



# Hemisphere ENERGY



TSX-V: HME  
OTCQX: HMENF  
[www.hemisphereenergy.ca](http://www.hemisphereenergy.ca)

## OCTOBER 2024

**Hemisphere Energy** is a dividend paying Canadian oil company focused on maximizing value-per-share growth with the sustainable development of its high netback, ultra-low decline conventional heavy oil assets using enhanced oil recovery (EOR) techniques.

**Production<sup>(1)</sup>** ~3,700 boe/d (99% oil)

**TSX Venture (Canada)** HME

**OTCQX (USA)** HMENF

**Share Price (TSX-V)** (October 11, 2024) **\$1.90**

**Basic Shares Outstanding** **97.8 million**

**Fully Diluted Shares Outstanding** **104.0 million**

**Insider Ownership** (Basic / Fully Diluted) **~16% / ~19%**

**Market Capitalization<sup>(2)</sup>** (October 11, 2024) **\$185.8 million**

**Working Capital<sup>(3)</sup>** (June 30, 2024) **\$11.6 million**

**Enterprise Value** (October 11, 2024) **\$174.2 million**

<sup>(1)</sup> Based on field estimated production from July 1 to August 12, 2024 and as disclosed in Hemisphere's news release dated August 20, 2024.

<sup>(2)</sup> Market capitalization reports the non-diluted issued and outstanding common shares as of October 11, 2024 multiplied by the closing price of the common shares on that date.

<sup>(3)</sup> 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. Refer to "Non-IFRS and Other Financial Measures" section in the Advisory Statements of the Company's most recent Corporate Presentation available on [www.hemisphereenergy.ca](http://www.hemisphereenergy.ca).

### 2024 CORPORATE GUIDANCE<sup>(1,2,3)</sup>

		US\$65 WTI	US\$75 WTI	US\$85 WTI
Average Annual Production	boe/d	3,400	<b>3,400</b>	3,400
Adjusted Funds Flow (AFF)	\$ million	31	<b>40</b>	49
AFF per basic share	\$/share	0.32	<b>0.41</b>	0.49
Capital Expenditures & ARO	\$ million	21	<b>21</b>	21
Free Funds Flow (FFF)	\$ million	10	<b>19</b>	28
FFF per basic share	\$/share	0.10	<b>0.19</b>	0.28
Dividend per basic share	\$/share	0.10	<b>0.10</b>	0.10

<sup>(1)</sup> Operating field netback, AFF, AFF per barrel, capital expenditures, FFF, and working capital are non-IFRS financial measures that are not standardized financial measures 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 the Advisory Statements of the Company's most recent Corporate Presentation available on [www.hemisphereenergy.ca](http://www.hemisphereenergy.ca).

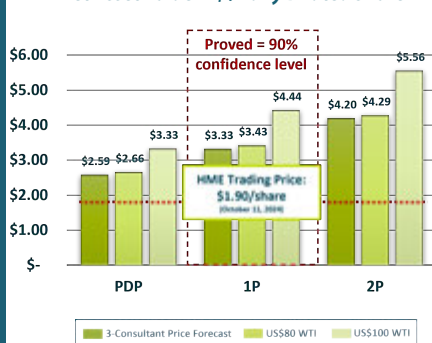
<sup>(2)</sup> Key Assumptions include WCS Differential of US\$15.50/bbl; USD/CAD Exchange of 1.35; Quality Adjustment of \$7.50/bbl; Open of \$14.85/bbl.

<sup>(3)</sup> See "Advisory Statements - 2024 Corporate Guidance Assumptions" in the Company's most recent Corporate Presentation available on [www.hemisphereenergy.ca](http://www.hemisphereenergy.ca).

### 2023 YEAR-END RESERVES<sup>(1)</sup>

	Reserves / NPV10 BT
Proved Developed Producing (PDP)	8.2 MMboe / \$248 million
Proved (1P)	12.1 MMboe / \$325 million
Proved + Probable (2P)	16.3 MMboe / \$416 million

### Net Asset Value<sup>(2)</sup> - \$ / Fully Diluted Share



<sup>(1)</sup> Reserve volumes and net present values are as attributed by McDaniel & Associates Consultants Ltd. ("McDaniel"), 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, 2023 and run at the January 1, 2024 3-Consultant Average Price (the "McDaniel Reserve Report"), and including all corporate abandonment, decommissioning, and reclamation estimates. The 3-Consultant Average Price Forecast is bbl an average of the published price forecasts for McDaniel, GLJ Petroleum Consultants Ltd., and Sproule Associates Ltd. at January 1, 2024. It uses a 5-year 2024-2028 WTI price of US\$76.33/bbl and WCS Cdn\$81.11/bbl (+2%/yr thereafter).

<sup>(2)</sup> Calculated using the respective net present values of PDP, 1P, and 2P reserves, before tax and discounted at 10%, plus internal valuations of \$2.4 million for undeveloped land at \$76/acre for 31,295 acres and \$0.55 million for seismic, plus \$8.5 million for proceeds from stock options, plus estimated Q4 2023 working capital of \$3 million, and divided by 106.9 million fully-diluted outstanding shares at year-end. Net present values are shown at the 3-Consultant Average Price Forecast used in the McDaniel Reserve Report, as well as sensitivities run internally at McDaniel's flat WTI price forecasts of US\$80 and US\$100 WTI paired with US\$19.32 and US\$23.45 WCS differentials, respectively, and 1.37 USD/CAD FX. Working Capital 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 issuers. See Advisory statements "Non-IFRS and Other Financial Measures."



**Simple**

- Long-life, high value Canadian oil assets
- Years of sustainable cash flow



**Strong**

- Debt-free with minimal abandonment liabilities
- More cash leftover for shareholder returns



**Unique**

- 97% of production under Enhanced Oil Recovery (Polymer Flood)
- Ultra-low decline rate



**Profitable**

- High netback barrels with low capital requirements
- High free cash flow yield

## Focus on Shareholder Value and Return

Base Quarterly Dividends



Share Buybacks



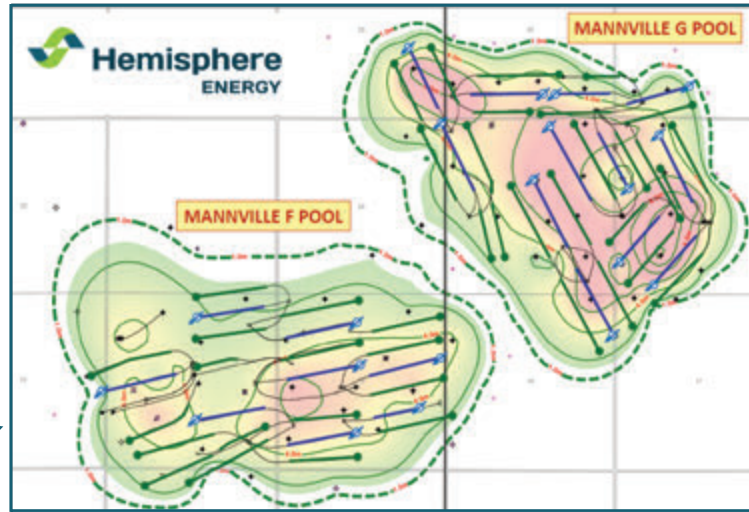
Special Dividends



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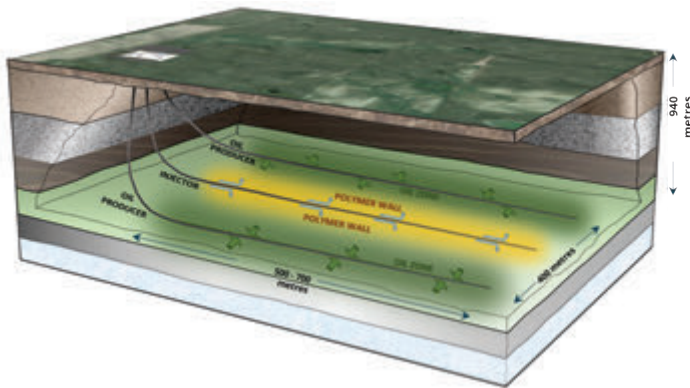
**Hemisphere**  
**ENERGY**



### Atlee Buffalo, Alberta

- ✔ 97% of corporate production is from the Atlee Buffalo Mannville F & G Pools
- ✔ Pure 100% owned and operated play
- ✔ Exceptionally high-quality reservoirs
- ✔ Both pools are under polymer flood (implemented in 2021/22)
  - Maximize resource recovery
  - Minimize decline rates
- ✔ Injectors are just as important as producers
  - Producers get better over time as polymer flood response occurs
- ✔ 'Cash flow harvest' mode
  - ~3,600 boe/d with production inclining under polymer flood
  - Proved remaining reserves of 11 million barrels for just \$24 million remaining booked capital spending (ie F&D ~\$2/boe)

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



- ✔ Proven method of enhanced oil recovery (EOR)
- ✔ Typical reservoir response:
  - Increase in oil production
  - Decrease in decline rate
  - Increase in overall oil recovery
  - Decrease in water production handling costs

### New Land Base in Marsden, Saskatchewan

- ✔ Purchased ~13 sections of land
- ✔ Well delineated large oil-in-place development resource
- ✔ Reservoir simulation indicates horizontal wells combined with polymer flood could yield significantly higher recovery factor from the pool
- ✔ Reserve upside - currently represents just 5% of the 2P NPV10 BT valuation in the McDaniel Reserve Report
- ✔ Wells are estimated to cost \$1-1.5 million (DCT)
- ✔ Of 5 wells drilled in Q1, 2 are injectors and 3 are producers
- ✔ Built an oil battery with polymer skid
- ✔ Commenced polymer injection in late August - pressure and production response anticipated mid-2025
- ✔ Low cost-of-entry and significant development opportunity beyond initial pilot if successful

**Disclaimer:** All amounts are expressed in Canadian dollars unless otherwise noted. Any forward-looking information and statements included in this document are not guarantees of future performance and should not be unduly relied upon. The forward-looking information and statements contained in this document speak only as of the date of this document, and Hemisphere 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. For a full description of Hemisphere's Advisory Statements, please refer to the most recent Corporate Presentation available for review on Hemisphere's website at [www.hemisphereenergy.ca](http://www.hemisphereenergy.ca) (accessible via QR code provided). For a full description of Hemisphere's Forward-Looking Statements and Risk Factors, please refer to the most recently filed AIF available for review on Hemisphere's website at [www.hemisphereenergy.ca](http://www.hemisphereenergy.ca) or on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this document. Boes may be misleading, particularly if used in isolation. A boe conversion ratio of 6 mcf to 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

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