Hemisphere ENERGY

Reimagine Resource Recovery

June 2022

Corporate Presentation

TSX-V: HME
OTCQX: HMENF

The Hemisphere Strategy:

Focus on share value

Simple

- Conventional oil
- Low recovery factor

Clean

- Balance sheet
- Low liabilities

Profitable

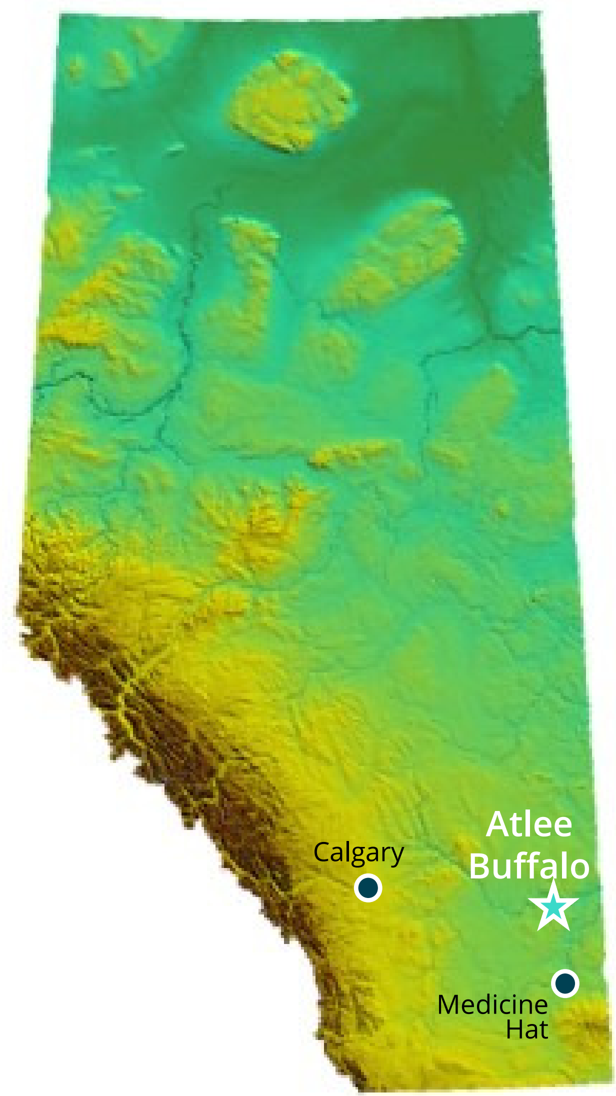
- High free cash flow
- Top-tier resource

Unique

- Low debt
- Dividends & NCIB

Concentrated Canadian Oil Resource

TSX Venture Listing (Canada)	HME
OTCQX Listing (USA)	HMENF
Share Price (TSX) (June 6, 2022)	$1.77
Insider Ownership (Basic / Fully Diluted)	12% / 15%
Basic Shares Outstanding	101 million
Fully Diluted Shares Outstanding	106 million
Market Cap	$179 million
Enterprise Value[(1)]	$188 million
Corporate Production (May 2022)	~2,900 boe/d (99% heavy oil)
Abandonment, Decommissioning & Reclamation Costs (ADR)[(2)] (Unescalated and undiscounted / Escalated at 2%/yr and discounted 10%)	$8 MM / $1.9 MM
Liability Management Rating (LMR) Ratio of deemed assets (production) to deemed liabilities (abandonment & reclamation costs)	12.8 (Within top 7% of Alberta Companies)



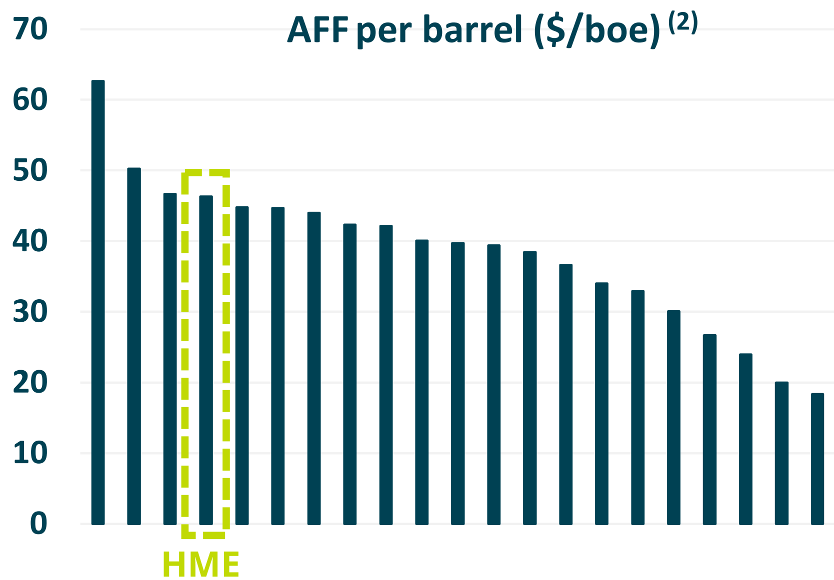
(1) Based on net debt of $8.7 million as at March 31, 2022. See Advisory statements "Financial Information". Net debt is a non-IFRS measure that does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other entities. See Advisory statements "Non-IFRS and Other Financial Measures".
(2) 100% of corporate ADR is included in the McDaniel Reserve Report.

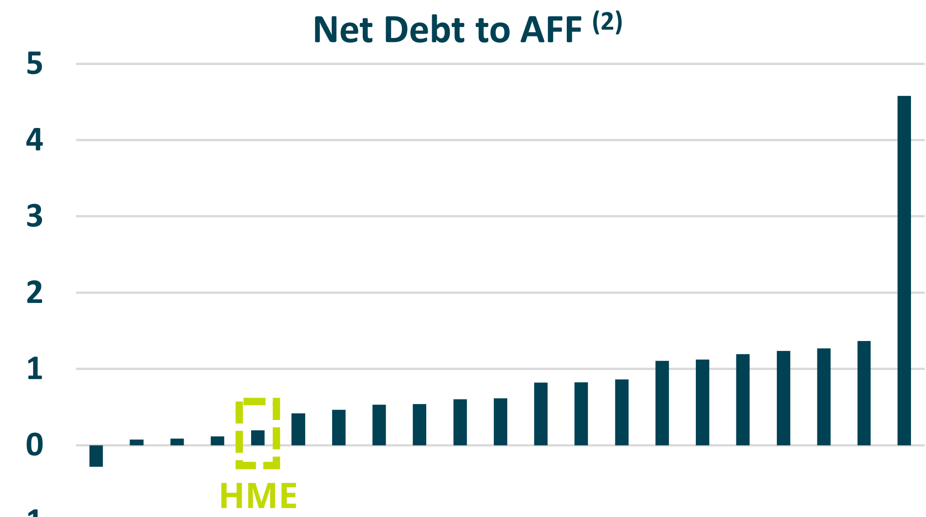
2022 Q1 Results[1]:

Where do we rank?

Q1 Corporate Production	2,648 boe/d
Q1 Revenue	$22.9 million / $95.92/boe
Q1 Operating Field Netback	$15.5 million / $64.89/boe
Q1 Adjusted Funds Flow (AFF)	**$11.0 million / $46.33/boe**
Q1 Capital Expenditures	$1.8 million
Q1 Net Debt	$8.7 million
Net Debt to Annualized Q1 AFF[2]	**0.2x**

Peer group includes Canadian conventional oil-weighted public companies with Q1 results out as follows: ATH, BNE, BTE, CJ, CPG, ERF, GXE, HWX, IPCO, IPO, JOY, KEL, OBE, PPR, SGY, TVE, VET, SOIL, WCP, YGR





(1) *Operating field netback, AFF, capital expenditures, and net debt are each non-IFRS financial measures that are not standardized financial measures under International Financial Reporting Standards and may not be comparable to similar financial measures disclosed by other issuers. See Advisory statements "Non-IFRS and Other Financial Measures".*

(2) *AFF per barrel and Net debt to AFF are Non-IFRS financial ratios that are not a standardized financial measure under IFRS and may not be comparable to similar financial measures disclosed by other issuers. Each of AFF per barrel and net debt and AFF are non-IFRS financial measures that are used as a component of the non-IFRS financial ratio. See "Non-IFRS and Other Financial Measures".*

2022 Guidance:
Pricing Sensitivities (1,2,3)

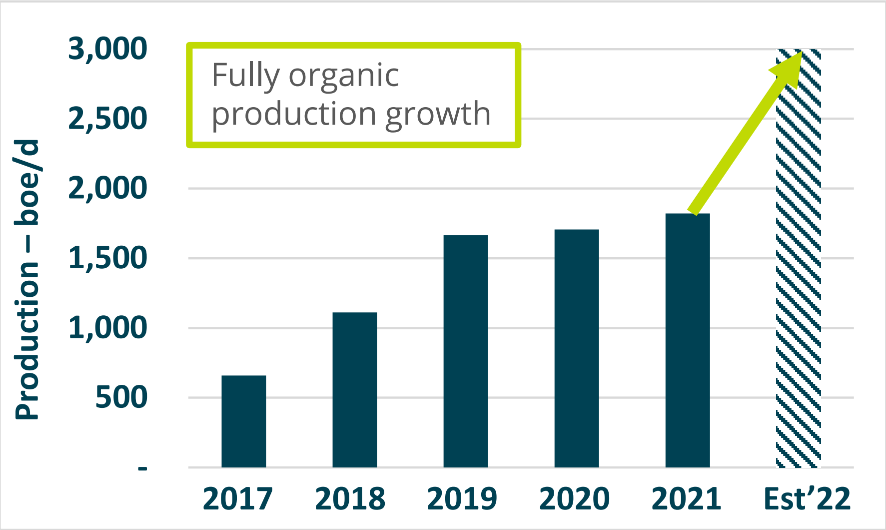
		WTI US$85/bbl 2022	**WTI US$100/bbl 2022**	WTI US$115/bbl 2022
Average Annual Production	boe/d		3,000	
Exit Production	boe/d		3,300	
Adjusted Funds Flow (AFF)	$ million	50	**52**	54
AFF per Basic Share[(4)]	*$/share*	*0.50*	***0.53***	*0.55*
Capital Expenditures	$ million		16	
Free AFF	$ million	33	**36**	38
Year-end Net Working Capital (pre-dividends)	$ million	16	**19**	20

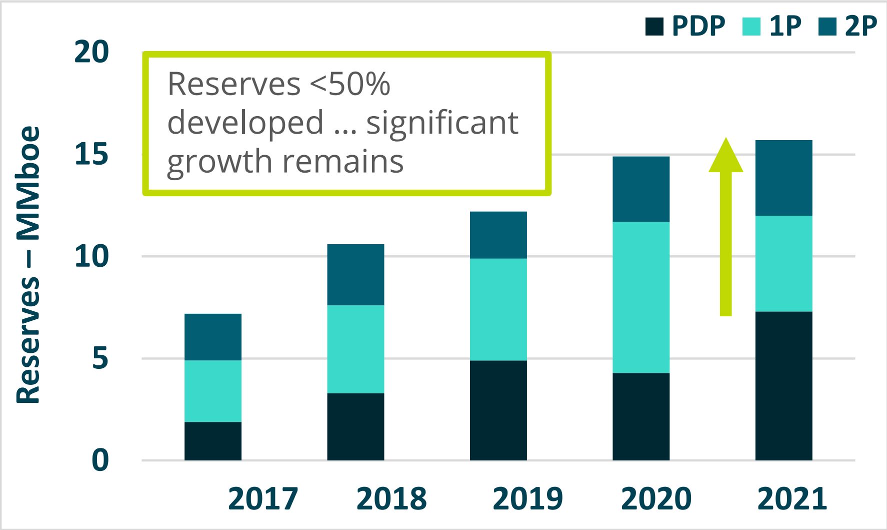
Inaugural Quarterly Variable Dividend

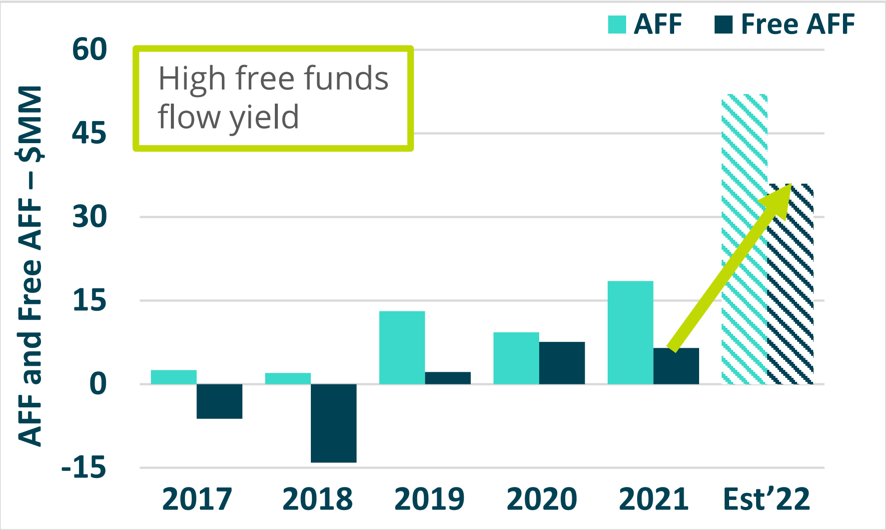
- Targeting approximately 30% of annual free funds flow
- First dividend to be paid on June 30, 2022 at $0.025/share
  - Implies annual yield of ~6% at current market cap of $180 million
- Remaining free funds flow may be used for share buybacks, additional special dividends, strategic acquisitions, and/or accelerated investments

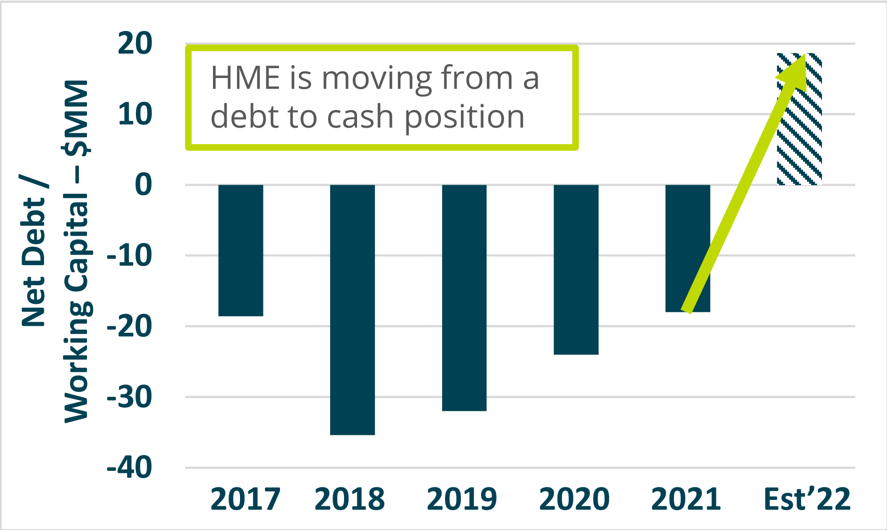
(1) AFF, AFF per basic share, capital expenditures, free AFF, and year-end net working capital set forth on this slide are each forward looking non-IFRS financial measures that are not standardized financial measures under International Financial Reporting Standards and may not be comparable to similar financial measures disclosed by other issuers. See Advisory Statements "Non-IFRS and Other Financial Measures".
(2) See Advisory Statements "Forward Looking Information and Statements" and "Forward Looking Financial Information".
(3) See Advisory Statements "2022 Corporate Guidance Assumptions".
(4) Using a 2022 weighted average of 97.8 million basic shares issued and outstanding, which includes the actual exercise of 8.3 million warrants in April and 1.2 million stock options up to the end of May, as well as assuming the June exercise of all 3.0 million remaining stock options set to expire in September 2022.

2022 Turning Point:
Shareholder Return (1,2,3)









(1) *AFF, free AFF, and net debt / working capital set forth on this slide are each forward looking non-IFRS financial measures that are not standardized financial measures under International Financial Reporting Standards and may not be comparable to similar financial measures disclosed by other issuers. See Advisory Statements "Non-IFRS and Other Financial Measures".*

(2) *See Advisory Statements "Forward Looking Information and Statements" and "Forward Looking Financial Information".*

(3) *See Advisory Statements "2022 Corporate Guidance Assumptions".*

Reserves:
Third Party Audited Estimate of Future Cash Flow

2021 Year End Reserves[1]

Proved + Probable **(2P)** NPV10 BT / Reserves	$351 million / 15.7 MMboe
Proved **(1P)** NPV10 BT / Reserves	$276 million / 12.0 MMboe
Proved Developed Producing **(PDP)** NPV10 BT / Reserves	$197 million / 7.3 MMboe

Significance of Reserve Comparisons

- Best comparison of a company's assets and future cash flows (field netback)
- Includes future development capital, operating & transportation costs, royalties, existing and future decommissioning liabilities
- Conservative price forecast significantly lower than actual YTD and future strip
  - : 2022-2026 average WTI price of $69.18/bbl

Superior Metrics[2]

- 2-year average Proved Finding & Development (F&D) costs[3] of $6.69/boe and Recycle Ratio[3] of 4.4
- Proved Reserve Life Index (RLI) of 18 years

Hemisphere has the ***<u>second highest value per barrel</u>*** of reserves in all categories of its entire peer group *(see next slide)*

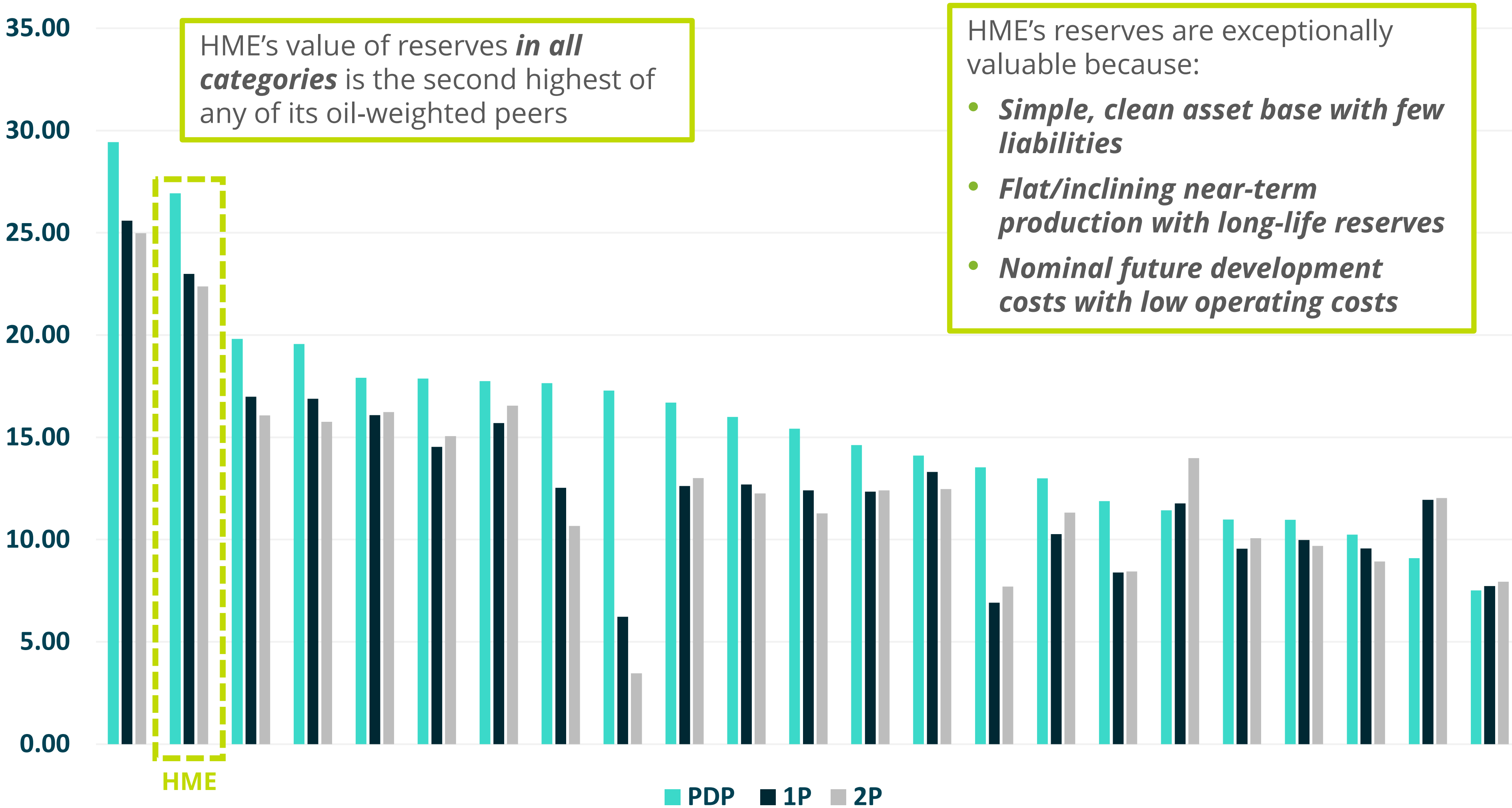
(1) *Reserve volumes and Net Present Values are as attributed by McDaniel & Associates Consultants Ltd, discounted at 10% and before tax (NPV10 BT), in the independent reserve report prepared for Hemisphere in accordance with NI 51-101 effective as of December 31, 2021 and run at the Jan 1, 2022 3-Consultant Average Price (the "McDaniel Reserve Report"), and including all corporate abandonment, decommissioning, and reclamation estimates. The 3-Consultant Average Price Forecast is is an average of the published price forecasts for McDaniel, GLJ Petroleum Consultants Ltd., and Sproule Associates Ltd. at January 1, 2022. It uses a US$69.18/bbl WTI average price between 2022-26 (+2%/yr thereafter).*

(2) *As press released by Hemisphere on March 16, 2022.*

(3) *F&D costs and recycle ratio do not have any standardized meanings under IFRS and therefore are considered non-IFRS ratios and may not be comparable to similar measures presented by other entities. For additional information related to these measures see "Non-IFRS and Other Financial Measures".*

Top-Tier Oil Resource:
Best per Barrel Value of Reserves (1)

Value per Barrel of Reserves ($/boe)



HME's value of reserves ***in all categories*** is the second highest of any of its oil-weighted peers

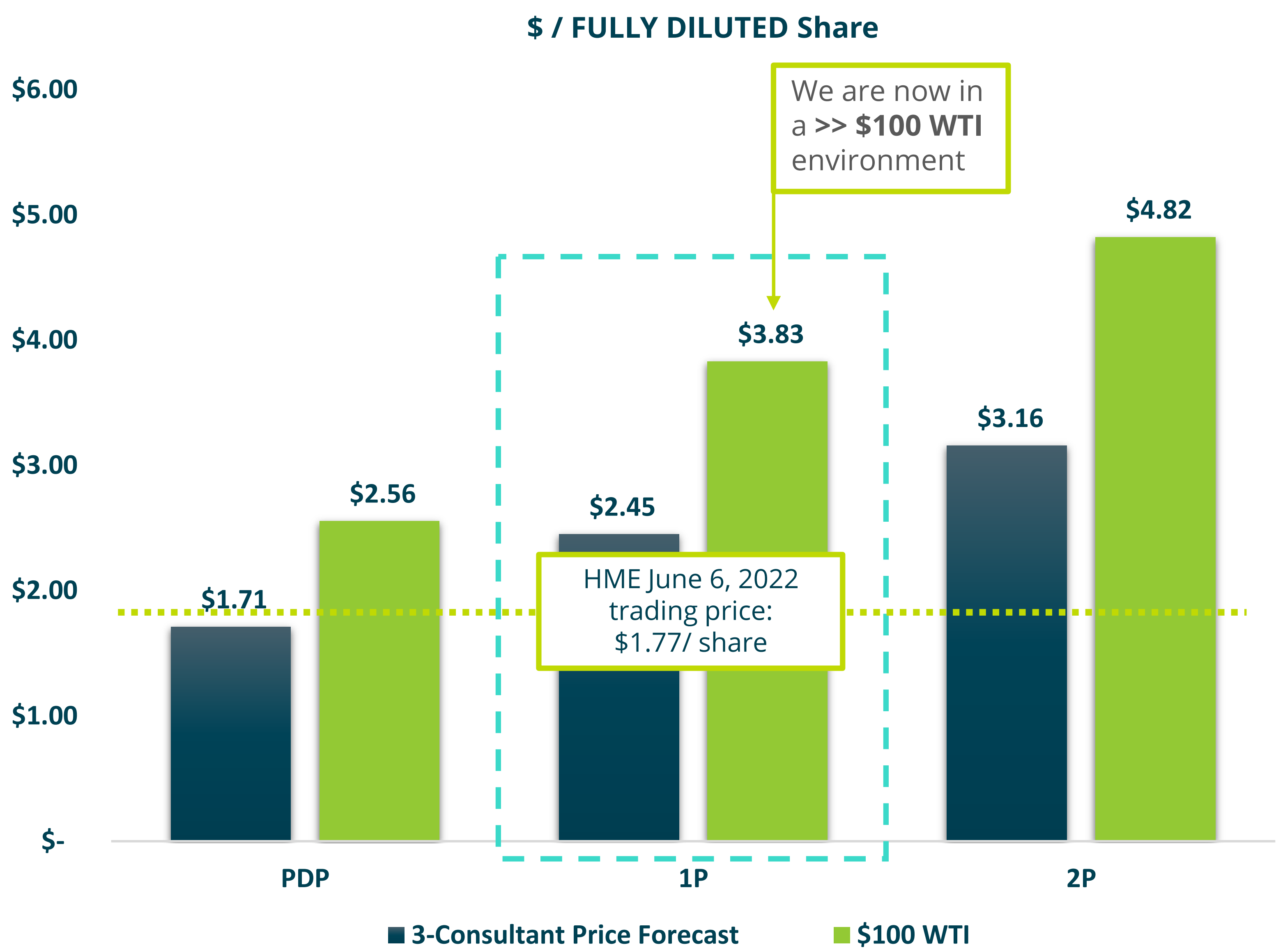
HME's reserves are exceptionally valuable because:

- ***Simple, clean asset base with few liabilities***
- ***Flat/inclining near-term production with long-life reserves***
- ***Nominal future development costs with low operating costs***

Peer group includes Canadian conventional oil-weighted public companies with 2021 year-end reserves released as follows: ATH, BNE, BTE, CJ, CPG, ERF, GXE, HWX, IPCO, IPO, JOY, KEL, OBE, PPR, RZE, SGY, TNZ, TVE, SOIL, VET, WCP, YGR

(1) *Calculated by dividing NPV10 BT (Net Present Value of Future Net Revenues discounted at 10%, before tax) by Reserves, using 2021 audited reserve valuations as press released by the company.*

Net Asset Value / Share (1)



(1) *Calculated using the respective net present values of PDP, 1P, and 2P reserves, before tax and discounted at 10%, plus internal valuations of $0.85 million for undeveloped land at $50/ac for 17,289 acres and $0.55 million for seismic, plus $2.5 million for proceeds from warrants and stock options, less year-end net debt, and divided by fully diluted outstanding shares. Net present values are shown at various price forecasts including the Consultant Average Price Forecasts used in the McDaniel Reserve Report, as well as sensitivities run internally at McDaniel's flat WTI price forecast of US$100 WTI paired with US$19.84 WCS differentials respectively, and 0.8 USD/CAD FX. Net debt is a non-IFRS measure that does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other entities. See Advisory statements "Non-IFRS and Other Financial Measures".*

Our Resource:

Atlee Buffalo Core Area

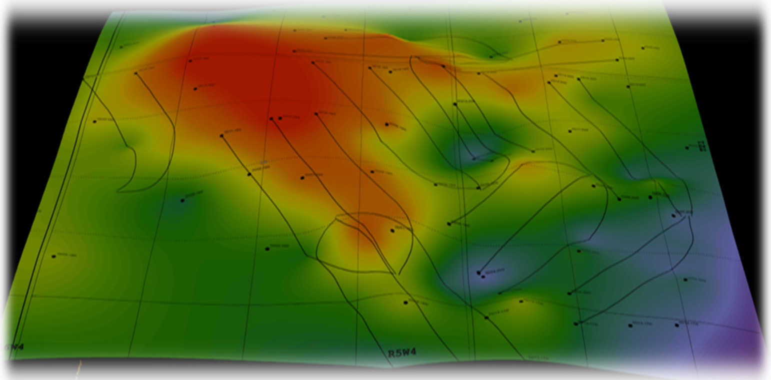
Two Conventional oil pools with high oil-in-place and low recovery factors

- Exceptionally high quality reservoirs (Upper Mannville F & G pools)
- Pure development play
    - Oil pools completely delineated by vertical wells and 3D seismic
- Reservoirs under ‘tried and true’ enhanced oil recovery methods
    - Waterflood and Polymer flood
- Low risk, low cost, low decline development and production
    - Significant undeveloped reserves remain
- Future horizontal drills are just ~$1 million / well and facilities are easily expanded

Development Plans

2021 Achievements

- **Drilled 7** Atlee Buffalo wells
- **Implemented polymer flood** in G pool
- **Expanded G pool facilities** for production growth



Hemisphere's Atlee G Pool
Top reservoir structure

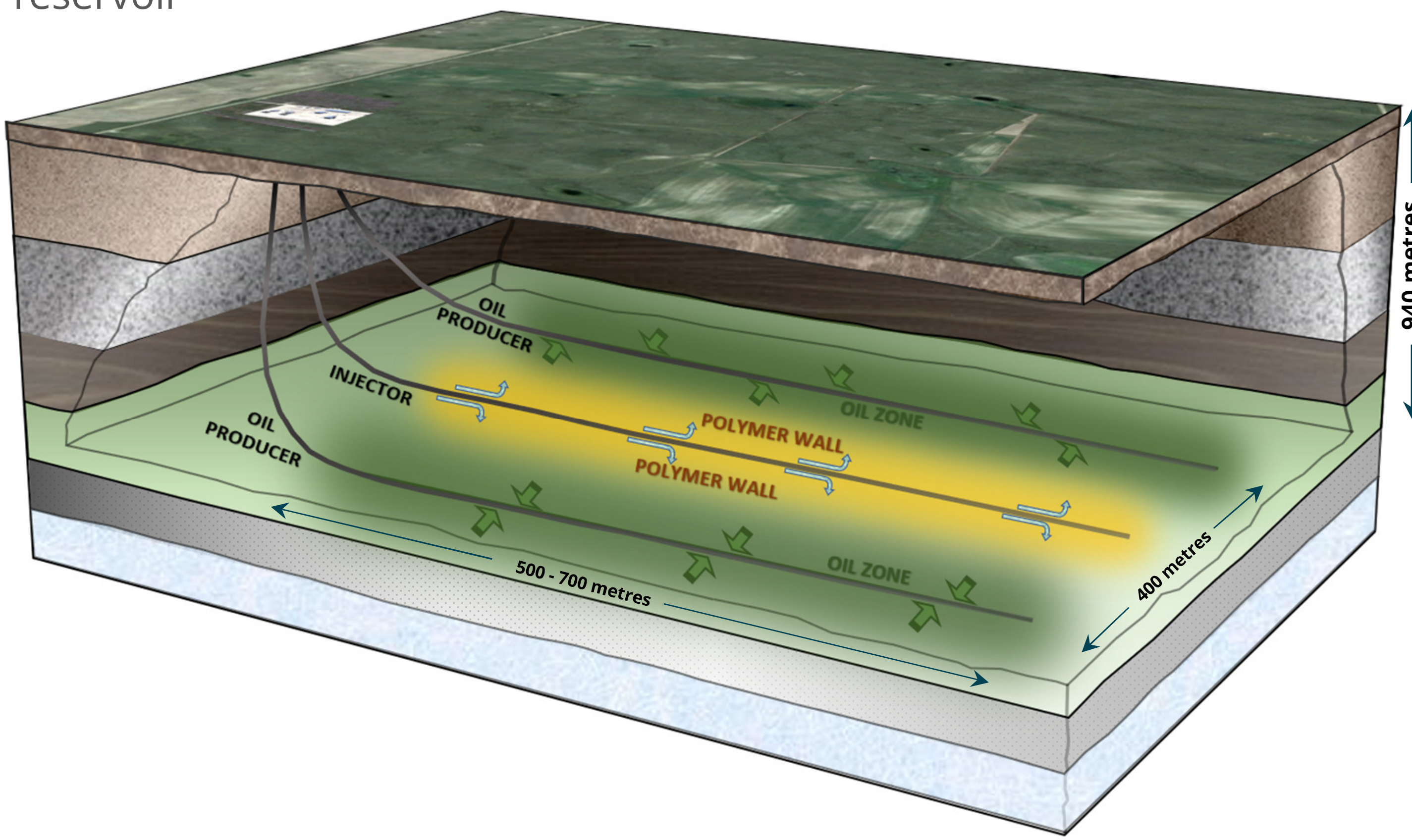
2022 Plans

- ✓ **Bring Production online** from 4 new F pool wells drilled late in 2021
- **Drill** up to 8 additional wells
- **Optimize** polymer flood and injection capacity at G pool
- **Expand** facilities at F pool
- **Start-up** polymer flood at F pool
- **Continue** allocating modest resources to exploration program in core areas

The Technical Advantage of Polymer Floods

Polymer flooding is successfully used in hundreds of oil pools by companies around the world.

- Proven method of enhanced oil recovery (EOR)
- Polymer is added to injection water to increase its viscosity (similar to olive oil)
- 'Wall' is built between water and oil to push more oil to producing wells limiting water 'streaking through' reservoir
- Typically leads to:
  - ↗ Oil production
  - ↘ Water production
  - ↗ Overall Oil Recovery



Canadian Energy - Committed to the Highest Standards

Stakeholder value is built when we take care of the environment

- Utilize EOR techniques to maximize recovery of oil from existing wells and facilities
- Reuse and recycle production and facility equipment
- Maintain limited wellbore and facility decommissioning liabilities
- Use natural gas for power generation
- Apply multi-well pad drilling to reduce our surface footprint
- Pipeline-connect our wells to facilities to reduce trucking emissions
- Surface/fresh water is not utilized in our EOR operations

Aligned with our communities

- Hire local companies and support the people and businesses in our communities
- Build positive relationships with all stakeholders

Solid governance

- Safety of our employees and stakeholders is vital
- Culture of honesty, integrity, and accountability

Leadership

MANAGEMENT

Don Simmons, P.Geol.
President & Chief Executive Officer
Over 20 years of experience technical, operational and management experience (Alberta Energy Company, Encana, Sebring)

Ian Duncan, P.Eng.
Chief Operating Officer
Over 17 years of experience which includes drilling, completions, facilities, and operations (Talisman and Solaris MCI)

Dorlyn Evancic, CPA, CGA
Chief Financial Officer
Over 30 years of experience in corporate finance and management (Guyana Frontier, Northern Continental and Gemco Minerals)

Andrew Arthur, P.Geol.
Vice President, Exploration
Over 30 years of experience with several hundred wells drilled across the Western Canadian Sedimentary Basin (Enerplus, Mission, Talisman)

Ashley Ramsden-Wood, P.Eng.
Vice President, Engineering
Over 20 years of experience in reservoir engineering, capital planning, and reserves evaluation (NAL, Petro-Canada)

BOARD OF DIRECTORS

Charlie O'Sullivan, B.Sc. Chairman

Don Simmons, P.Geol.

Frank Borowicz, QC, JP, CPA (Hon)

Bruce McIntyre, P.Geol.

Gregg Vernon, P.Eng.

Richard Wyman, B.Sc., MBA

The Hemisphere Story:

$mall Cap, Big Value

REIMAGINE

Developing conventional oil, generating free cash flow, and returning to shareholders.

RESOURCE

Low decline, long life, high-value reserves.

RECOVERY

Maximizing oil recovery using proven technology.

Hemisphere ENERGY

TSXV: HME
OTCQX: HMENF

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APPENDIX

Risk Management:

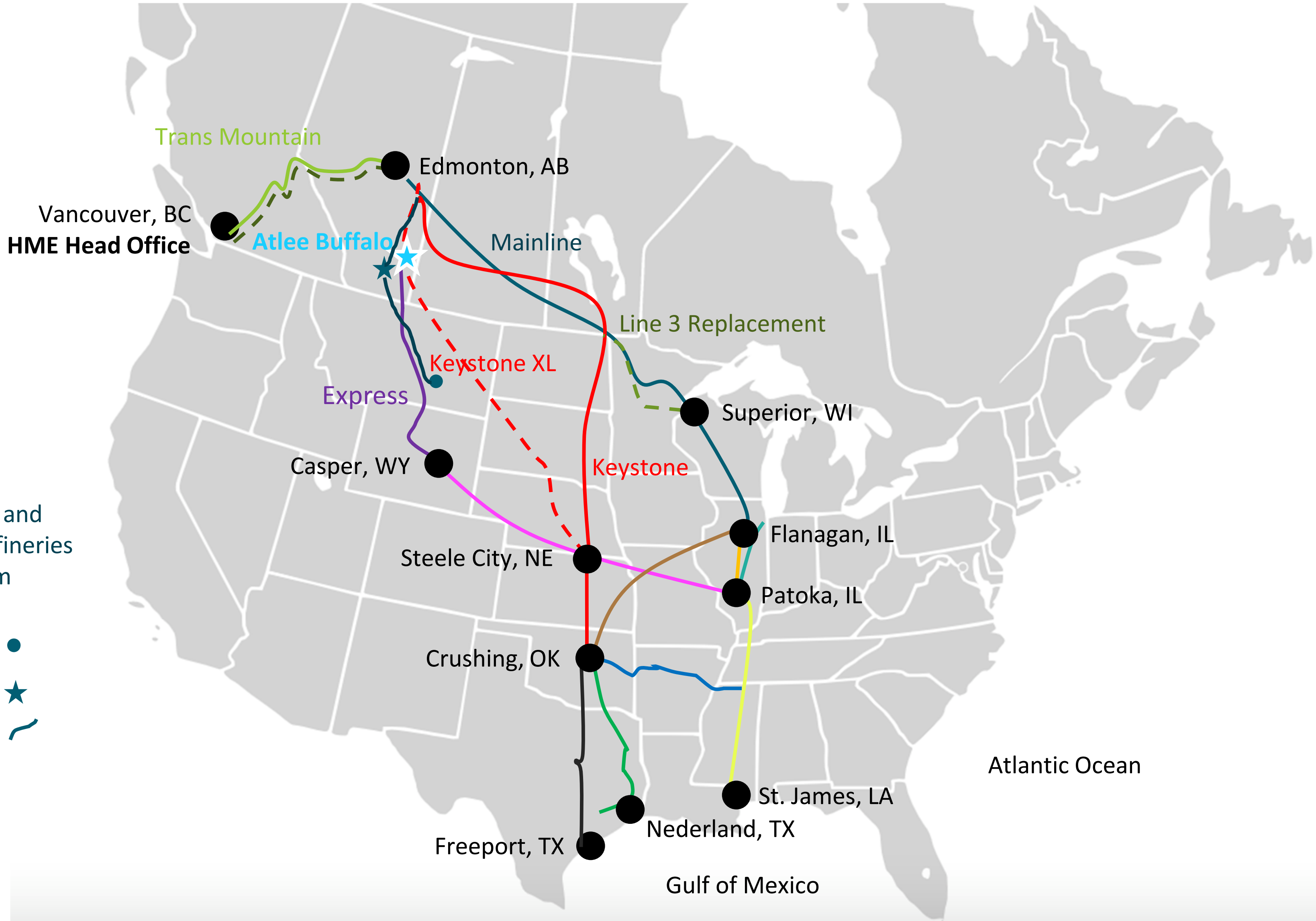
Protecting Cash Flow

Hedging Considerations

- Continually monitor WTI Oil and WCS Differential hedge pricing
- Layer in protection for up to 12 months
- Look for near term wellhead price protection and longer term floor protection

Product	Type	Volume	Price	Index	Term
Crude oil	3-Way	100 bbl/d	US$40.00(put)/US$50.00(put)/US$79(call)	WTI-NYMEX	Apr 1, 2022 – Jun 30, 2022
Crude oil	Swap	200 bbl/d	US$12.10	WCS Differential	Jan 1, 2022 – Jun 30, 2022
Crude oil	Swap	200 bbl/d	US$13.80	WCS Differential	Jul 1, 2022 – Dec 31, 2022
Crude oil	Put Spread	725 bbl/d	US$30.00(put sell)/US$40.00(put buy), net cost US$1.65/bbl	WTI-NYMEX	Apr 1, 2022 – Aug 31, 2022
Crude oil	Sold Call	200 bbl/d	US$78.25(call sell), net premium US$1.65/bbl	WTI-NYMEX	Apr 1, 2022 – Aug 31, 2022
Crude oil	Sold Call	100 bbl/d	US$78.70(call sell), net premium US$1.65/bbl	WTI-NYMEX	Apr 1, 2022 – Aug 31, 2022
Crude oil	Sold Call	200 bbl/d	US$82.10(call sell), net premium US$1.65/bbl	WTI-NYMEX	Apr 1, 2022 – Aug 31, 2022
Crude oil	Sold Call	100 bbl/d	US$86.50(call sell), net premium US$1.65/bbl	WTI-NYMEX	Apr 1, 2022 – Aug 31, 2022
Crude oil	Sold Call	125 bbl/d	US$88.40(call sell), net premium US$1.65/bbl	WTI-NYMEX	Apr 1, 2022 – Aug 31, 2022
Crude oil	Put Spread	575 bbl/d	US$50.00(put sell)/US$60.00(put buy), net cost US$3.55/bbl	WTI-NYMEX	Sep 1, 2022 – Sep 30, 2022
Crude oil	Put Spread	125 bbl/d	US$50.00(put sell)/US$60.00(put buy), net cost US$2.15/bbl	WTI-NYMEX	Sep 1, 2022 – Dec 31, 2022
Crude oil	Put Spread	275 bbl/d	US$50.00(put sell)/US$60.00(put buy), net cost US$3.75/bbl	WTI-NYMEX	Oct 1, 2022 – Dec 31, 2022
Crude oil	Put Spread	275 bbl/d	US$100.00(call sell) net premium US$3.75/bbl	WTI-NYMEX	Oct 1, 2022 – Dec 31, 2022
Crude oil	3-Way	300 bbl/d	US$50.00(put)/US$60.00(put)/US$85(call)	WTI-NYMEX	Oct 1, 2022 – Dec 31, 2022
Crude oil	Put Spread	750 bbl/d	US$50.00(put sell)/US$60.00(put buy), net cost US$2.50/bbl	WTI-NYMEX	Jan 1, 2023 – Mar 31, 2023

Selected Crude Oil Pipelines



HME trucks to Tilley and sells to Montana Refineries via Bow River System

Montana Refineries

Tilley Oil Terminal

Bow River System

Advisory Statements

Forward-Looking Information and Statements

This presentation contains certain forward–looking information and statements within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "project", "should", "believe", "plans", "intends", "forecast", "potential" and similar expressions are intended to identify forward-looking information or statements. In particular, but without limiting the forgoing, this presentation contains forward-looking information and statements pertaining to the following: the Company's guidance for 2022 as set forth in slides 9 & 10, the Company's development plans for its assets in 2022, including various enhanced oil recovery plans; the Company's business strategy and plans; the volumes and estimated value of the Company's oil and gas reserves; the volume and product mix of the Company's oil and gas production; production estimates and forecasts; future oil and natural gas prices and the Company's commodity risk management programs; future liquidity and financial capacity; future results from operations and operating metrics; future development, exploration, acquisition and development activities, infrastructure plans and related capital expenditures and the timing thereof; the total future capital associated with development of reserves and resources; and methods of funding our capital program. In addition, information and statements relating to reserves and contingent resources are deemed to be forward-looking statements, as they involve implied assessment, based on certain estimates and assumptions, that the reserves described exist in quantities predicted or estimated, and that they can be profitably produced in the future.

Forward-looking statements or information are based on a number of material factors, expectations or assumptions of management which have been used to develop such statements and information but which may prove to be incorrect. Although management believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements because management can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified herein, assumptions have been made regarding, among other things: the impact of increasing competition; the general stability of the economic and political environment in which management operates; the timely receipt of any required regulatory approvals; the ability of the Company to obtain qualified staff, equipment and services in a timely and cost efficient manner (including any disruptions or affects as a result of COVID-19); drilling and EOR results; the ability of the Company to obtain financing on acceptable terms including the continued availability of its credit facilities; field production rates and decline rates; the ability to replace and expand oil and natural gas reserves through acquisition, development and exploration; risks associated with the degree of certainty in resource assessments; the Company will realize the anticipated benefits of its enhanced oil recovery operations; the timing and cost of pipeline, storage and facility construction and expansion and the ability of the Company to secure adequate product transportation; future commodity prices; currency, exchange and interest rates; regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which the Company operates; and the ability of the Company to successfully market its oil and natural gas products. There are a number of assumptions associated with the potential of resource in place volumes assigned to lands evaluated in the Company's area of operations, including the quality of the reservoir, future drilling programs and the funding thereof, continued performance from existing wells and performance of new wells, the growth of infrastructure, well density per section and recovery factors and discovery and development of the lands evaluated in such lands necessarily involves known and unknown risks and uncertainties, including those identified in this presentation.

The forward-looking information and statements included in this presentation are not guarantees of future performance and should not be unduly relied upon. Such information and statements; including the assumptions made in respect thereof, involve known and unknown risks, uncertainties and other factors that may cause actual results or events to defer materially from those anticipated in such forward-looking information or statements including, without limitation: changes in commodity prices; the potential for variation in the quality of its assets; changes in the demand for or supply of the Company's products; unanticipated operating results or production declines; changes in tax or environmental laws, royalty rates or other regulatory matters; changes in development plans of the Company, increased debt levels or debt service requirements; inaccurate estimation of the Company's oil and gas reserve and resource volumes; limited, unfavourable or a lack of access to capital markets; increased costs; a lack of inadequate insurance coverage; the impact of competitors, suspension of delays of operations as a result of COVID-19, or otherwise, activities by third party plant turnaround times and continued ability to transport products, reserve volumes, business prospects and opportunities, the future trading price of the Company's shares, the availability and cost of financing, labor and services; the impact of increasing competition; ability to market oil and natural gas successfully and the Company's ability to access capital (including its credit facility).

The forward-looking information and statements contained in this presentation speak only as of the date of this presentation, and the Company does not assume any obligation to publicly update or revise any of the included forward-looking statements or information, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

Financial Information

All financial information included in this presentation is per Hemisphere's audited financial statements for the year ended December 31, 2021. All amounts are expressed in Canadian dollars unless otherwise noted.

Forward Looking Financial Information

This presentation, including in respect of Company's guidance for 2022, may contain future oriented financial information ("FOFI") within the meaning of applicable securities laws. The FOFI has been prepared by management to provide an outlook of the Company's activities and results. The FOFI has been prepared based on a number of assumptions including the assumptions discussed and disclosed below under "2022 Corporate Guidance Assumptions" and "Forward Looking Statements" above. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on FOFI. The Company's actual results, performance or achievement could differ materially from those expressed in, or implied by, these FOFI, or if any of them do so, what benefits the Company will derive therefrom. The Company has included the FOFI in order to provide readers with a more complete perspective on the Company's future operations and such information may not be appropriate for other purposes. The Company disclaims any intention or obligation to update or revise any FOFI statements, whether as a result of new information, future events or otherwise, except as required by law.

2022 Corporate Guidance Assumptions

Assuming actual pricing and production year-to-date (Jan-May), with each of US$85/bbl, WTI US$100/bbl WTI, and US$115/bbl WTI, paired with WCS Differential of $US17/bbl, and Fx of 1.26 for the remainder of 2022 (Jun-Dec), except in the case of the June WCS differential of $13.17, and average quality adjustment of Cdn$4.50/bbl; Operating and Transportation costs of $13.83/boe; Loan Interest costs of $0.8/boe; G&A costs of $2.57/boe; Royalties and GORRs of $20.32/boe, $26.54/boe, and $33.90/boe in each respective WTI sensitivity; hedging losses of $4.75/boe, $6.45/boe, and $8.59/boe in each respective WTI sensitivity; and tax provisions of $1.85/boe, $2.77/boe, and $3.31/boe in each respective WTI sensitivity.

Advisory Statements

Non-IFRS and Other Financial Measures

Throughout this presentation and in other materials disclosed by the Company, Hemisphere employs certain measures to analyze financial performance, financial position, and cash flow. These non-IFRS and other financial measures do not have any standardized meaning prescribed under IFRS and therefore may not be comparable to similar measures presented by other entities. The non-IFRS and other financial measures should not be considered to be more meaningful than IFRS measures which are determined in accordance with IFRS, such as net income (loss), cash flow from operating activities, and cash flow used in investing activities, as indicators of Hemisphere's performance.

Non-IFRS Measures

Operating field netback, adjusted funds flow, capital expenditures and net debt are each non-IFRS financial measures that are not standardized financial measures under International Financial Reporting Standards and may not be comparable to similar financial measures disclosed by other issuers. Please see "Non-IFRS and Other Financial Measures" in the 2021 MD&A for: (i) an explanation of how such measures provide useful information and for what purposes management uses these measures; and (ii) a quantitative reconciliation of the non-IFRS financial measure to the most similar financial measure.

Forward Looking Non-IFRS Measures

Future estimates of adjusted funds flow, capital expenditures and free adjusted funds flow are each forward looking non-IFRS financial measures that are not standardized financial measures under International Financial Reporting Standards and may not be comparable to similar financial measures disclosed by other issuers. Please see "Non-IFRS and Other Financial Measures" in the 2021 MD&A for: (i) an explanation of how such measures provide useful information and for what purposes management uses these measures; and (ii) a quantitative reconciliation of the historical non-IFRS financial measure to the most similar financial measure.

Non-IFRS Ratios

“F&D Costs” F&D Costs are calculated as the sum of development capital plus the change in future development capital ("FDC") for the period divided by the change in reserves that are characterized as development for the period. "Development capital" is a non-IFRS financial measure that means the aggregate exploration and development costs incurred in the financial year on reserves that are categorized as development. Development capital excludes capitalized administration costs. Finding and development costs take into account reserves revisions during the year on a per boe basis. The aggregate of the exploration and development costs incurred in the financial year and changes during that year in estimated future development costs generally will not reflect total finding and development costs related to reserves additions for that year. Management uses F&D costs as a measure of capital efficiency for organic reserves development.

“Recycle Ratio” The Company calculates recycle ratio by dividing the netback per boe by F&D or FD&A costs. Netback per boe is a non-IFRS financial ratio that uses netback, a non-IFRS financial measure, as a component. Capital expenditures, a non-IFRS financial measure, is used as a component of F&D costs. Capital expenditures and adjusted net capital acquisitions, both non-IFRS financial measures, are used as components of FD&A costs. Management uses recycle ratio to relate the cost of adding reserves to the expected cash flows to be generated.

“Adjusted funds flow (AFF)” The Company considers AFF to be a key measure that indicates the Company’s ability to generate the funds necessary to support future growth through capital investment and to repay any debt. AFF is a measure that represents cash flow generated by operating activities, before changes in non-cash working capital and adjusted for decommissioning expenditures, and may not be comparable to measures used by other companies. The most directly comparable IFRS measure for AFF is cash provided by operating activities.

“Net debt or Net working capital” is closely monitored by the Company to ensure that its capital structure is maintained by a strong balance sheet to fund the future growth of the Company. Net debt or net working capital is used in this document in the context of liquidity and is calculated as the total of the Company’s current assets, less current liabilities, excluding the fair value of financial instruments, lease and warrant liabilities, and including the bank debt or gross term loan. There is no IFRS measure that is reasonably comparable to net debt or net working capital.

“Net debt to AFF” Hemisphere calculates net debt to annualized AFF ratio as net debt divided by AFF, for which the quarterly amount is multiplied by four to annualize the AFF. Each of net debt and annualized AFF is a non-IFRS financial measure component of Net debt to annualized AFF. Management believes that such a ratio is useful in relating the Company’s ability to pay for its debt by the cash flow it generates.

“AFF per boe and AFF per share” Hemisphere calculates AFF per boe as AFF divided by average daily production (presented in boe). Hemisphere calculates AFF per share as AFF divided by the number of shares indicated. AFF is a non-IFRS financial measure component of the AFF per boe and AFF per share ratios. Management believes that AFF per boe is a key industry performance measure of operational efficiency and one that provides investors with information that is also commonly presented by other crude oil and natural gas producers and the measurement on a Boe basis assists management and investors with evaluating Hemisphere's operating performance on a comparable basis. Management believes that AFF per boe is a key industry performance measure of financial efficiency on equity capital. and one that provides investors with information that is also commonly presented by other crude oil and natural gas producers and the measurement on per share basis assists management and investors with evaluating Hemisphere’s financial performance on a comparable basis.

“Free funds flow”: is calculated by taking AFF and subtracting capital expenditures, excluding acquisitions and dispositions. Management believes that free funds flow provides a useful measure to determine Hemisphere’s ability to improve returns and to manage the long-term value of the business.

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Advisory Statements

<u>Supplementary financial measures</u>

This corporate presentation may contain certain supplementary financial measures. NI 52-112 defines a supplementary financial measure as a financial measure that: (i) is intended to be disclosed on a periodic basis to depict the historical or expected future financial performance, financial position or cash flow of an entity; (ii) is not disclosed in the financial statements of the entity; (iii) is not a non-IFRS financial measure; and (iv) is not a non-IFRS ratio.

Information Regarding Disclosure on Oil and Gas Reserves, Resources and Metrics

Unless otherwise specified, all reserve and resource estimates disclosed in this presentation are derived from the Company's independent reserve evaluations (the "Reserve Evaluation"). The reserve and resource estimates contained herein are estimates only and there is no guarantee that the estimated reserves or resources will be recovered. Actual oil, gas, and natural gas liquids reserves may be greater than or less than the estimates that are provided herein. In relation to the disclosure of estimates for individual properties, such estimates may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation. The Company's belief that it will establish additional reserves over time with conversion of resources into reserves and probable undeveloped reserves into proved reserves are forward-looking statements and are based on certain assumptions and is subject to certain risks, as discussed under the heading "Forward-Looking Information and Statements".

Net Present Values

It should not be assumed that the estimates of the future net revenues presented in this presentation represent the fair market value of the reserves. There is no assurance that the forecast prices and costs assumptions herein will be attained and variances could be material.

Oil and Gas Metrics

This news release contains metrics commonly used in the oil and natural gas industry, such as "reserve life index ("RLI")". "Reserve life index" is calculated as total company interest reserves divided by annual production, for the year indicated. This term does not have a standardized meaning and the Company's calculation of such metrics may not be comparable to the calculation method used or presented by other companies for the same or similar metrics, and therefore should not be used to make such comparisons. Management uses these oil and gas metrics for its own performance measurements and to provide shareholders with measures to compare the Company's operations over time. Readers are cautioned that the information provided by these metrics, or that can be derived from the metrics presented in this news release, should not be relied upon for investment or other purposes.

BOE Equivalent

Natural gas and liquids reserves and volumes are converted to a common unit of measure on a basis of six Mcf of gas to one bbl of oil. Disclosure provided herein in respect of BOE may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf: 1bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the well head. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different than the energy equivalency of 6:1, utilizing a 6:1 conversion basis may be misleading as an indication of value.

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