to 19.5% of the outstanding shares (issued 14,986,890 shares valued at \$3,821,657).

The property is subject to a 2% net smelter return royalty (“NSR”) and Liberty retains a back-in right to acquire a 35% interest in the property within three years upon payment of the sum of US\$1,000,000 to the Company.

b) Flint Property

On December 3, 2020, the Company entered into an agreement to acquire a 100% interest in claims as part of the Flint Property. In consideration, the Company paid US\$100,000 in cash and issued 8,450,000 common shares of the Company valued at \$2,070,250.

The Company satisfied the option agreement by staking 174 claims within the area of interest of the agreement at a cost of \$127,900. The vendors retain a 2% NSR on the Flint Property, including claims staked by the Company.

c) Canegrass Property

On March 15, 2018, the Company entered into an option agreement with Trafalgar Resources Pty. Ltd. (“Trafalgar”) to acquire a 100% interest in the Canegrass Property, located in the Mount Magnet region of Western Australia.

In consideration, the Company must make payments as follows:

- Cash payment of \$25,000 (paid) and issuance of 1,500,000 common shares of the Company (issued and valued at \$870,000) upon approval by the TSX-V (approval received on March 21, 2018);
- Issuance of an additional 937,500 common shares of the Company on or before March 21, 2019 (issued and valued at \$553,125); and
- Issuance of an additional 937,500 common shares of the Company on or before March 21, 2020 (issued and valued at \$131,250).

The Company must also incur exploration expenditures as follows:

- \$500,000 on or before March 21, 2019 (incurred);
- An additional \$500,000 on or before March 21, 2020 (incurred); and
- An additional \$500,000 on or before March 21, 2021 (incurred).

A finder’s fee of 130,529 common shares (issued and valued at \$75,707) was paid in relation to the agreement. Subject to further TSX-V approval, a discovery bonus of 750,000 common shares of the Company will be issued in the event of discovery of a copper/cobalt equivalent resource of 250,000 ounces or greater on the Canegrass Property. During the year ended August 31, 2021, the Company fulfilled its purchase obligations on the property to earn a 100% interest in the Canegrass property.

The Company also paid a \$25,000 letter of intent fee to Trafalgar during the year ended August 31, 2018.

HUNTSMAN EXPLORATION INC.
Notes to the Condensed Consolidated Interim Financial Statements
For the Six Months Ended February 28, 2022
(Unaudited – Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS (Continued)

d) Julimar Property

On February 13, 2022, the Company entered into an agreement with the major shareholders of PieCo Metals Pty. Ltd. (“PieCo”), whereby the Company has the exclusive option to acquire all of the issued and outstanding shares of PieCo. If the Company exercises the option, it will result in PieCo becoming a subsidiary of the Company.

PieCo has a portfolio of projects within the Julimar province of Western Australia and proximal to the Company’s Canegrass Property.

The Company has paid a non-refundable option fee of AUD \$30,000 to the vendors for the option (included in general exploration). In order to acquire all the issued and outstanding shares of PieCo, the Company must issue common shares as follows:

- 13,000,000 common shares on closing of the acquisition;
- 13,000,000 common shares within six months of closing of the acquisition; and
- 13,000,000 common shares within one year of closing of the acquisition.

The agreement provides that the second or third share issuances will be deferred in the event that the issuance would result in any of PieCo’s shareholders becoming insiders pursuant to Canadian securities laws to such later time or times that the issuance will not result in the creation of an insider.

The vendors will retain a 1.5% NSR on the PieCo projects. The transaction is subject to the acceptance of the TSX-V (see Note 12).

7. RELATED PARTY BALANCES AND TRANSACTIONS

These amounts of key management compensation are included in the amounts shown on the condensed consolidated interim statements of comprehensive loss for the six months ended February 28, 2022 and 2021:

	February 28, 2022	February 28, 2021
Consulting fees	\$ 16,497	\$ -
General exploration	\$ 18,000	\$ -
Management fees	\$ 98,738	\$ 132,500
Share-based payments	\$ 254,222	\$ 303,077

Key management includes directors and officers of the Company, including the Chief Executive Officer, President and Chief Financial Officer.

During the six months ended February 28, 2022, the Company also paid or accrued:

- \$30,000 (2021 - \$26,000) in rent to a company with a common officer; and
- \$nil (2021 - \$14,046) in exploration and evaluation asset expenditures to a private company for a director’s services.

As at February 28, 2022, included in prepaid expenses is \$12,585 (August 31, 2021 - \$12,585) paid to a private company for a director’s services and \$nil (August 31, 2021 - \$5,250) paid to a company with a common officer for rent.

As at February 28, 2022, included in accounts payable and accrued liabilities is \$3,037 (August 31, 2021 - \$nil) due to a company controlled by a director for outstanding consulting fees. The amounts are unsecured, non-interest-bearing and due on demand.

HUNTSMAN EXPLORATION INC.
Notes to the Condensed Consolidated Interim Financial Statements
For the Six Months Ended February 28, 2022
(Unaudited – Expressed in Canadian Dollars)

8. SHARE CAPITAL

a) Authorized

The Company is authorized to issue an unlimited number of common shares without par value.

b) Issued and outstanding

During the six months ended February 28, 2022

- On November 26, 2021, the Company completed a placement for gross proceeds of \$2,171,927. The Company issued 31,027,529 common shares of the Company at a price of \$0.07 per share. The Company paid finder's fees of \$114,093 and other share issuance costs of \$11,610.

During the year ended August 31, 2021

- On October 19, 2020, the Company completed a placement for gross proceeds of \$5,639,000. The Company issued 28,195,000 units at a price of \$0.20 per unit. Each unit consisted of one common share of the Company and one share purchase warrant. Each warrant entitles the holder to acquire one common share of the Company at an exercise price of \$0.35 for a period of three years. The Company paid finder's fees of \$216,690 in cash and issued 1,083,450 finder's warrants with an exercise price of \$0.35 per unit and a term to expiry of three years (valued at \$186,759). The Company paid other share issuance costs of \$31,170. The Company received \$25,000 in connection with this private placement prior to August 31, 2020.
- On November 12, 2020, the Company issued 14,986,890 common shares valued at \$3,821,657 for the acquisition of the Baxter Spring Property (Note 6(a)).
- On November 27, 2020, the Company completed a private placement for gross proceeds of \$380,000. The Company issued 1,900,000 units at a price of \$0.20 per unit. Each unit consisted of one common share of the Company and one share purchase warrant. Each warrant entitles the holder to acquire one common share of the Company at an exercise price of \$0.35 for a period of three years.
- On December 21, 2020, the Company issued 8,450,000 common shares valued at \$2,070,250 for the acquisition of the Flint Property (Note 6(b)).
- During the year ended August 31, 2021, the Company received \$21,636 and \$200 pursuant to the exercise of 154,545 warrants and 1,000 stock options, respectively.

HUNTSMAN EXPLORATION INC.
Notes to the Condensed Consolidated Interim Financial Statements
For the Six Months Ended February 28, 2022
(Unaudited – Expressed in Canadian Dollars)

8. SHARE CAPITAL (Continued)

c) Warrants

Warrant transactions and the number of warrants outstanding for the six months ended February 28, 2022 and year ended August 31, 2021 are summarized as follows:

	February 28, 2022		August 31, 2021	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of period	31,468,858	\$ 0.35	533,472	\$ 0.24
Issued	-	-	31,178,450	\$ 0.35
Exercised	-	-	(154,545)	\$ 0.14
Expired	(290,408)	\$ 0.14	(88,519)	\$ 0.72
Outstanding, end of period	31,178,450	\$ 0.35	31,468,858	\$ 0.35

The following warrants were outstanding and exercisable at February 28, 2022:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	Warrants
October 19, 2023	1.64	\$ 0.35	29,278,450
November 27, 2023	1.75	\$ 0.35	1,900,000
	1.64		31,178,450

The Company applies the fair value method using the Black-Scholes option pricing model in accounting for its finder's warrants granted. During the six months ended February 28, 2022, the Company did not grant any (year ended August 31, 2021 - 1,083,450 with a fair value of \$186,759) finder's warrants. The fair value of each finder's warrant granted for the six months ended February 28, 2022 and year ended August 31, 2021 was calculated using the following weighted average assumptions:

	February 28, 2022	August 31, 2021
Expected life (years)	N/A	3.00
Risk-free interest rate	N/A	0.25%
Expected annualized volatility	N/A	118%
Dividend yield	N/A	N/A
Stock price at grant date	N/A	\$ 0.265
Exercise price	N/A	\$ 0.35
Weighted average grant date fair value	N/A	\$ 0.17

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8. SHARE CAPITAL (Continued)

d) Stock options

The Company adopted a stock option plan (the “Plan”) to grant incentive stock options to directors, officers, employees and consultants. Under the Plan, the aggregate number of common shares that may be subject to option at any one time may not exceed 10% of the issued common shares of the Company as of that date, including options granted prior to the adoption of the Plan. Options granted may not exceed a term of 10 years, and the term will be reduced to one year following the date of death of the optionee. All options vest when granted unless they are otherwise specified by the Board of Directors or if they are granted for investor relations activities. Options granted for investor relations activities vest over a twelve-month period with no more than 25% of the options vesting in any three-month period.

During the six months ended February 28, 2022, the Company recognized \$270,111 (year ended August 31, 2021 - \$642,973) of share-based payment expense in connection with 6,800,000 options granted during the period (year ended August 31, 2021 - 3,675,000).

The following is a summary of option transactions under the Company's Plan for the six months ended February 28, 2022 and year ended August 31, 2021:

	February 28, 2022		August 31, 2021	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of period	6,004,000	\$ 0.28	2,742,500	\$ 0.34
Expired	(1,950,000)	\$ 0.33	(412,500)	\$ 0.46
Exercised	-	-	(1,000)	\$ 0.20
Granted	6,800,000	\$ 0.07	3,675,000	\$ 0.25
Outstanding, end of period	10,854,000	\$ 0.14	6,004,000	\$ 0.28

The following options were outstanding and exercisable at February 28, 2022:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	Outstanding	Exercisable
May 1, 2022	0.17	\$ 0.50	180,000	180,000
March 25, 2023	1.07	\$ 0.20	799,000	799,000
January 8, 2024	1.86	\$ 0.25	2,500,000	2,500,000
January 22, 2024	1.90	\$ 0.30	200,000	200,000
February 26, 2024	1.99	\$ 0.25	375,000	375,000
December 3, 2024	2.76	\$ 0.07	6,800,000	6,800,000
	2.35		10,854,000	10,854,000

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8. SHARE CAPITAL (Continued)

d) Stock options (continued)

The Company applies the fair value method using the Black-Scholes option pricing model in accounting for its stock options granted. The fair value of each stock option grant was calculated using the following weighted average assumptions:

	February 28, 2022	August 31, 2021
Expected life (years)	3.00	3.00
Risk-free interest rate	1.09%	0.25%
Expected annualized volatility	115%	118%
Dividend yield	N/A	N/A
Stock price at grant date	\$ 0.06	\$ 0.25
Exercise price	\$ 0.07	\$ 0.25
Weighted average grant date fair value	\$ 0.04	\$ 0.17

Option pricing models require the input of highly subjective assumptions regarding volatility. The Company has used historical volatility to estimate the volatility of the share price.

During the six months ended February 28, 2022, the Company did not transfer any amounts (year ended August 31, 2021 - \$20) from the share-based payments reserve to deficit upon the exercise of stock options (year ended August 31, 2021 - 1,000).

9. FINANCIAL INSTRUMENTS

The Company's financial instruments include cash and cash equivalents, amounts receivable and accounts payable. Cash and cash equivalents are classified as fair value through profit or loss. Amounts receivable is classified as measured at amortized cost. Accounts payable is classified as measured at amortized cost. The carrying values of these instruments approximate their fair values due to the relatively short periods to maturity.

The following table sets forth the Company's financial asset measured at fair value by level within the fair value hierarchy as follows:

February 28, 2022	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 1,581,283	\$ -	\$ -	\$ 1,581,283
August 31, 2021	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 736,649	\$ -	\$ -	\$ 736,649

Financial risk management objectives and policies

The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

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9. FINANCIAL INSTRUMENTS (Continued)

a) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The financial instrument that potentially subjects the Company to concentrations of credit risk consists principally of cash and cash equivalents. To minimize the credit risk on cash and cash equivalents, the Company places the instrument with a major Canadian financial institution.

b) Liquidity risk

The Company manages liquidity risk by maintaining a balance between continuity of funding and flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations. As at February 28, 2022, the Company had contractual obligations consisting of accounts payable and accrued liabilities of \$410,832 due within the next 12 months. All of the liabilities presented as accounts payable are due within 30 days of the reporting date.

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on capital.

i) *Currency risk* – Currency risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company has operations in Canada, the USA and Australia, and incurs operating and exploration expenditures in all currencies. The fluctuation of the Canadian dollar in relation to the Australian dollar will have an impact upon the results of the Company. A fluctuation in the exchange rates between the Canadian and Australian dollars of 10% would result in a change to the Company's cash of \$148,700 and accounts payable and accrued liabilities of \$38,500. The fluctuation of the Canadian dollar in relation to the US dollar would not have any significant impact upon the results of the Company. The Company does not use any techniques to mitigate currency risk.

ii) *Interest rate risk* – The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term. The Company has not entered into any derivative instruments to manage interest rate fluctuations. The Company has no interest-bearing financial liabilities.

iii) *Other price risk* – Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk. The Company does not have significant exposure to this risk.

10. MANAGEMENT OF CAPITAL

The Company considers its capital to be comprised of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares. Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will continue this method of financing due to the current difficult market conditions.

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10. MANAGEMENT OF CAPITAL (Continued)

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

Management reviews the capital structure on a regular basis to ensure that the above objectives are met. There have been no changes to the Company's approach to capital management during the six months ended February 28, 2022 and year ended August 31, 2021. The Company is not subject to externally imposed capital requirements.

11. SEGMENTED INFORMATION

Geographical information related to the Company's non-current assets is as follows:

	February 28, 2022	August 31, 2021
Exploration and evaluation assets – United States	\$ 6,971,880	\$ 6,641,438
Exploration and evaluation assets – Australia	4,117,072	3,543,891
Total exploration and evaluation assets	\$ 11,088,952	\$ 10,185,329

12. SUBSEQUENT EVENT

On April 22, 2022, the Company received conditional approval from the TSX-V for the acquisition of Pieco (Note 6(d)). As of April 26, 2022, the Company is making arrangements to close the acquisition and receive final approval from the TSX-V.