

# HUNTSMAN EXPLORATION INC.

## Management's Discussion and Analysis

**For the Six Months Ended  
February 28, 2025**

### FORWARD-LOOKING INFORMATION AND MATERIAL ASSUMPTIONS

This report on results for the six months ended February 28, 2025 contains forward-looking information, including forward-looking information about Huntsman Exploration Inc.'s (the "Company") 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 six months ended February 28, 2025 should be read in conjunction with the condensed consolidated interim financial statements as at February 28, 2025 and for the six months then ended and the audited consolidated financial statements as at August 31, 2024 and for the year then ended. This MD&A is effective as of April 22, 2025. Additional information relating to the Company is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

The Company has prepared its condensed consolidated interim financial statements as at February 28, 2025 and for the six months then ended in Canadian dollars and in accordance with IFRS Accounting 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 acquisition, exploration and evaluation of mineral properties, as well as exploration of mineral properties once acquired. 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 1615 – 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.

**HUNTSMAN EXPLORATION INC.****Management's Discussion and Analysis****For the Six Months Ended  
February 28, 2025****EXPLORATION AND EVALUATION ASSETS**

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

	<b>Legear Property</b>
<b>Acquisition Costs</b>	
<b>Balance, August 31, 2023</b>	\$ -
Acquisition and option payments	7,500
<b>Balance, August 31, 2024</b>	<b>7,500</b>
Acquisition and option payments	20,000
<b>Balance, February 28, 2025</b>	<b>\$ 27,500</b>
<b>Total Exploration and Evaluation Assets</b>	
<b>Balance, August 31, 2024</b>	<b>\$ 7,500</b>
<b>Balance, February 28, 2025</b>	<b>\$ 27,500</b>

**Legear Property**

On November 3, 2023, and as amended on May 24, 2024 and November 23, 2024, the Company entered into an option agreement to acquire a 100% interest in the Legear Property located in Ontario. Under the terms of the agreement the Company is required to make payments as follows:

- Issuance of 250,000 common shares of the Company upon approval by the TSX-V (issued and measured at \$7,500); and
- Issuance of an additional 1,000,000 common shares of the Company (issued subsequent to February 28, 2025) and a cash payment of \$20,000 (paid) on or before February 28, 2025.

The vendor retains a 2% net smelter return royalty ("NSR"), of which one-half (1%) may be repurchased by the Company for \$500,000.

**Baxter Spring Property**

On August 26, 2020, and as amended on 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 made 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 1,498,689 shares valued at \$3,821,657).

The property is subject to a 2% NSR and Liberty retained 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.

The Company retained ownership of the Baxter Spring Property until September 26, 2023, when it completed the sale of its interest for \$200,000. The proceeds were included in amounts receivable at August 31, 2023.

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February 28, 2025****SELECTED ANNUAL INFORMATION**

	<b>August 31, 2024 \$</b>	<b>August 31, 2023 \$</b>	<b>August 31, 2022 \$</b>
Revenue	-	-	-
Net loss	(300,703)	(6,941,498)	(8,466,764)
Basic and diluted loss per common share	(0.02)	(0.45)	(0.07)
Total assets	47,329	392,122	7,188,290
Non-current financial liabilities	-	-	-
Dividends	-	-	-

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

For the Quarter Periods Ending on	<b>February 28, 2025 \$</b>	<b>November 30, 2024 \$</b>	<b>August 31, 2024 \$</b>	<b>May 31, 2024 \$</b>
Revenue	-	-	-	-
Net loss	(80)	(45)	(114)	(51)
Basic and diluted loss per common share	(0.00)	(0.00)	(0.01)	(0.00)
Total assets	325	45	47	51
Non-current financial liabilities	-	-	-	-

For the Quarter Periods Ending on	<b>February 29, 2024 \$</b>	<b>November 30, 2023 \$</b>	<b>August 31, 2023 \$</b>	<b>May 31, 2023 \$</b>
Revenue	-	-	-	-
Net loss	(123)	(12)	(6,574)	(133)
Basic and diluted loss per common share	(0.01)	(0.00)	(0.43)	(0.01)
Total assets	48	155	392	6,948
Non-current financial liabilities	-	-	-	-

**OPERATIONS****Three Months Ended February 28, 2025**

During the three months ended February 28, 2025, the Company reported a net loss of \$80,098 (February 29, 2024 - \$123,197). Variations in expenses from the three months ended February 28, 2025 to the three months ended February 29, 2024 were as follows:

- Consulting fees of \$26,851 (February 29, 2024 - \$18,506) increased due timing of expenditures;
- General exploration costs of \$1,551 (February 29, 2024 - \$38,403) were higher in the prior period due to tenement rental cost related to the impaired Canegrass property;
- Management fees of \$15,000 (February 29, 2024 - \$15,000) were comparable to the prior period;
- Office and general expenses of \$5,171 (February 29, 2024 - \$14,837) were higher in the prior period due to late filing penalties;
- Professional fees of \$17,947 (February 29, 2024 - \$20,492) were lower due to lower legal fees compared to the prior period;
- Rent of \$6,000 (February 29, 2024 - \$6,000) was comparable to the prior period;

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- Shareholder communications and investor relations expenses of \$820 (February 29, 2024 - \$nil) was comparable to the prior period;
- Transfer agent and filing fees of \$9,958 (February 29, 2024 - \$8,086) increased due to timing of expenditures; and
- Change in fair value of marketable securities of \$3,200 (February 29, 2024 - loss of \$1,947) was the result of the marketable securities held by the Company increasing in value during the period.

### **Six Months Ended February 28, 2025**

During the six months ended February 28, 2025, the Company reported a net loss of \$124,959 (February 29, 2024 - \$135,539). Variations in expenses from the six months ended February 28, 2025 to the six months ended February 29, 2024 were as follows:

- Consulting fees of \$37,351 (February 29, 2024 - \$36,903) were comparable to the prior period;
- General exploration costs of \$1,551 (February 29, 2024 - \$69,077) were higher in the prior period due to tenement rental cost related to the impaired Canegrass property;
- Management fees of \$30,000 (February 29, 2024 - \$22,500) increased due to a change in management from the prior period;
- Office and general expenses of \$9,828 (February 29, 2024 - \$19,755) were higher in the prior period due to late filing penalties;
- Professional fees of \$24,575 (February 29, 2024 - \$32,394) were lower due to lower legal fees compared to the prior period;
- Rent of \$12,000 (February 29, 2024 - \$12,000) was comparable to the prior period;
- Shareholder communications and investor relations expenses of \$1,990 (February 29, 2024 - \$1,229) were comparable to the prior period;
- Transfer agent and filing fees of \$10,864 (February 29, 2024 - \$10,406) were comparable to the prior period;
- Realized gain on marketable securities of \$nil (February 29, 2024 - \$6,389) was the result of marketable securities sold at a loss during the prior period; and
- Change in fair value of marketable securities of \$3,200 (February 29, 2024 - \$62,329) was the result of the marketable securities held by the Company increasing in value during the period.

### **LIQUIDITY AND CAPITAL RESOURCES**

The Company's cash at February 28, 2025 was \$255,470, as compared to \$3,439 at August 31, 2024. At February 28, 2025, the Company had a term deposit of \$17,926 (August 31, 2024 - \$18,272) and marketable securities of \$14,400 (August 31, 2024 - \$11,200). The working capital deficit was \$49,610 (August 31, 2024 - \$312,138).

During the six months ended February 28, 2025 the Company addressed liquidity and capital as follows:

- On February 14, 2025, the Company completed a placement for gross proceeds of \$410,000. The Company issued 13,666,666 units at a price of \$0.03 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 \$0.05 for a period of two years. The Company paid share issuance costs of \$3,741.

The Company will need to raise additional financing in order to meet general working capital requirements for the 2025 fiscal year and continue exploration on its mineral properties.

### **SUBSEQUENT EVENTS**

- a) On April 1, 2025, the Company issued 1,000,000 common shares as payment on the Legear Property.

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- b) On April 9, 2025, the Company received TSX-V approval for an asset purchase agreement to acquire the Lux Lake property, located in Saskatchewan. The Company paid \$40,000 and issued 1,750,000 warrants to the vendor. The warrants are exercisable at a price of \$0.07 per share for a period of five years. The Company is required to pay an additional \$40,000 and issue an additional 1,750,000 warrants with the same terms on or before April 9, 2026. The property is subject to a 2% gross overriding royalty.

### OFF-BALANCE SHEET ARRANGEMENTS

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 loss and comprehensive loss for the six months ended February 28, 2025 and February 29, 2024:

	<b>Six Months Ended February 28, 2025</b>	<b>Six Months Ended February 29, 2024</b>
Consulting fees	\$ 6,000	\$ 6,000
Management fees	30,000	22,500
Total	\$ 36,000	\$ 28,500

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, 2025, the Company also paid or accrued \$12,000 (February 29, 2024 - \$12,000) in rent to companies with a common officer.

As at February 28, 2025, included in accounts payable and accrued liabilities is \$109,590 (August 31, 2024 - \$77,690) due to companies controlled by directors for outstanding consulting fees and \$nil (August 31, 2024 - \$14,700) due to a company with a common officer for outstanding rent. 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.

### MATERIAL ACCOUNTING POLICIES

The Company adopted the following material accounting policy during the six months ended February 28, 2025:

#### **Classification of Liabilities as Current or Non-current (Amendments to IAS 1 *Presentation of Financial Statements*)**

IAS 1 has been amended to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

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These amendments to IAS 1 were adopted beginning September 1, 2024. These amendments did not have any material impact for the Company.

### **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 IFRS Interpretations Committee that are mandatory for accounting periods in the future. There are no updates applicable or consequential to the Company.

### ***IFRS 18 Presentation and Disclosure in Financial Statements***

In April 2024, the IASB issued IFRS 18. This standard aims to improve the consistency and clarity of financial statement presentation and disclosures by providing updated guidance on the structure and content of financial statements. Key changes include enhanced requirements for the presentation of financial performance, financial position and cash flows, as well as additional disclosures to improve transparency and comparability.

IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027. The Company is currently assessing the impact that the adoption of IFRS 18 will have on its consolidated financial statements.

### **ACCOUNTING ESTIMATES AND JUDGMENTS**

#### **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.

#### **Share-based payments**

The Company's determination that the fair value of exploration and evaluation assets acquired cannot be reasonably determined. As a result, the value of the common shares of the Company issued for the exploration and evaluation assets must be used.

### **FINANCIAL INSTRUMENTS**

The Company's financial instruments include cash, term deposit, marketable securities, amounts receivable, and accounts payable and accrued liabilities. Cash, term deposit and marketable securities are classified as fair value through profit or loss. Amounts receivable are classified as amortized cost. Accounts payable and accrued liabilities 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.

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### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash, term deposit and amounts receivable. To minimize the credit risk on cash and term deposit, the Company places the instruments with major Canadian and Australian financial institutions. The maximum amount of credit risk is equal to the carrying value of cash, term deposit and amounts receivable. The Company's management of credit risk has not changed materially from that of the year ended August 31, 2024.

### Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. 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, 2025, the Company had contractual obligations consisting of accounts payable and accrued liabilities of \$346,863, due within the next twelve months. At February 28, 2025, the Company's cash was insufficient to cover its current liabilities. All of the liabilities presented as accounts payable are due within 30 days of the reporting date. The Company's management of liquidity risk has not changed materially from that of the year ended August 31, 2024.

### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices and comprises: currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return on capital. The Company's management of market risk has not changed materially from that of the year ended August 31, 2024.

- i) *Currency risk* – Currency risk is the risk that the fair value or future cash flows of a financial instrument 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 on the results of the Company. A fluctuation in the exchange rate between the Canadian and Australian dollars of 10% would result in a change to the Company's profit or loss of \$7,000. The fluctuation of the Canadian dollar in relation to the US dollar would not have any material impact on the results of the Company. The Company does not use any techniques to mitigate currency risk.
- ii) *Interest rate risk* – Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk on the variable rate of interest earned on cash. The fair value interest rate risk on cash is immaterial, 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 or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer by factors affecting all similar financial instruments traded in the market. The Company is exposed to other price risk on its marketable securities. A fluctuation in

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the trading price of the marketable securities of 10% would result in a \$1,400 change in the Company's profit or loss.

**SHARE CAPITAL**

As at April 22, 2025, the Company had the following securities issued and outstanding:

	<b>April 22, 2025</b>	<b>November 30, 2024</b>	<b>August 31, 2024</b>
Common shares	30,641,406	29,641,406	15,974,740
Warrants	15,416,666	13,666,666	-
Stock options	-	-	150,000
Fully diluted shares	46,058,072	43,308,072	16,124,740

**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.



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The Company's business, financial condition and results of operations may be further negatively affected by recent geopolitical events.

#### **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:

Carl Ginn, President, Chief Executive Officer and Director  
Nathan Tribble, Director  
Jeremy Ross, Director