



# Reimagine Resource Recovery

April 2023

Corporate Presentation

VENTURE

**50**

2023

**BEST**<sup>50</sup>  
**OTCQX**  
2023

# The Hemisphere Strategy: Focus on shareholder value



## *Simple*

- › Conventional oil pools
- › 100% own & operate



## *Clean*

- › Balance sheet
- › Low liabilities



## *Profitable*

- › High free cash flow
- › Top-tier resource



## *Unique*

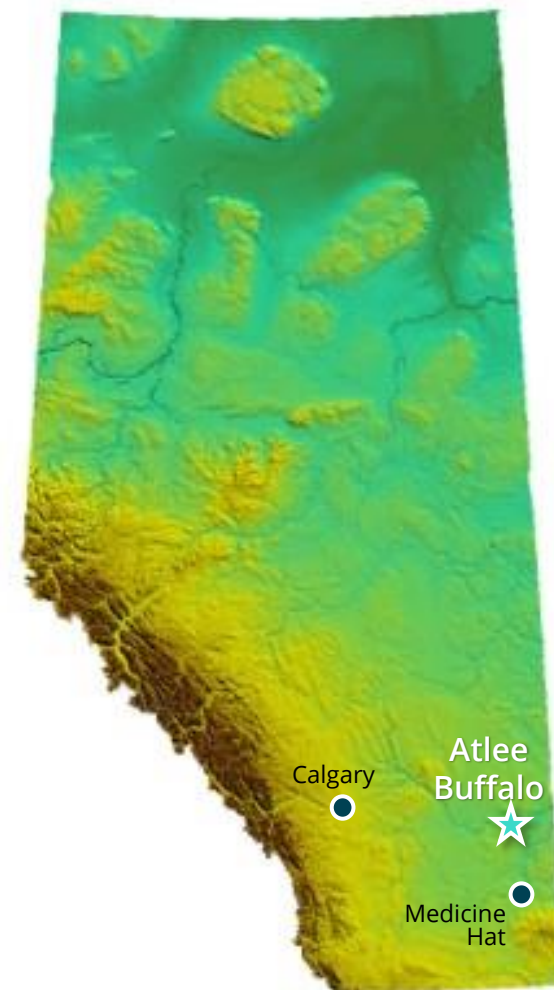
- › Low/no debt
- › Dividends & NCIB

***Provide investors with a low-risk opportunity in the energy sector that generates significant free cash flow to directly fund shareholder returns***

# Concentrated Canadian Oil Resource



TSX Venture (Canada)	HME
OTCQX (USA)	HMENF
Share Price (TSX-V) (April 18, 2023)	\$1.33
<hr/>	
Insider Ownership (Basic / Fully Diluted)	14% / 17%
Basic Shares Outstanding	101.3 million
Fully Diluted Shares Outstanding	107.3 million
<hr/>	
Market Capitalization	\$134.7 million
Enterprise Value <sup>(1)</sup>	\$133.7 million
<hr/>	
2022 Average Annual Production	2,825 boe/d <small>(99% heavy oil)</small>
Corporate Production <sup>(2)</sup> (January 13 – February 13, 2023)	~3,200 boe/d <small>(99% heavy oil)</small>
<hr/>	
Abandonment, Decommissioning & Reclamation Costs (ADR) <sup>(2)</sup> <small>(Unescalated and undiscounted)</small>	\$8.1 MM
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Liability Management Rating (LMR) <small>Ratio of deemed assets (production) to deemed liabilities (abandonment &amp; reclamation costs)</small>	17 <small>(Within top 7% of Alberta Companies)</small>



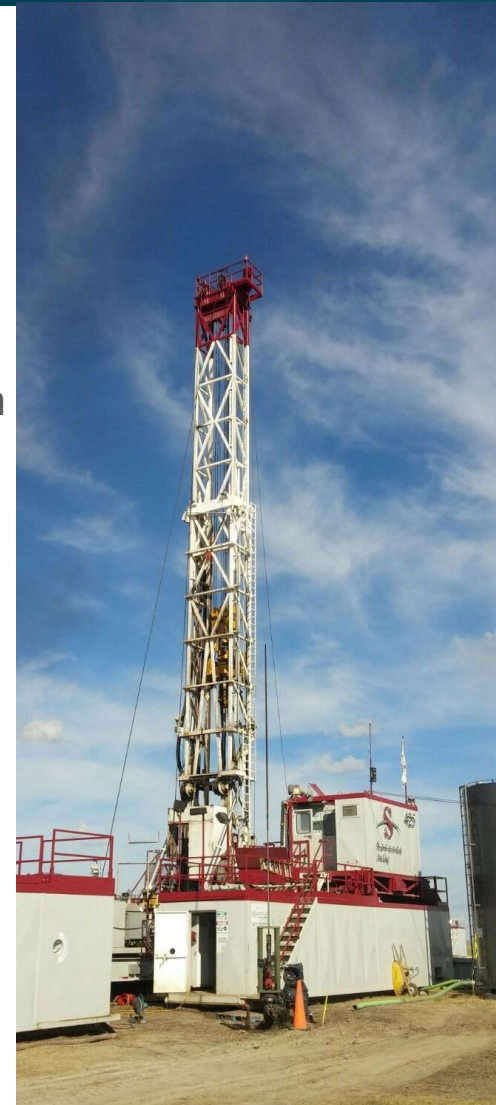
# Looking Back: 2022 Highlights

## Solid Performance



## 2022 Highlights

- › Increased annual corporate production by 55% to 2,825 boe/d
- › Achieved record revenue of \$96.7 million
- › Recorded adjusted funds flow from operations<sup>(1)</sup> of \$46.7 million
- › Reinvested \$18.3 million in a capital expenditures<sup>(1)</sup> program
- › Delivered \$28.4 million of free funds flow<sup>(1)</sup>
- › Reduced net debt<sup>(1)</sup> by 95% at year-end to under \$1 million
- › Increased the value of all our reserve categories (PDP, 1P, 2P)
- › Initiated our first quarterly dividend and distributed nearly \$8 million in dividends throughout the year
- › Executed a strategic and opportunistic share buyback program purchasing 2.3 million shares



(1)

*Non-IFRS financial measure that is not a standardized financial measure under International Financial Standards ("IFRS") and may not be comparable to similar financial measures disclosed by other issuers. Refer to "Non-IFRS and Other Financial Measures" section in Advisory Statements.*



# Looking Forward: 2023 Guidance <sup>(1,2,3,4,5)</sup>

## Solid Plan Balancing Growth and Return to Shareholders



Price Sensitivity	US\$/bbl	\$70 WTI	<b>\$85 WTI</b>	\$100 WTI
Average Annual Production	boe/d	3,300	<b>3,300</b>	3,300
Adjusted Funds Flow (AFF)	\$ million	33	<b>45</b>	56
AFF per Basic Share	\$/share	0.32	<b>0.44</b>	0.55
Capital Expenditures	\$ million	14	<b>14</b>	14
Free Funds Flow	\$ million	19	<b>31</b>	42
Dividends	\$ million	10	<b>10</b>	10
Working Capital - Exit	\$ million	9	<b>21</b>	32

### 2023 Budget - \$14 million

- › 9 wells
- › Facility expansion
- › Land and seismic

### Key Assumptions

- › WCS Differential US\$20/bbl
- › US\$/C\$ Exchange 1.35
- › Quality adjustment C\$5.50/bbl



(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 "2023 Corporate Guidance Assumptions".

(4) Using a 2023 weighted average of 102 million basic shares issued and outstanding.

(5) The amounts above do not include potential future purchases through the Company's Normal Course Issuer Bid (NCIB).

# Reserves: The Underlying Value Third Party Audited Estimate of Future Cash Flow



## 2022 Year End Reserves<sup>(1)</sup>

Proved Developed Producing ( <b>PDP</b> ) NPV10 BT / Reserves	<b>\$228 million</b> / 8.2 MMboe
Proved ( <b>1P</b> ) NPV10 BT / Reserves	<b>\$309 million</b> / 12.2 MMboe
Proved + Probable ( <b>2P</b> ) NPV10 BT / Reserves	<b>\$395 million</b> / 16.0 MMboe

## Significance of Reserve Reports

- › Best comparison of a company's assets and future cash flows
- › Includes future development capital, operating & transportation costs, royalties, existing and future decommissioning liabilities (field netback)

## Superior Metrics<sup>(2)</sup>

- › Proved Finding & Development (F&D) costs<sup>(3)</sup> of \$11.59/boe
- › Proved Recycle Ratio<sup>(3)</sup> of 4.9
- › Proved Reserve Life Index<sup>(3)</sup> of 12 years based on 2022 annual production

(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, 2022 and run at the Jan 1, 2023 3-Consultant Average Price (the "McDaniel Reserve Report"), and including all corporate abandonment, decommissioning, and reclamation estimates. The 3-Consultant Average Price Forecast is an average of the published price forecasts for McDaniel, GLJ Petroleum Consultants Ltd., and Sproule Associates Ltd. at January 1, 2023. It uses a US\$78.51/bbl WTI average price between 2023-27 (+2%/yr thereafter).

(2) As disclosed in news release dated February 16, 2023.

(3) F&D costs, recycle ratio, and reserve life index 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".

# Share Buybacks & Dividends: Returning to Shareholders Strategy



## Quarterly Variable Dividend implemented in June 2022

- › Targeting approximately 30% of annual free funds flow
- › Implied annual yield of **~7.6%** at current market cap of ~\$133.7 million
- › Last dividend of **\$0.025/share** paid on **Feb 21<sup>st</sup>** to shareholders of record as of **Feb 10<sup>th</sup>**

## Normal Course Issuer Bid (NCIB)

- › Strategic and opportunistic share buyback
- › Bought back **6.7** million shares (**\$4.8 million** or **\$0.71/share**) since September 2019

**Remaining free funds flow will be allocated to strategic acquisitions, accelerated project investments, and/or special dividends**

# Atlee Buffalo Oil Asset – Southeast Alberta





# Our Resource: Atlee Buffalo Core Area



## Two Conventional oil pools with significant resource

- › Exceptionally high quality reservoirs (Upper Mannville F & G pools)
- › Pure development play in a 100% owned and operated area
  - › Oil pools completely delineated by vertical wells and 3D seismic
- › Reservoirs under enhanced oil recovery methods for maximum resource recovery
  - › Polymer flood
- › Low risk, low cost, low decline development and production
  - › Significant undeveloped reserves remain
- › Future horizontal drills are ~\$1.1 million / well and facilities are easily expanded



# Development Plans

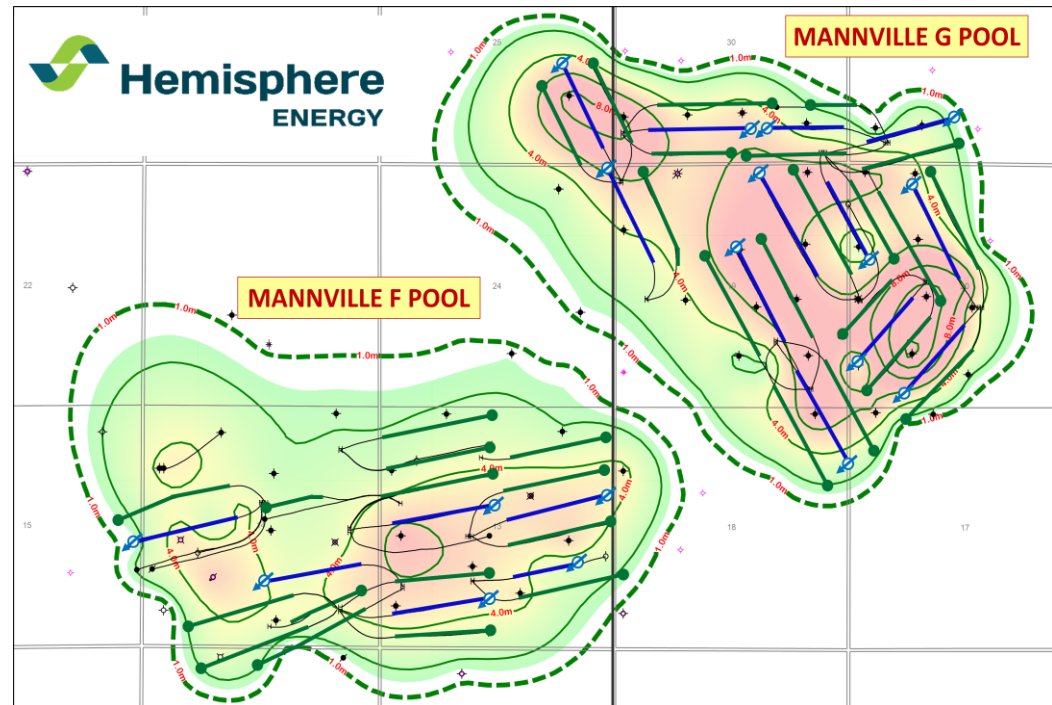


## 2022 Achievements

- ✓ **Drilled 9** wells including producers, injectors, step out, and exploration
- ✓ **Converted 2** G pool wells to injection
- ✓ **Started up polymer-surfactant flood** at F pool
- ✓ **Allocated** modest resources to exploration program
- ✓ **Expanding facilities** at F pool

## 2023 Plans

- **Drill 9 wells** with a summer drill program
- **Convert 2** F pool wells to injection
- **Expand facilities** at F pool
- **Allocate** modest resources to exploration
- **Continually optimize** polymer floods and injection capacity at F & G pools
- **Evaluate** strategic acquisition opportunities



# The Technical Advantage of Polymer Floods

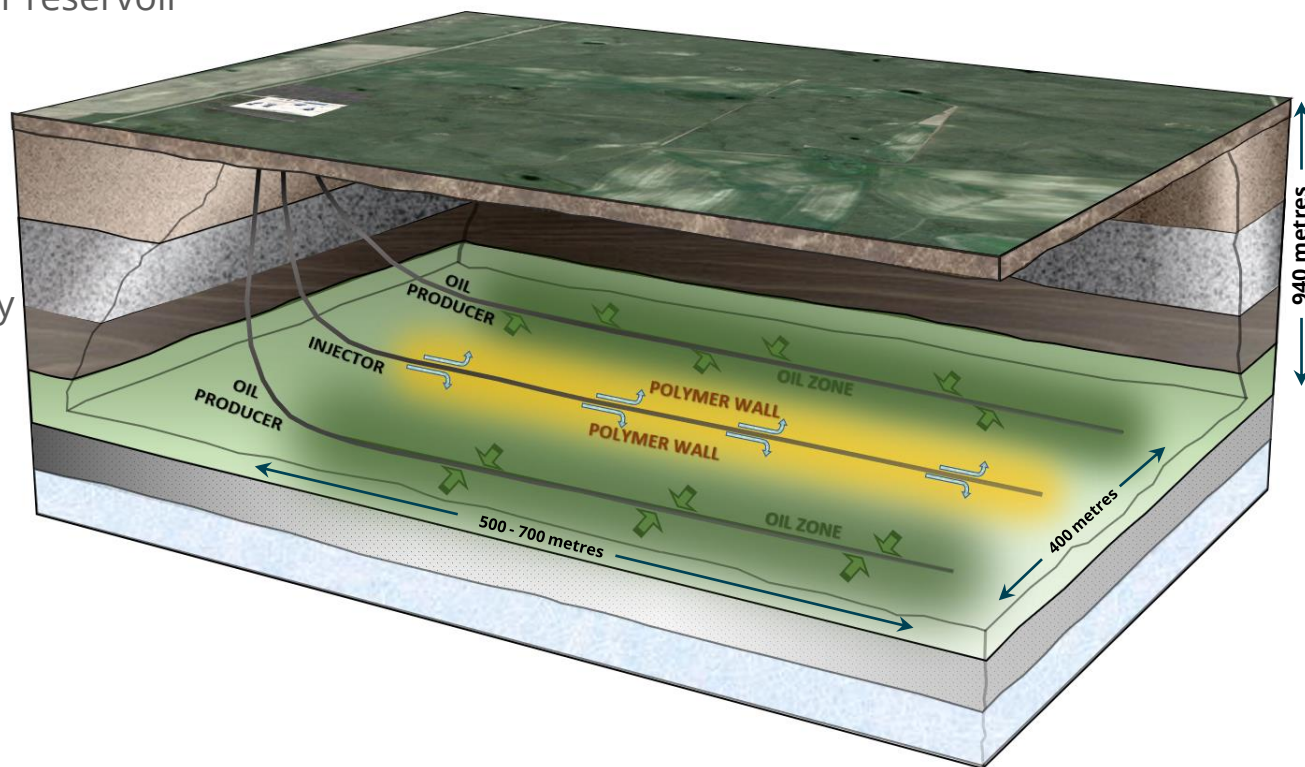


**Polymer flooding is successfully used in hundreds of oil pools by companies around the world.**

- › 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

› Typical response:

- ↗ Oil production
- ↘ Water production
- ↗ Overall Oil Recovery





## Hemisphere's focus:

### Stakeholder value is built when we take care of the environment

- › Use multi-well pads and utilize EOR techniques to maximize oil recovery and minimize our footprint
- › Maintain minimal wellbore and facility retirement obligations with a LMR ratio of 17
- › Conserve all produced solution gas and use for power generation
- › Utilize centralized facilities limiting field-wide venting and flaring and reducing trucking emissions
- › No surface/fresh water is used in our EOR operations

### Aligned with our communities

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

### Solid governance

- › Safety of our employees and stakeholders is vital
- › Culture-focused on honesty, integrity, and accountability
- › The Board of Directors and management team are committed to corporate responsibility and ethical business conduct

# Why Invest in Hemisphere: Committed to Value Creation



## Ownership model and mentality

- › Insiders own 14% of basic shares and 17% on a fully-diluted basis
- › 100% own and operate our assets

## Clean balance sheet

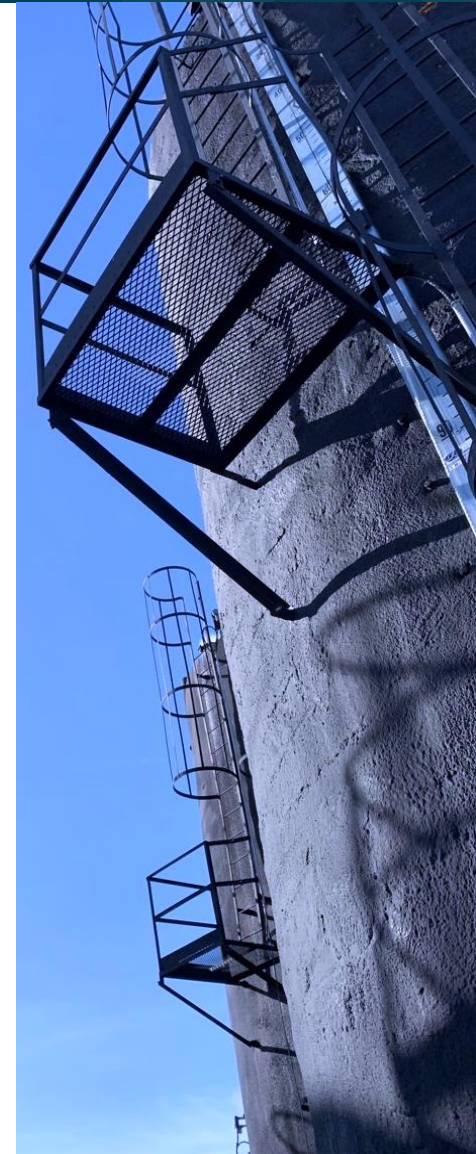
- › Low/no debt
- › Minimal wellbore and facility liabilities
- › Access to \$35 million credit facility

## Growth

- › Consistent track record of production growth
- › 2023 plan includes 17% production increase over 2022

## Shareholder return

- › Attractive dividend – 7.6% yield at market cap of \$133.7 million
- › Active strategic share buyback program



# The Hemisphere Story: \$small Cap, Big Value



## REIMAGINE

Returning to shareholders



## RESOURCE

Steady, stable reserves



## RECOVERY

Maximizing the asset

### Independent Analyst Coverage

**ATB Capital Markets**

**Schachter Energy Report**

**Energy Prospectus Group**

*Amir Arif*

*Josef Schachter*

*Dan Steffens*



# Hemisphere

## ENERGY

TSX-V: HME  
OTCQX: HMENF

[www.hemisphereenergy.ca](http://www.hemisphereenergy.ca)

Don Simmons  
(604) 638-6213

[simmons@hemisphereenergy.ca](mailto:simmons@hemisphereenergy.ca)

# Leadership



## MANAGEMENT

### **Don Simmons, P.Geol.**

President & Chief Executive Officer

Over 20 years of experience technical, operational and management experience (Alberta Energy Company, Encana (Ovintiv), Sebring)

### **Ian Duncan, P.Eng.**

Chief Operating Officer

Over 17 years of experience in 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**





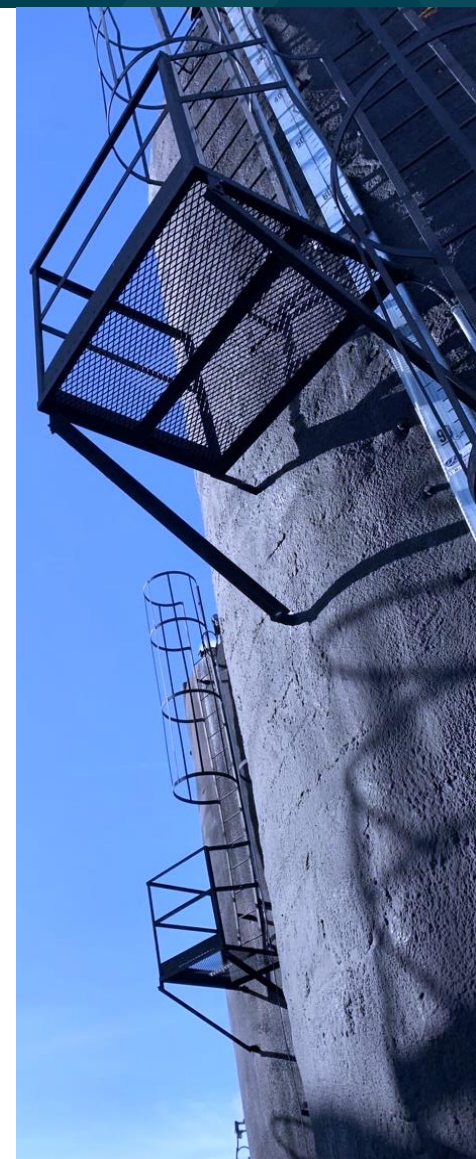
# Risk Management: Protecting Cash Flow



## 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	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
Crude oil	Put Spread	500 bbl/d	US\$50.00(put sell)/US\$60.00(put buy), net cost US\$2.95/bbl	WTI-NYMEX	Apr 1, 2023 – Jun 30, 2023
Crude oil	Put Spread	500 bbl/d	US\$50.00(put sell)/US\$60.00(put buy), net cost US\$3.70/bbl	WTI-NYMEX	Jul 1, 2023 – Sep 30, 2023
Crude oil	Put spread	500 bbl/d	US\$50.00(put sell)/US\$60.00(put buy), net cost US\$2.55/bbl	WTI-NYMEX	Oct 1, 2023 – Dec 31, 2023



# 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 foregoing, this presentation contains forward-looking information and statements pertaining to the following: the Company's guidance for 2023 as set forth in slide 5, the Company's plans for dividends and share purchases, the Company's intention to provide shareholders with a low-risk opportunity that generates free cash flow to fund shareholder returns, plans for excess or remaining free funds flow and targets for the allocation of free funds flow, costs for future wells the Company's development plans for its assets and other business plans in 2023, 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 effects 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; inflationary pressure and related costs; that the Company's dividend policy will remain the same and the Company will continue to be able to declare dividends, 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 differ 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, regulatory risks, including penalties or other remedial actions, the ability of the Company to maintain legal title to its properties, 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 adequate insurance coverage; the impact of competitors, suspension of delays of operations as a result of COVID-19, or otherwise, regulatory risks, including penalties or other remedial actions, the ability of the Company to maintain legal title to its properties, changes to budgets, 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

*Except for guidance numbers and as otherwise noted, all financial information included in this presentation is per Hemisphere's audited annual financial statements for the year ended December 31, 2022. All amounts are expressed in Canadian dollars unless otherwise noted.*

## Forward Looking Financial Information

*This presentation, including in respect of Company's guidance for 2023, 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 "2023 Corporate Guidance Assumptions" and "Forward Looking Statements" above and that the Company will be cash taxable in 2023. 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.*

## 2023 Corporate Guidance Assumptions

*Annual average production of 3,300 boe/d (99% heavy crude oil), with each of US\$85/bbl, WTI US\$100/bbl WTI, and US\$70/bbl WTI, paired with WCS Differential of \$US20/bbl, and Fx of 1.35 and average quality adjustment of Cdn\$5.50/bbl; Operating and Transportation costs of \$15.00/boe; Interest costs of \$0.40/boe; G&A costs of \$3.40/boe; Royalties and GORRs of 20% at WTI US \$85/bbl; hedging losses of \$0.70/boe; and estimated tax provisions.*

# 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 2022 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 2022 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.

# Advisory Statements



## Supplementary financial measures

*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 presentation contains metrics commonly used in the oil and natural gas industry, such as "reserve life index ("RLI)". RLI 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.*



# Hemisphere

## ENERGY

TSX-V: HME  
OTCQX: HMENF

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