

## **FORWARD-LOOKING INFORMATION AND MATERIAL ASSUMPTIONS**

This report on results for the nine months ended May 31, 2021 contains forward-looking information, including forward-looking information about Huntsman Exploration Inc.'s (formerly BlueBird Battery Metals Inc.) (the "Company" or "Huntsman") operations, estimates, and exploration and acquisition spending.

Forward-looking information is generally signified by words such as "forecast", "projected", "expect", "anticipate", "believe", "will", "should" and similar expressions. This forward-looking information is based on assumptions that the Company believes were reasonable at the time such information was prepared, but assurance cannot be given that these assumptions will prove to be correct, and the forward-looking information in this report should not be unduly relied upon. The forward-looking information and the Company's assumptions are subject to uncertainties and risks and are based on a number of assumptions made by the Company, any of which may prove to be incorrect.

## **GENERAL**

This Management Discussion and Analysis ("MD&A") of the financial condition, results of operations and cash flows of the Company for the nine months ended May 31, 2021 should be read in conjunction with the condensed consolidated interim financial statements as at May 31, 2021, and the audited consolidated financial statements as at August 31, 2020 and 2019. This MD&A is effective July 28, 2021. Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

The Company has prepared its condensed consolidated interim financial statements for the nine months ended May 31, 2021 in Canadian dollars and in accordance with International Financial Reporting Standards ("IFRS") and International Accounting Standard ("IAS") 34 *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB").

## **DESCRIPTION OF BUSINESS**

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.

The Company is currently focusing its financial resources on conducting exploration programs. The Company has not yet determined whether its properties contain reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development of the resource properties and upon future profitable production or proceeds from the disposition thereof.

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.

**HUNTSMAN EXPLORATION INC.**

**Management Discussion and Analysis**

**For the Nine Months Ended  
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**EXPLORATION AND EVALUATION ASSETS**

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

	<b>Baxter Spring</b>	<b>Flint Property</b>	<b>Canegrass Property</b>	<b>Ashburton Property</b>	<b>Atikwa Lake / Maybrun Properties</b>	<b>Total</b>
<b>Acquisition Costs</b>						
<b>Balance, August 31, 2019</b>	\$ -	\$ -	\$ 1,548,832	\$ -	\$ 71,493	\$ 1,620,325
Acquisition and option payments (shares)	-	-	131,250	175,000	-	306,250
Claim costs	34,071	-	-	-	-	34,071
Impairment	-	-	-	(175,000)	-	(175,000)
Sale of exploration and evaluation assets	-	-	-	-	(71,493)	(71,493)
<b>Balance, August 31, 2020</b>	<b>34,071</b>	<b>-</b>	<b>1,680,082</b>	<b>-</b>	<b>-</b>	<b>1,714,153</b>
Acquisition and option payments	4,140,957	2,197,970	-	-	-	6,338,927
Claim costs	-	125,909	-	-	-	125,909
Currency translation difference	(20,530)	(13,901)	-	-	-	(34,431)
<b>Balance, May 31, 2021</b>	<b>\$ 4,154,498</b>	<b>\$ 2,309,978</b>	<b>\$ 1,680,082</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,144,558</b>
<b>Deferred Exploration Expenditures</b>						
<b>Balance, August 31, 2019</b>	\$ -	\$ -	\$ 701,809	\$ -	\$ 248,698	\$ 950,507
Drilling	-	-	7,275	-	-	7,275
Geological	-	-	260,187	-	-	260,187
Sale of exploration and evaluation assets	-	-	-	-	(248,698)	(248,698)
Currency translation difference	-	-	47,406	-	-	47,406
<b>Balance, August 31, 2020</b>	<b>-</b>	<b>-</b>	<b>1,016,677</b>	<b>-</b>	<b>-</b>	<b>1,016,677</b>
Camp and other	-	-	18,816	-	-	18,816
Drilling	-	-	506,714	-	-	506,714
Geological	20,804	1,059	201,806	-	-	223,669
Geophysical	-	-	176,466	-	-	176,466
Currency translation difference	(632)	-	(37,630)	-	-	(38,262)
<b>Balance, May 31, 2021</b>	<b>\$ 20,172</b>	<b>\$ 1,059</b>	<b>\$ 1,882,849</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,762,784</b>
<b>Total Exploration and Evaluation Assets</b>						
<b>Balance, August 31, 2020</b>	\$ 34,071	\$ -	\$ 2,696,759	\$ -	\$ -	\$ 2,730,830
<b>Balance, May 31, 2021</b>	<b>\$ 4,174,670</b>	<b>\$ 2,311,037</b>	<b>\$ 3,562,931</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,048,638</b>

**Baxter Spring Property**

On August 26, 2020, 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 on or before December 1, 2021; 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.

**Flint Property**

On December 3, 2020, the Company entered into an agreement to acquire a 100% interest in additional 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.

**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) 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 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.

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

**HUNTSMAN EXPLORATION INC.****Management Discussion and Analysis****For the Nine Months Ended  
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On April 13, 2021, the Company announced that it has exercised the option on the Canegrass Property. The Company now owns an undivided 100% interest. The Company further summarized the highlights of its Phase I drilling program as follows:

- From prior electromagnetic (“EM”) surveys, a total of 9 targets warranted drill testing and were the focus of the Phase I drilling campaign.
- Phase I included 16 holes; 12 RC and 4 diamond were drilled (Table 1).
- Phase I 2021 Diamond Drillhole BBDD009 at Tulloch was designed to test the mineralized zone at depth and was collared 55 metres (“m”) west of 2018 drillhole BBDD002, which intersected: **4.9 m of 1.33% Ni, 1.26% Cu and 0.1% Co**. Drillhole BBDD009 results confirm 41.1 m of favourable host rock with 2 distinct mineralized horizons.
  - The first intercept started at 278.9 m and included higher-grade intervals of:
    - **1 m @ 2.8% Ni, 0.1% Cu, 0.15% Co 0.11 g/t Pt and 0.21 g/t Pd;**
    - **0.7 m @ 2.3 % Cu, 0.5% Ni, 0.04% Co, 0.33 g/t Pt and 0.04 g/t Pd;** and
    - **2 m @ 1.8% Ni, 0.5% Cu, 0.11% Co, 0.22 g/t Pt and 0.17 g/t Pd.**
  - The second mineralized horizon occurs at 307.5 m downhole and intersected 2 higher grade intersections of:
    - **3.1 m @ 2.2% Ni, 0.2% Cu, 0.15% C, 0.15 g/t Pt and 0.21 g/t Pd;** and
    - **1.1 m @ 0.9%Ni, 5.7% Cu, .07% Co, 0.11 g/t Pt and 0.05 g/t Pd.**
- Phase I 2021 RC results from the Tulloch zone include:
  - **3 m @ 0.88% Ni, 0.4% Cu and 0.07% Co** from 91 m downhole in BBRC013;
  - **3 m @ 1.0% Ni, 0.58% Cu and 0.09% Co** from 139 m downhole in BBRC014; and
  - This extends the Tulloch zone 100 m east for a total distance of 200 m and open in all directions.
- Successful follow up of the 2018 drill program with multiple Ni-Cu-Co-Pt-Pd intercepts in step out holes at the Tulloch and Sunline targets.
  - Notable 2018 intercepts:
    - (Tulloch BBDD002) **4.9 m @ 1.33% Ni, 1.26% Cu and 0.1% Co.;**
    - (Winx BBRC001) **14 m @ 1.17% Ni, 0.88% Cu and 0.05 Co from 65 m, including 1 m of 2.7% Ni, 0.23% Cu and 0.12% Co.;** and
    - (Sunline BBDD001) **0.57 m @ 3.07% Ni, 0.62% Cu and 0.24% Co from 144.1m.**
- Prior to completion of the current moving loop EM (“MLEM”) and downhole EM (“DHEM”) surveys, a total of 9 targets have been identified on the Canegrass Project. Phase I 2021 drilling focused on 4 of these targets, which reside in the northern part of the property.
- The Tulloch Ni-Cu zone is open in all directions and now has a total of 5 drillholes along a single east-west fence of drilling. Each hole has encountered various grades of mineralization along 200 m of drilling and down to 300 m in depth. Huntsman will begin to plan step outs to the north and south to further define a strike length of the mineralized horizons within the Wyemandoo Shear zone. It is Huntsman’s belief that intercepts discovered to date should be pursued along the north-south strike of the shear zone and at depth to determine if the targets are linked, or a source of the current mineralized zones is part of a much larger system. Several known Australian nickel sulphide producing deposits have been discovered by following mineralization that ultimately led to a feeder system that formed the bulk of those deposits. Huntsman will continue ongoing evaluation of the potential of the Tulloch zone, as well as additional targets on the property.
- All holes were reported as downhole lengths and were planned to intersect target EM plates as perpendicular as possible and are interpreted to be near true width.

**Table 1.** Phase I Drilling at Canegrass Project.

Hole ID	Easting	Northing	Elevation	Azimuth	Dip	EOH (m)
BBDD006	647375	6843314	470	90	-65	381
BBDD007	649105	6847779	485	88	-60	376
BBDD008	649037	6847762	488	89	-60	480
BBDD009	648403	6846354	469	88	-65	363

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BBRC006	649203	6847869	483	88	-60	216
BBRC007	649196	6847811	486	85	-59	216
BBRC008	649443	6847665	486	96	-60	138
BBRC009	649602	6848606	465	88	-60	96
BBRC010	649041	6848844	465	87	-60	174
BBRC011	648558	6846819	465	93	-59	90
BBRC012	649400	6847628	492	89	-60	180
BBRC013	648543	6846368	464	89	-61	120
BBRC014	648500	6846368	465	91	-61	156
BBRC015	647572	6843698	464	92	-60	96
BBRC016	647501	6843138	471	90	-60	250
BBRC017	648314	6843000	480	273	-60	150

The Company is interpreting assays for Phase II drilling, which is currently being planned with downhole EM and surface EM surveys to be conducted later in 2021.

**Ashburton Project**

On August 8, 2018, the Company entered into an agreement to acquire a 100% interest in the Ashburton Project, located in Western Australia.

In consideration, the Company made payments as follows:

- Issued common shares of the Company upon completion with a volume weighted average price ("VWAP") over a 30-day period of \$750,000 (issued and valued at \$514,594 based on the trading price at the date of issuance); and
- Issued common shares of the Company with a VWAP over a 30-day period of \$750,000 on October 9, 2019 (issued and valued at \$175,000 based on the trading price at the date of issuance).

The Company also paid a \$25,000 LOI fee to the vendor during the year ended August 31, 2018.

The Company recorded impairment charges in the amounts of \$635,750 and \$175,000 during the years ended August 31, 2019 and 2020, respectively. The Company retains ownership of the Ashburton Project.

**Atikwa Lake / Maybrun Properties**

On February 4, 2016, the Company entered into an agreement to acquire a 100% undivided interest in 20 mineral claims located in Ontario. As consideration, the Company issued 37,500 common shares of the Company at a value of \$60,000.

In March 2017, an additional five claims were acquired for \$6,480.

On May 1, 2020, the Company entered into an agreement to dispose of the claims acquired in February 2016 and March 2017. In consideration, the Company received \$50,000 in cash. The Company will also conditionally receive 200,000 common shares of a public company if the purchaser of the claims enters into an amalgamation, a reverse takeover or similar transaction with a publicly traded company. Since the receipt of the 200,000 common shares is conditional and uncertain, no receivable has been recorded. The Company recorded a loss on sale of exploration and evaluation assets of \$270,191 during the year ended August 31, 2020.

**HUNTSMAN EXPLORATION INC.****Management Discussion and Analysis****For the Nine Months Ended  
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	<b>August 31, 2020 \$</b>	<b>August 31, 2019 \$</b>	<b>August 31, 2018 \$</b>
Revenue	-	-	-
Net loss	(1,193,997)	(3,149,962)	(6,300,245)
Basic and diluted loss per common share	(0.04)	(0.13)	(0.44)
Total assets	2,814,731	2,605,316	2,836,018
Long-term debt	-	-	-
Dividends	-	-	-

**SUMMARY OF QUARTERLY RESULTS  
(\$000s, except loss per share)**

	<b>May 31, 2021 \$</b>	<b>February 28, 2021 \$</b>	<b>November 30, 2020 \$</b>	<b>August 31, 2020 \$</b>
For the Quarter Periods Ending on				
Revenue	-	-	-	-
Net loss	(477)	(1,239)	(584)	(391)
Basic and diluted loss per common share	(0.01)	(0.01)	(0.01)	(0.02)
Total assets	11,535	12,600	10,727	2,815
Non-current financial liabilities	-	-	-	-

	<b>May 31, 2020 \$</b>	<b>February 29, 2020 \$</b>	<b>November 30, 2019 \$</b>	<b>August 31, 2019 \$</b>
For the Quarter Periods Ending on				
Revenue	-	-	-	-
Net loss	(609)	(86)	(108)	(1,601)
Basic and diluted loss per common share	(0.02)	(0.00)	(0.00)	(0.06)
Total assets	2,732	2,640	2,603	2,605
Non-current financial liabilities	-	-	-	-

**OPERATIONS****Three Months Ended May 31, 2021**

During the three months ended May 31, 2021, the Company reported a net loss of \$477,297 (2020 - \$608,592). Variations in expenses from the three months ended May 31, 2021 to the three months ended May 31, 2020 were as follows:

- Consulting fees of \$180,103 (2020 - recovery of \$21,076) increased, as the Company completed a financing and was able to increase activity in 2021;
- General exploration costs of \$17,991 (2020 - \$nil) was due to claim costs and fees for general geological work;
- Management fees of \$145,000 (2020 - \$37,500) increased due to settlement fees paid to the former CEO;
- Office and general expenses of \$17,773 (2020 – recovery of \$19,525) were higher due to credits for shared office expenses received in the prior period;
- Professional fees of \$32,642 (2020 - \$38,940) were lower in the current period due to timing of expenditures;

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- Rent of \$15,000 (2020 - \$9,000) increased due to higher rent commencing in November 2020;
- Share-based payments of \$nil (2020 - \$96,301) decreased due to no options being granted during the period compared with 1,200,000 options granted in the comparative period;
- Shareholder communications and investor relations expenses of \$67,838 (2020 - \$20,758) were the result of increased promotional activity for the Company in the current period;
- Transfer agent and filing fees of \$1,179 (2020 - \$1,256) were comparable to the prior period; and
- Travel of \$676 (2020 - \$247) was comparable to the prior period.

### Nine Months Ended May 31, 2021

During the nine months ended May 31, 2021, the Company reported a net loss of \$2,299,866 (2020 - \$802,590). Variations in expenses from the nine months ended May 31, 2021 to the nine months ended May 31, 2020 were as follows:

- Consulting fees of \$633,887 (2020 - \$20,894) increased, as the Company completed a financing and was able to increase activity in 2021;
- General exploration costs of \$34,927 (2020 - \$6,105) was due to claim costs and fees for general geological work;
- Management fees of \$277,500 (2020 - \$37,500) increased due to management beginning to charge fees again in the fourth quarter of 2020 and to settlement fees paid to the former CEO;
- Office and general expenses of \$56,161 (2020 - \$12,136) increased as a result of higher shared office costs compared to the comparative period and credits for shared office expenses received in the prior period;
- Professional fees of \$123,666 (2020 - \$88,574) were higher in the current period as a result of increased legal expenses resulting from exploration and evaluation asset acquisitions and corporate activity;
- Rent of \$41,000 (2020 - \$27,000) increased due to higher rent commencing in November 2020;
- Share-based payments of \$642,973 (2020 - \$96,301) increased due to the grant of 3,675,000 options during the period compared with 1,200,000 in the comparative period;
- Shareholder communications and investor relations expenses of \$442,134 (2020 - \$55,746) were the result of increased promotional activity for the Company in the current period;
- Transfer agent and filing fees of \$50,506 (2020 - \$11,745) were higher in the current period as a result of increased corporate activity; and
- Travel of \$1,902 (2020 - \$1,398) was comparable to the prior period.

### **LIQUIDITY AND CAPITAL RESOURCES**

The Company's cash at May 31, 2021 was \$1,191,872, compared to \$42,653 at August 31, 2020. The working capital was \$1,362,010 (August 31, 2020 - deficit of \$1,197,279).

The Company has taken the following measures to address working capital concerns during the 2021 fiscal period and as of the date of this MD&A:

- On October 19, 2020, the Company closed a private placement and issued 28,195,000 units at a price of \$0.20 per unit for gross proceeds of \$5,639,000.
- On November 27, 2020, the Company closed a private placement and issued 1,900,000 units at a price of \$0.20 per unit for gross proceeds of \$380,000.

The Company will need to raise additional financing in order to meet general working capital requirements for the 2021 fiscal year, and to make option payments and continue exploration on its mineral properties.

### **SUBSEQUENT EVENTS**

None.

**HUNTSMAN EXPLORATION INC.****Management Discussion and Analysis****For the Nine Months Ended  
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The Company has not entered into any off-balance sheet arrangements.

**TRANSACTIONS WITH RELATED PARTIES**

These amounts of key management compensation are included in the amounts shown on the condensed consolidated interim statements of comprehensive loss:

	<b>Nine Months Ended May 31, 2021</b>	<b>Nine Months Ended May 31, 2020</b>
Management fees	\$ 277,500	\$ 37,500
General exploration	\$ 9,000	\$ -
Share-based payments	\$ 303,077	\$ 68,213

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

During the nine months ended May 31, 2021, the Company also paid or accrued:

- \$41,000 (2020 - \$27,000) in rent to a company with common officers; and
- \$20,090 (2020 - \$1,891) in exploration and evaluation asset expenditures to a private company for a director's services.

As at May 31, 2021, included in prepaid expenses is \$12,585 (2020 - \$nil) paid to a private company for a director's services.

As at May 31, 2021, included in accounts payable and accrued liabilities is \$1,057 (August 31, 2020 - \$nil) due to a private company for a director's services, \$nil (August 31, 2020 - \$160,544) due to directors and officers of the Company, \$nil (August 31, 2020 - \$110,250) due to a company controlled by a former officer, \$nil (August 31, 2020 - \$10,500) due to a company with common officers and directors, and \$nil (August 31, 2020 - \$156,715) due to former directors and officers. The amounts are unsecured, non-interest-bearing and due on demand.

As at May 31, 2021, included in loans payable is \$nil (August 31, 2020 - \$75,000) due to a former officer and director and \$nil (August 31, 2020 - \$125,000) due to a private company controlled by a former officer. The amounts are unsecured, non-interest-bearing and due on demand.

**COMMITMENTS**

The Company is obligated to make certain payments and issue shares in connection with the acquisition of its exploration and evaluation assets.

**SIGNIFICANT ACCOUNTING POLICIES**

The Company adopted amendments in IFRS 3 *Business Combinations*, IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* effective September 1, 2020. Refer to Note 4 – Significant Accounting Policies in the Company's condensed consolidated interim financial statements for the nine months ended May 31, 2021 for further details.



**NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE**

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or the International Financial Reporting Interpretations Committee that are mandatory for accounting periods in the future. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

**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.

**CRITICAL ACCOUNTING POLICIES****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.

**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 an 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.

**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.

**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

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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.

### 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. The 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 condensed consolidated interim financial statements.

### 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.

### Decommissioning liabilities

Rehabilitation provisions have been created based on the Company's internal estimates. 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 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 May 31, 2021, the Company has no known rehabilitation requirements, and accordingly, no provision has been made.

### Fair value of stock options granted

The Company uses the Black-Scholes option pricing model to value the stock options granted during the year. 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.

## **FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS**

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

**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.

**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. To minimize the credit risk on cash, the Company places its cash with a major Canadian financial institution.

**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 May 31, 2021, the Company had cash of \$1,191,872 (August 31, 2020 - \$42,653) to settle accounts payable and accrued liabilities of \$124,481 (August 31, 2020 - \$1,018,880) and loans payable of \$nil (August 31, 2020 - \$262,300). The Company will be required to obtain additional financing to satisfy its liabilities. All of the liabilities presented as accounts payable are due within 30 days of the reporting date.

**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 United States and Australian dollars 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 \$nil and accounts payable and accrued liabilities of \$400. A fluctuation in the exchange rates between the Canadian and United States dollars of 10% would result in a change to the accounts payable and accrued liabilities of \$400. 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.

**HUNTSMAN EXPLORATION INC.****Management Discussion and Analysis****For the Nine Months Ended  
May 31, 2021****SHARE CAPITAL**

As at July 28, 2021, the Company had the following securities issued and outstanding:

	<b>July 28, 2021</b>	<b>May 31, 2021</b>	<b>August 31, 2020</b>
Common shares	87,220,075	87,220,075	33,532,640
Warrants	31,468,858	31,468,858	533,472
Stock options	6,004,000	6,004,000	2,742,500
Fully diluted shares	124,692,933	124,692,933	36,808,612

**RISKS**

The Company, and the securities of the Company, should be considered a highly speculative investment. The following risk factors should be given special consideration when evaluating an investment in any of the Company's securities.

There are a number of outstanding securities and agreements pursuant to which common shares of the Company may be issued in the future. This will result in further dilution to the Company's shareholders.

The Company has a very limited history of operations, is in the early stage of development and has received no revenues other than insignificant interest revenues following its transition to a mineral exploration and development company. As such, the Company is subject to many risks common to such enterprises. There can be no assurance that the Company will be able to obtain adequate financing in the future or, if available, that the terms of such financing will be favourable. The Company does not anticipate paying any dividends in the near future.

Although the Company has taken steps to verify the title to mineral properties in which it has acquired an interest, no assurance whatsoever can be given that the Company's interests may not be challenged by third parties. If challenged, and if the challenge is sustained, it will have an adverse effect on the business of the Company. Title to mineral properties may be subject to unregistered prior agreements or transfers and may also be affected by undetected defects or the rights of indigenous peoples.

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the mineral properties, the potential for production on the properties may be diminished or negated.

The exploration of mineral properties involves significant risks, which even experience, knowledge and careful evaluation may not be able to avoid. The price of metals has fluctuated widely, particularly in recent years, as it is affected by numerous factors that are beyond the Company's control, including international economic and political trends, expectations of inflation or deflation, currency exchange fluctuations, interest rate fluctuations, global or regional consumptive patterns, speculative activities and increased production due to new extraction methods. The effect of these factors on the price of metals, and therefore, the economic viability of the Company's interests in the mineral properties cannot be accurately predicted. Furthermore, changing conditions in the financial markets and Canadian income tax legislation may have a direct impact on the Company's ability to raise funds for exploration expenditures. A drop in the availability of equity financings will likely impede spending. As a result of all these significant risks, it is quite possible that the Company may lose its investments in the Company's mineral property interests.

In early March 2020, there was a global outbreak of coronavirus (COVID-19) that has resulted in changes in global supply and demand of certain mineral and energy products. These changes, including a potential

<b>HUNTSMAN EXPLORATION INC.</b>	<b>Management Discussion and Analysis</b> <b>For the Nine Months Ended</b> <b>May 31, 2021</b>
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economic downturn and any potential resulting direct and indirect negative impact to the Company, cannot be determined, but they could have a prospective material impact to the Company's project exploration activities, cash flows and liquidity.

The Company's corporate offices were closed in March 2020 as a precaution. Safety protocols have been implemented, and the corporate offices have only re-opened in a limited capacity as of the date of this MD&A. The Company intends to commence exploration in 2021, subject to any guidance from Australian state and federal governments. The Company continues to monitor the situation. To date, the Company has not applied for any assistance related to COVID-19 from the Canadian provincial or federal governments.

### **BOARD OF DIRECTORS**

Certain directors of the Company are also directors, officers and/or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploring natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required to act in good faith with a view to the best interests of the Company and to disclose any interest that they may have in any project opportunity of the Company. If a conflict of interest arises at a meeting of the Board of Directors, any director in a conflict will disclose his/her interest and abstain from voting in the matter(s). In determining whether the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at the time.

Current directors of the Company are as follows:

Scott Patrizi, President, Chief Executive Officer and Director  
Mathew O'Hara, Director  
Nathan Tribble, Director  
Jeremy Ross, Director  
Neil McCallum, Director