



## HEMISPHERE ENERGY ANNOUNCES PROVED RESERVES OF \$317 MILLION WITH PROVED NET ASSET VALUE OF \$3.21 PER FULLY DILUTED SHARE

TSX-V: HME    OTCQX: HMENF

Vancouver, BC, March 19, 2025 – Hemisphere Energy Corporation ("Hemisphere" or the "Company") is pleased to announce highlights from its independent reserves evaluation (the "Reserve Report"), prepared by McDaniel & Associates Consultants Ltd. ("McDaniel") and effective as at December 31, 2024.

Hemisphere's estimated 2024 capital expenditures<sup>1</sup> of approximately \$22 million grew year-end Proved Developed Producing ("PDP") reserves by 13%, increased annual production by 10%, added required infrastructure, and commenced testing a new resource play in Saskatchewan with an enhanced oil recovery ("EOR") polymer pilot project. These investments were funded entirely by cash flow from the Company's long-life reserve base and ultra-low production decline rates in the Atlee Buffalo oil assets. Hemisphere's current quarterly production is trending at 3,800 boe/d (99% heavy oil and based on field estimates between January 1 - March 15, 2025).

During the year, Hemisphere also distributed over \$21 million in shareholder returns, made up of \$15.7 million in base and special dividends and \$5.5 million of share purchases under its normal course issuer bid ("NCIB"). The Company exited the year in a cash position with estimated working capital<sup>1</sup> of over \$5 million.

The Company's continued success in the development of its EOR projects was recognized again by McDaniel in the Reserve Report. In the PDP category, Hemisphere replaced 186% of 2024 production and increased reserve value by 10% to \$273 million NPV10 BT. In addition, Hemisphere's Proved ("1P") reserve value at year-end was \$317 million NPV10 BT and Proved plus Probable ("2P") reserve value was \$393 million NPV10 BT.

The Company's new Saskatchewan lands currently account for only 3% of 1P and 6% of 2P reserves, while making up only 3% of 1P and 5% of 2P NPV10 BT valuations of Hemisphere's reserves. Significant potential reserve upside remains on Hemisphere lands if the play proves successful over the course of 2025 and beyond.

Consistent with McDaniel's 2023 year-end evaluation, the Reserve Report incorporates full corporate abandonment, decommissioning, and reclamation costs ("ADR") in the PDP category. Hemisphere has always been cautious of acquiring additional wellbore and facility liabilities. A direct result of this strategy is that Hemisphere's reserves retain more comparative value per barrel than companies with additional ADR liabilities that must be deducted from their base valuations. Management estimates that total undiscounted and uninflated existing ADR is \$8.1 million (\$2.1 million NPV10 BT, with costs inflated at 2%/yr), which includes all ADR associated with both active and inactive wells, pipelines, and facilities regardless of whether such wells, pipelines, and facilities had any attributed reserves.

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<sup>1</sup> Capital expenditures and Working capital are non-IFRS measures that do not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other entities. Refer to the sections "Non-IFRS and Other Specified Financial Measures" and "Financial Information".

Hemisphere's low decline, long life, and high value reserves are indicative of the unique resource the Company has been developing over the past number of years. These valuable assets are the backbone of Hemisphere and are expected to generate significant free cash flow as they continue to grow with planned additional development and optimization of EOR techniques.

### **2024 Reserve Highlights**

#### **Proved Developed Producing ("PDP") Reserves**

- NPV10 BT of \$273 million, an increase of approximately 10% over year-end 2023 and equivalent to \$2.80 per basic share.
- Replaced 186% of 2024 production through organic development.
- Recognized reserve volumes of 9.3 MMboe (99.7% heavy crude oil), an increase of 13% year-over-year.
- RLI of 7.4 years based on 2024 production.
- NAV of \$2.79 per fully diluted share based on reserve report pricing assumptions.

#### **Proved ("1P") Reserves**

- NPV10 BT of \$317 million, equivalent to \$3.26 per basic share.
- Recognized reserve volumes of 11.4 MMboe (99.7% heavy crude oil).
- RLI of 9.1 years based on 2024 production.
- NAV of \$3.21 per fully diluted share based on reserve report pricing assumptions.

#### **Proved plus Probable ("2P") Reserves**

- NPV10 BT of \$393 million, equivalent to \$4.03 per basic share.
- Recognized reserve volumes of 14.5 MMboe (99.7% heavy crude oil).
- RLI of 11.6 years based on 2024 production.
- NAV of \$3.95 per fully diluted share based on reserve report pricing assumptions.

### **2024 Independent Qualified Reserve Evaluation**

The reserves data set forth below is based upon an independent reserves evaluation prepared by McDaniel dated March 18, 2025 with an effective date of December 31, 2024, and is in accordance with definitions, standards, and procedures contained within COGEH and National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101"). Additional reserve information as required under NI 51-101 will be included in Hemisphere's Annual Information Form which will be filed on SEDAR+ on or before April 30, 2025. Due to rounding, certain totals in the columns may not add in the following tables. All dollar values are in Canadian dollars, unless otherwise noted.

#### **Pricing Assumptions**

McDaniel's independent evaluation was based on the average of the published price forecasts for McDaniel, GLJ Petroleum Consultants Ltd., and Sproule Associates Ltd. (the "3-Consultant Average Price Forecast") at January 1, 2025, with the following table detailing pricing and foreign exchange rate assumptions. Hemisphere's corporate production historically averages a discount of approximately \$4.10 to WCS pricing. When compared to last year's 3-Consultant Average Price Forecast dated January 1, 2024, the current WCS pricing outlook is up approximately 4% in 2025, and up 1% thereafter over the next 15-year period. The 2025 3-Consultant Average Price Forecast uses a 5-year 2025-2029 WTI price of US\$75.75/bbl and WCS price of Cdn\$84.78/bbl.

3-Consultant Average Price Forecast January 1, 2024							3-Consultant Average Price Forecast January 1, 2025						
	WTI Crude Oil (\$US/bbl)	Edmonton Light Crude Oil (\$Cdn/bbl)	Western Canadian Select WCS Crude Oil (\$Cdn/bbl)	AECO Spot Price (\$Cdn/MM Btu)	Inflation (%)	US/Cdn Exchange Rate (\$US/\$Cdn)		WTI Crude Oil (\$US/bbl)	Edmonton Light Crude Oil (\$Cdn/bbl)	Western Canadian Select WCS Crude Oil (\$Cdn/bbl)	AECO Spot Price (\$Cdn/MM Btu)	Inflation (%)	US/Cdn Exchange Rate (\$US/\$Cdn)
2025	74.98	95.04	79.77	3.37	2	0.765	2025	71.58	94.79	82.69	2.36	0	0.71
2026	76.14	96.07	81.12	4.05	2	0.768	2026	74.48	97.04	84.27	3.33	2	0.72
2027	77.66	97.99	82.88	4.13	2	0.772	2027	75.81	97.37	83.81	3.48	2	0.74
2028	79.22	99.95	85.04	4.21	2	0.775	2028	77.66	99.80	85.70	3.69	2	0.74
2029	80.80	101.94	86.74	4.30	2	0.775	2029	79.22	101.79	87.45	3.76	2	0.74
2030	82.42	103.98	88.47	4.38	2	0.775	2030	80.80	103.83	89.25	3.83	2	0.74
2031	84.06	106.06	90.24	4.47	2	0.775	2031	82.42	105.91	91.04	3.91	2	0.74
2032	85.74	108.18	92.04	4.56	2	0.775	2032	84.06	108.03	92.85	3.99	2	0.74
2033	87.46	110.35	93.89	4.65	2	0.775	2033	85.74	110.19	94.71	4.07	2	0.74
2034	89.21	112.56	95.77	4.74	2	0.775	2034	87.46	112.39	96.61	4.15	2	0.74
2035	90.99	114.81	97.68	4.84	2	0.775	2035	89.21	114.64	98.54	4.23	2	0.74
2036	92.81	117.10	99.64	4.94	2	0.775	2036	90.99	116.93	100.51	4.32	2	0.74
2037	94.67	119.45	101.63	5.03	2	0.775	2037	92.81	119.27	102.52	4.40	2	0.74
2038	96.56	121.83	103.66	5.14	2	0.775	2038	94.67	121.65	104.57	4.49	2	0.74
2039	98.50	124.27	105.74	5.24	2	0.78	2039	96.56	124.09	106.66	4.58	2	0.74

### Summary of Reserves<sup>(1)</sup>

Reserves Category	Heavy Oil (Mbbbl)	Conventional Natural Gas (MMcf)	Total (Mboe)
<b>Proved</b>			
Developed Producing	9,275.6	159.1	9,302.2
Developed Non-Producing	31.9	5.5	32.8
Undeveloped	2,068.4	22.0	2,072.0
<b>Total Proved</b>	<b>11,375.9</b>	<b>186.6</b>	<b>11,407.0</b>
Probable	3,109.0	84.3	3,123.0
<b>Total Proved plus Probable</b>	<b>14,484.9</b>	<b>270.9</b>	<b>14,530.0</b>

Note:

(1) Reserves are presented as "gross reserves" which are the Company's working interest reserves before royalty deductions and without including any royalty interests.

## Summary of Net Present Value of Future Net Revenue, Before Tax ("NPV BT")<sup>(1)(2)</sup>

Reserves Category	NPV BT (M\$, except per share amount) Discounted at (% per Year)		
	0%	5%	10%
<b>Proved</b>			
Developed Producing	402,007.4	324,108.6	272,946.8
Developed Non-Producing	416.3	358.1	310.9
Undeveloped	73,688.1	56,258.8	43,960.4
<b>Total Proved</b>	<b>476,111.8</b>	<b>380,725.5</b>	<b>317,218.1</b>
Probable	150,766.0	102,937.6	75,664.0
<b>Total Proved plus Probable</b>	<b>626,877.8</b>	<b>483,663.1</b>	<b>392,882.1</b>
<b>Per basic share<sup>(3)</sup></b>			
Proved Developed Producing	4.14	3.33	2.80
Proved	4.89	3.91	3.26
Proved plus Probable	6.44	4.97	4.03

Notes:

- (1) Based on the average of the published price forecasts for McDaniel, GLJ Petroleum Consultants Ltd., and Sproule Associates Ltd. at January 1, 2025, as outlined in the table herein entitled "Pricing Assumptions".
- (2) It should not be assumed that the estimates of net present value of future net revenues presented in this table represent the fair market value of Hemisphere's reserves.
- (3) Based on there being 97,389,735 issued and outstanding shares of the Company as of December 31, 2024.

## Future Development Costs ("FDC")

The following summarizes the development costs deducted in the estimation of the net present value of the future net revenue attributable to 1P and 2P reserves.

	Forecast Costs (M\$)	
	1P	2P
<b>2025</b>	8,500	12,300
<b>2026</b>	11,491	16,430
<b>2027</b>	7,940	9,452
<b>2028</b>	2,046	2,046
<b>Subsequent years</b>	-	-
<b>Total Undiscounted</b>	29,978	40,229
<b>Total Discounted at 10%</b>	<b>25,607</b>	<b>34,705</b>

## Reserve Life Index ("RLI")

	As of December 31, 2024 <sup>(1)</sup>
<b>PDP</b>	7.4
<b>1P</b>	9.1
<b>2P</b>	11.6

Note:

- (1) Calculated as the applicable reserves volume divided by Hemisphere's average 2024 production of 3,436 boe/d.

## Net Asset Value ("NAV")<sup>(1)</sup>

(MM\$, except share amounts)	PDP	1P	2P
<b>NPV10 BT<sup>(1)</sup></b>	<b>273.0</b>	<b>317.2</b>	<b>392.9</b>
Undeveloped Land and Seismic <sup>(2)</sup>		2.6	
Proceeds from Stock Options		7.0	
Working Capital <sup>(3)</sup>		5.5	
Million Shares Outstanding (fully diluted)		103.4	
<b>NAV per share (fully diluted)</b>	<b>2.79</b>	<b>3.21</b>	<b>3.95</b>

### Notes:

- (1) 100% of existing and future corporate ADR has been included in the McDaniel Reserve Report. Total corporate ADR accounted for in the 2024 reserve report, including that for future development, amounts to \$2.5 million NPV10 BT in the 1P category and \$2.6 million NPV10 BT in the 2P category.
- (2) Based on an internal evaluation by management of Hemisphere as of December 31, 2024, with an average value of \$75 per acre for 26,864 undeveloped net acres, and \$0.55 million for seismic.
- (3) 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 entities. Refer to the section "Non-IFRS and Other Specified Financial Measures". All financial information as at December 31, 2024 is per Hemisphere's preliminary unaudited financial statements for the year ended December 31, 2024, which has not yet been approved by the Company's Audit Committee or Board of Directors and therefore represents management's estimates. Readers are advised that these financial estimates may be subject to changes as a result of the completion of the independent audit on Hemisphere's financial statements for the year ended December 31, 2024, and the review and approval of same with the Company's Audit Committee and Board of Directors.

## About Hemisphere Energy Corporation

Hemisphere 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 through polymer flood enhanced recovery methods. Hemisphere trades on the TSX Venture Exchange as a Tier 1 issuer under the symbol "HME" and on the OTCQX Venture Marketplace under the symbol "HMENF".

For further information, please visit the Company's website at [www.hemisphereenergy.ca](http://www.hemisphereenergy.ca) to view its corporate presentation or contact:

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### **Definitions and Abbreviations**

Bbl	barrel	WTI	West Texas Intermediate
Mbbl	thousands of barrels	US\$	United States dollar
MMbbl	millions of barrels	Cdn\$	Canadian dollar
Boe	barrel of oil equivalent	M\$	thousand dollars
boe/d	barrel of oil equivalent per day	MM	million
Mboe	thousands of barrels of oil equivalent	NPV BT	Net Present Value of future net revenue, before tax
MMboe	millions of barrels of oil equivalent	NPV10 BT	NPV BT, discounted at 10%
MMcf	million cubic feet	FX	Foreign Exchange
MMbtu	million British Thermal Unit	FDC	Future Development Costs
AECO	Alberta Energy Company	NAV	Net Asset Value
WCS	Western Canadian Select	RLI	Reserve Life Index

## **Forward-looking Statements**

*This news release 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" and similar expressions are intended to identify forward-looking information or statements. In particular, but without limiting the foregoing, this news release contains forward-looking information and statements pertaining to the following: Significant potential reserve upside remains on Hemisphere lands if the play proves successful over the course of 2025 and beyond, the Company's expectations that its assets are expected to generate significant free funds flow as they continue to grow with planned additional development and optimization of enhanced oil recovery techniques; the volumes of Hemisphere's oil and gas reserves and the estimated net present values of the future net revenues of such reserves; the Company's estimates of ADR; the Company's anticipated filing date for its annual information form for the year ending December 31, 2024; and any upside potential on Hemisphere's Saskatchewan properties in 2024 and beyond. In addition, statements relating to "reserves" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described can be profitably produced in the future.*

*The estimates of Hemisphere's reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. In addition, forward-looking statements or information are based on a number of material factors, expectations or assumptions of Hemisphere which have been used to develop such statements and information, but which may prove to be incorrect. Although Hemisphere 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 Hemisphere 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: that Hemisphere will continue to conduct its operations in a manner consistent with past operations; the effects of tariffs (or similar trade measures) on Hemisphere's future results, operations, and cash flows; results from drilling and development activities are consistent with past operations; the quality of the reservoirs in which Hemisphere operates and continued performance from existing wells; inflation rates and cost escalations; the continued and timely development of infrastructure in areas of new production; the accuracy of the estimates of Hemisphere's reserve volumes; certain commodity price and other cost assumptions; continued availability of debt and equity financing and cash flow to fund Hemisphere's current and future plans and expenditures; the impact of increasing competition; the general stability of the economic and political environment in which Hemisphere operates; the general continuance of current industry conditions; the timely receipt of any required regulatory approvals; the ability of Hemisphere to obtain qualified staff, equipment and services in a timely and cost efficient manner; drilling results; the ability of the operator of the projects in which Hemisphere has an interest in to operate the field in a safe, efficient and effective manner; the ability of Hemisphere to obtain financing on acceptable terms; field production rates and decline rates; the ability to replace and expand oil and natural gas reserves through acquisition, development and exploration; the timing and cost of pipeline, storage and facility construction and expansion and the ability of Hemisphere 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 Hemisphere operates; and the ability of Hemisphere to successfully market its oil and natural gas products.*

*The forward-looking information and statements included in this news release 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; changes in applicable tariff rates and trade agreements; regulatory risks, including penalties or other remedial action; the ability of the Company to maintain legal title to its properties; changes to, or restrictions of, labour, supplies, and infrastructure; changes in the demand for or supply of Hemisphere's products, the early stage of development of some of the evaluated areas and zones; unanticipated operating results or production declines; changes in tax or environmental laws, royalty rates or other regulatory matters; changes in development plans of Hemisphere or by third party operators of Hemisphere's properties; changes in budgets; increased debt levels or debt service requirements; inaccurate estimation of Hemisphere's oil and gas reserve volumes; limited, unfavourable or a lack of access to capital markets; increased costs; a lack of adequate insurance coverage; the impact of competitors; and certain other risks detailed from time-to-time in Hemisphere's public disclosure documents, (including, without limitation, those risks identified in this news release and in Hemisphere's annual information form).*

*The forward-looking information and statements contained in this news release speak only as of the date of this news release, 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.*

## **Oil and Gas Advisories**

*All reserve references in this news release are "gross" or "Company interest reserves". Such reserves are the Company's total working interest reserves before the deduction of any royalties and without including any royalty interests of the Company.*

*It should not be assumed that the net present value of the estimated net revenues presented in this news release represent the fair market value of the reserves. There is no assurance that the forecast prices and costs assumptions will be attained, and variances could be material. The recovery and reserve estimates of Hemisphere's crude oil, natural gas liquids and natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual crude oil, natural gas and natural gas liquids reserves may be greater than or less than the estimates provided herein. Estimates of net present value and future net revenue contained herein do not necessarily represent fair market value. Estimates of reserves and future net revenue for individual properties may not reflect the same level of confidence as estimates of reserves and future net revenue for all properties, due to the effect of aggregation. There is no assurance that the forecast price and cost assumptions in evaluating Hemisphere's reserves will be attained and variances could be material.*

*All future net revenues are estimated using forecast prices, arising from the anticipated development and production of our reserves, net of the associated royalties, operating costs, development costs and abandonment and reclamation costs and are stated prior to provision for interest and general and administrative expenses. Future net revenues have been presented in this news release on a before tax basis.*

*"Boe" means barrel of oil equivalent on the basis of 6 mcf of natural gas to 1 bbl of oil. Boe's may be misleading, particularly if used in isolation. A boe conversion ratio of 6 mcf: 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. In addition, given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.*

### **Oil and Gas Metrics**

*This news release contains metrics commonly used in the oil and natural gas industry, such as "reserve life index ("RLI")" and "NAV". These terms do 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.*

*"Reserve life index" is calculated as total company interest reserves divided by annual production, for the year indicated.*

*"NAV per fully diluted share" is calculated using the respective net present values of 1P and 2P reserves, before tax and discounted at 10%, plus internally valued undeveloped land & seismic and proceeds from warrants and stock options, plus working capital, and divided by fully diluted outstanding shares. Net present values are shown at the 3-Consultant Average Price Forecast used in the McDaniel Reserve Report. Management uses NAV per share as a measure of the relative change of Hemisphere's net asset value over its fully diluted shares over a period of time.*

*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.*

### **Financial Information**

*Certain financial information included in this news release is per Hemisphere's preliminary unaudited financial statements for the year ended December 31, 2024, which have not yet been approved by the Company's Audit Committee or Board of Directors and therefore represents management's estimates. Readers are advised that these financial estimates may be subject to change as a result of the completion of the independent audit on Hemisphere's financial statements for the year ended December 31, 2024, and the review and approval of same with the Company's Audit Committee and Board of Directors. All amounts are expressed in Canadian dollars unless otherwise noted.*

### **Non-IFRS and Other Specified Financial Measures**

*Certain measures commonly used in the oil and natural gas industry referred to herein, including "Capital expenditures" and "Working capital", do not have standardized meanings prescribed by IFRS and therefore may not be comparable with the calculation of similar measures by other companies. These non-IFRS measures are further described and defined below. Investors are cautioned that these measures should not be construed as alternatives to or more meaningful than the most directly comparable IFRS measures as indicators of Hemisphere's performance. Set forth below are descriptions of the non-IFRS financial measures used in this news release.*

*"Capital expenditures" is used by management as a measure of capital investment in exploration and production assets, and such spending is compared to the Company's annual budgeted capital expenditures. The most directly comparable IFRS measure for capital expenditures is cash flow used in investing activities.*

**"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. Working Capital is used in this document in the context of liquidity and is calculated as the total of the Company's bank debt plus current assets, less current liabilities, excluding the fair value of financial instruments, lease and decommissioning liabilities. There is no IFRS measure that is reasonably comparable to working capital.

The Company has provided additional information on how these measures are calculated in the Management's Discussion and analysis for the year ended December 31, 2023 and for the three and nine month periods ended September 30, 2024, which are available under the Company's SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca).

**Neither the 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 news release.**