

Hemisphere

energy corporation

OCTOBER 2018



Alberta

JENNER ★★ ATLEE BUFFALO

Hemisphere Energy Corporation is a producing oil and gas company focused on the development of low risk conventional oil assets for minimal capital exposure by drilling known pools of oil and optimizing waterflood projects. Hemisphere plans continued growth in production, reserves, and cash flow by drilling existing projects and executing strategic acquisitions.

Market Information

TSX Venture	HME
Share Price (September 24, 2018)	\$0.23
52 Week Range	\$0.19 - \$0.36
Basic Shares Outstanding	89.8 MM
FD Shares Outstanding	111.8 MM
Insider Ownership	~13%
Enterprise Value	\$44.4 MM

Q2 2018 Financial Highlights

Revenue	\$5.6 MM
Operating Field Netback	\$34.23/boe
Net Debt	\$23.7 MM
Term Loan Facility <small>5 year term; matures September 15, 2022</small>	US\$35.0 MM

Operational Highlights

Production	
Current (September 15 - 21, 2018)	1,510 boe/d <small>(97% oil)</small>
Reserves (December 31, 2017)	
Proved + Probable	7.2 MMboe
NPV10 (before tax)	\$116.7 MM
Liability Management Rating <small>as at September 1, 2018</small>	7.05

The Hemisphere Investment

Assets for Growth

- **Early stage** of development
- High rate of return projects with production and reserve growth through strategic **low-risk, low capital expenditure, and fast payout** projects
- **Multi-year, low-risk drilling inventory** in Atlee Buffalo and Jenner oil pools
- Stable, long-life, **inclining production** through waterflood

Access to Capital

- **Well funded** by strategic energy partner to **execute growth** of HME's oil assets
- Term Loan Facility of up to US\$35.0 MM allows HME to **organically develop** its oil assets over the next 2-3 years

Team to Deliver

- **Competent and experienced** management team that has led HME through several years of marginal commodity prices during the downturn and has positioned the company for growth

Time to Execute

- Oil market has strengthened and development costs remain low

CONTACT INFORMATION

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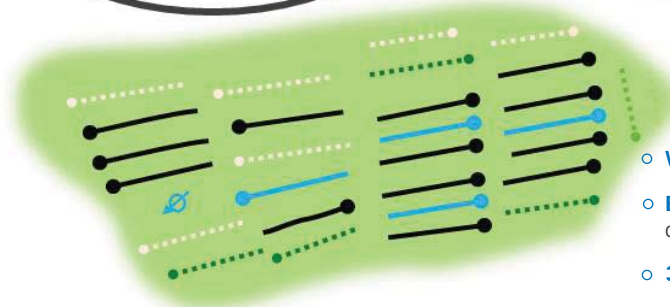
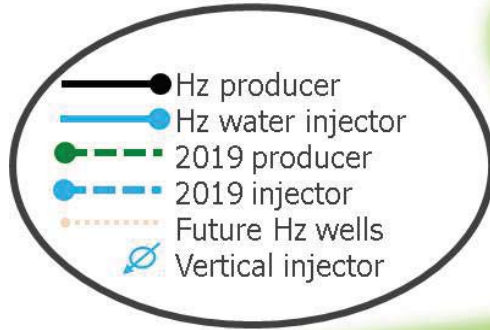
ATLEE BUFFALO The Growth Opportunity

2018 Accomplishments

- Drilled 14 wells to date
- Expanded F pool facility to enhance water separation and increase oil production
- Currently expanding G pool facility

2019 Plans

- Q1 2019: Plans to drill up to 8 wells
H2 2019: Plans to drill up to 10 wells
- Continue to expand field-wide reservoir simulation studies
- Continue to optimize batteries and existing waterflood operations

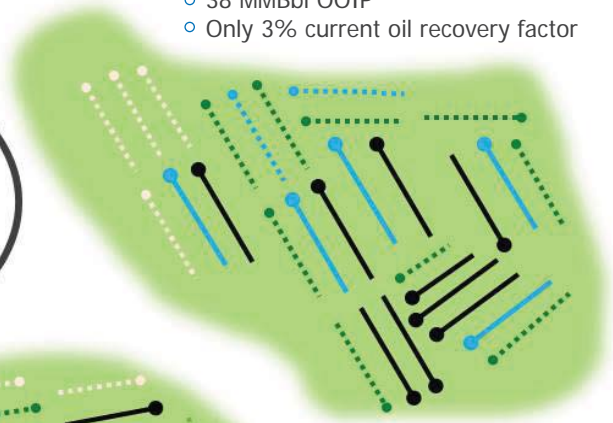


UPPER MANNVILLE F POOL

- 28 MMBbl OOIP
- Only 5% current oil recovery factor

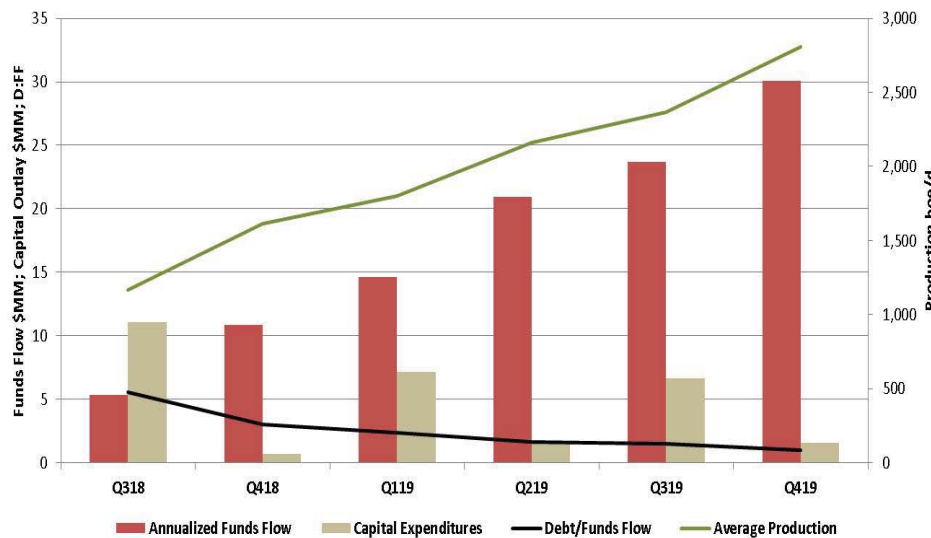
UPPER MANNVILLE G POOL

- 38 MMBbl OOIP
- Only 3% current oil recovery factor



- Working Interest - 100% in both pools
- Excellent Geological Control - oil pools delineated by over 50 vertical wells
- 3D seismic - coverage over both pools
- Waterflood - expanding in both pools
- Oil Recovery factors - local analogue oil pools have exceeded 40% recovery factors with enhanced recovery methods
- HME's Dec.31/17 Reserve Report reflects total 2P booked reserves of just 12% of the estimated oil in place

The Outlook @ US\$70/bbl WT1



- Planned development estimates corporate production to reach ~2,750 boe/d and annualized cash flow to exceed ~\$30 MM by the end of 2019
- Assumptions include Netback*, \$18 MM of additional capital expenditures from Q4/18-Q4/19 to drill 18 new producers, 2 injectors, and complete additional facility work

* Netback assumptions: US\$70 flat WTI; US\$20 WCS Differential; 1.3 Cdn/US exchange rate; -Cdn\$3/bbl Quality adjustment from WCS; -Cdn\$12.10/boe opex through 2019.