

## Management

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**Ian Duncan**, COO  
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## Commentary by Dan Steffens

**Hemisphere Energy Corporation (HME.V and HMF)** is a Canadian Junior that has been moved to our High Yield Income Portfolio. It generates strong enough cash flow from operations to fund all production growth going forward. The actual 4Q 2023 results were even better than my forecast.

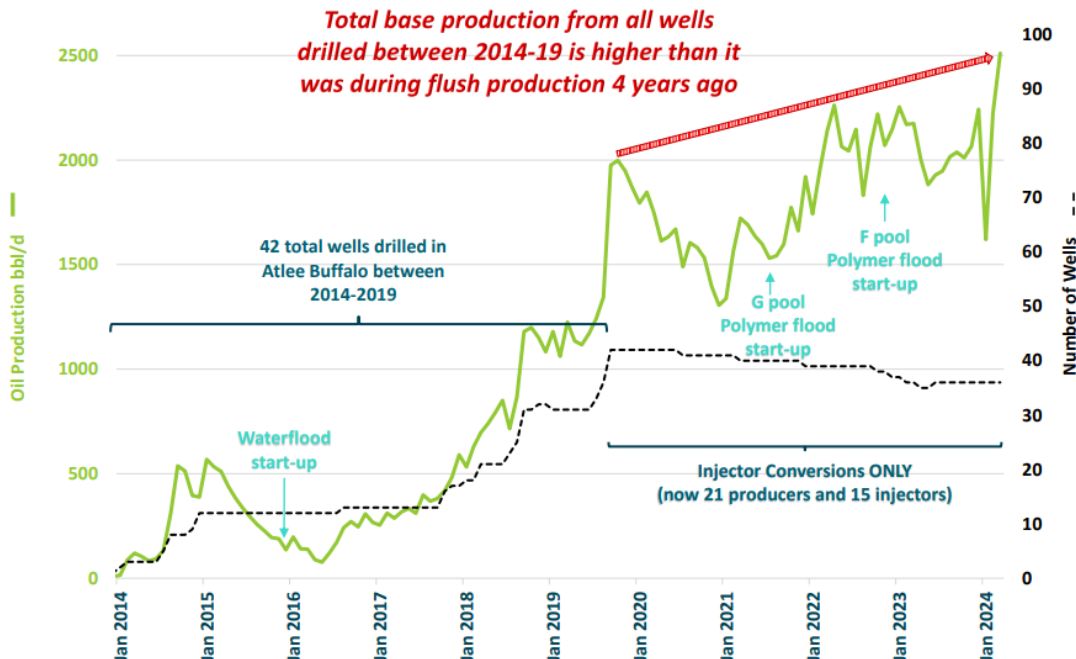
Thanks to completion of the Trans Mountain Pipeline, Hemisphere is now getting a much higher price for their oil starting in April. **The Company's realized oil price in Q4 was \$75.31Cdn/bbl, net of cash settlements that**

**they received of \$910,000 during the quarter.** Q1 realized oil prices will be close to \$73.00Cdn/bbl and they are running above \$85.00Cdn/bbl in April.

Big catalyst this year will be results in Saskatchewan where they have already drilled 5 horizontal wells. It is a large area with lots of oil in place that is well defined by vertical wells. The Company's production will be down from Q4 to Q1 just due to weather, then ramp up into year-end. Due to their well completion schedule, most of the production growth will happen in Q3 and Q4.

Hemisphere has a "pristine" balance sheet, and **they should generate over \$27.5Cdn million (\$0.28/share) of free cash flow this year.** There is nothing that justifies the shares trading below PV10 Net Asset Value using just their proved reserves, which is \$2.35US/share.

## Atlee Buffalo Base Decline Rate: How Have HME's Polymer Floods Helped Arrest 'Decline'?



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## Hemisphere Energy Grows Proved Reserve Value To \$325 Million And Proved Net Asset Value To \$3.18 Per Fully Diluted Share

In 2023, Hemisphere invested \$16 million to drill eight successful Atlee Buffalo wells, upgrade facilities in Atlee Buffalo, purchase land and seismic, and pre-purchase some of the materials for its 2024 development program. With the Company's capital additions, corporate production in 2023 increased by more than 10% year-over-year, to 3,124 boe/d (99% heavy oil). Production is currently trending over 3,450 boe/d (99% heavy oil, based on field estimates between February 10 - March 10, 2024), after significant downtime experienced in January and early February due to extreme cold weather and equipment failure.

During the year, Hemisphere also distributed \$13.1 million in base and special dividends, purchased 3.2 million shares under its normal course issuer bid ("NCIB") for a total price of \$4.0 million (at an average price of \$1.25/share), and exited the year in a cash position with working capital<sup>1</sup> of over \$3 million.

The Company's continued success in the development of its enhanced oil recovery projects was recognized again by McDaniel in the Reserve Report. In the Proved Developed Producing ("PDP") category, Hemisphere replaced 104% of 2023 production and increased reserve value by 9% to \$248 million NPV10 BT. Hemisphere also grew Proved ("1P") reserve value to \$325 million NPV10 BT and Proved plus Probable ("2P") reserve value to \$416 million NPV10 BT.

### The Underlying Value is in our Ultra-Low Decline Reserves: Third-Party Audited Estimate of Future Cash Flow



#### 2023 Year End Reserves<sup>(1)</sup>

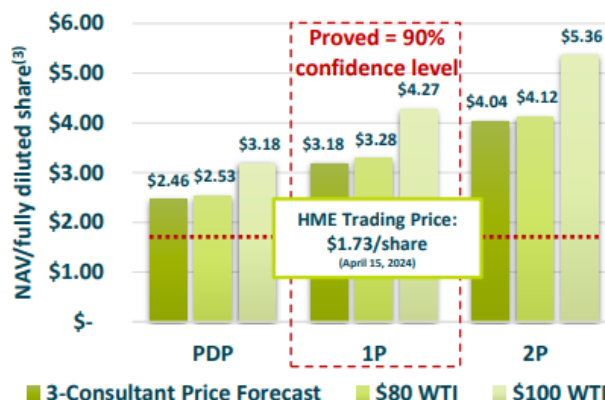
Proved Developed Producing ( <b>PDP</b> ) Reserves / NPV10 BT	8.2 MMboe / <b>\$248 million</b>
Proved ( <b>1P</b> ) Reserves / NPV10 BT	12.1 MMboe / <b>\$325 million</b>
Proved + Probable ( <b>2P</b> ) Reserves / NPV10 BT	16.3 MMboe / <b>\$416 million</b>

#### 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

- › Proved Finding, Development & Acquisition costs of \$14.82/boe based on 2-year average
- › Proved Reserve Life Index of 10.6 years



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## Returning Free Cash Flow to Shareholders

### Quarterly Variable Dividend

- › Last dividend of \$0.025/share paid in February 2024
- › Paid out **\$20.2 million in quarterly base dividends (\$0.20/share)** since inception in June 2022 over 8 quarters
- › Fully funded by free cash flow
- › Implied annual **yield of ~6%** at current market cap

### Special Dividend

- › Paid **Special Dividend of \$3 million (\$0.03/share)** on November 1, 2023

### Normal Course Issuer Bid (NCIB)

- › Strategic and opportunistic share buyback
- › Bought and **cancelled 1.4 million shares YTD in 2024** (\$2.0 million, or \$1.44/share)
- › Bought and **cancelled 3.2 million shares in 2023** (\$4.1 million, or \$1.28/share)
- › Bought and **cancelled 10.5 million shares since September 2019 inception** (\$10.0 million or \$0.95/share)

Up until recently the only negative I've had on Hemisphere is that it did not have any "Running Room" beyond Altee Buffalo. That issue has been resolved with the **Manito Lake** project underway in southwest Saskatchewan, NNE of Altee Buffalo (see map on next page).

**Hemisphere believes that Manito Lake has the potential to be successful polymer flood, which could be larger than Buffalo Atlee. It could double the Company's oil production within a few years.**

In my opinion, the share price is undervalued even without success at Manito Lake. There is nothing that I can think of that justifies it trading below the PV10 Net Asset Value of just its P1 reserves as of December 31, 2023 that is **\$3.28Cdn/share** based WTI averaging \$80US/bbl. Keep in mind that there are no Manito Lake reserves included in the reserves shown on page 2. Manito Lake is "pure upside" for shareholders and it could be significant.

***My Fair Value Estimate for HME.V is \$3.38 Can/share***

***This translates to \$2.50 US/share for HMENF***

**Disclosure:** I have a long position in HMENF and I do not intend on buying or selling it in the next 72 hours. I wrote this profile myself, and it expresses my own opinions. I am not receiving compensation for it from the company. I have no business relationship with any company whose stock is mentioned in this report.

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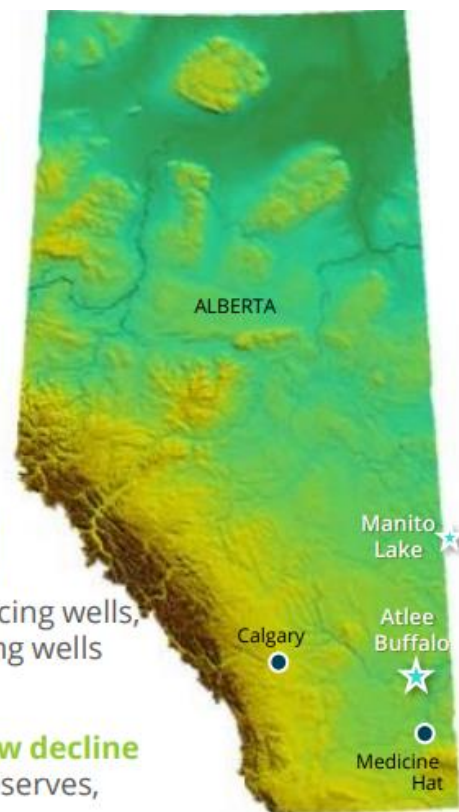


Hemisphere Energy Corporation is a dividend paying Canadian oil company focused on sustainable growth of its high netback, low decline conventional heavy oil assets through enhanced recovery methods. Hemisphere is dedicated to creating shareholder value by following its core principles of building a company that is Simple, Clean, Profitable, and Unique.

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". The Company's assets are in southeast Alberta, Canada and are 100% owned and operated by Hemisphere. They are currently developing two significantly sized oil pools in their core area of Atlee Buffalo. **In 2024 the Company has drilled five HZ development wells in a new area at Manito Lake.**

Atlee Buffalo is Hemisphere's core area, located approximately 85 kilometers north of Medicine Hat. Hemisphere made its first acquisition in the area in late 2013 and owns 15,560 gross acres (15,560 net acres) as of November 30, 2023. The property has two oil pools delineated by vertical wells and defined by 3D seismic.

TSX Venture (Canada)	HME
OTCQX (USA)	HMENF
<b>Share Price (TSX-V)</b> (April 15, 2024)	<b>\$1.73</b>
Basic Shares Outstanding	98.0 million
Fully Diluted Shares Outstanding	105.5 million
<b>Insider Ownership (Basic / Fully Diluted)</b>	<b>~15% / ~19%</b>
Market Capitalization (April 15, 2024)	\$169.5 million
Working Capital (December 31, 2023)	\$3.6 million
<b>Enterprise Value</b> (April 15, 2024)	<b>\$165.9 million</b>



- › Current production rate of **~3,500 boe/d** comes from 45 total producing wells, giving an average of over **75 boe/d per well**, with 37 of these producing wells under **EOR polymer flood** in Atlee Buffalo
- › Hemisphere's operations have excellent free cash flow due to **ultra-low decline rates**, low operating expenses, low capital-intensive assets, long life reserves, and minimal decommissioning liabilities / inactive assets

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## 2023 Highlights

- Increased fourth quarter production by 16% to a record of 3,386 boe/d (99% heavy oil), and annual production by 11% to 3,125 boe/d (99% heavy oil), as compared to 2022.
- Achieved annual revenue of \$84.5 million, with adjusted funds flow from operations ("AFF") of \$39.4 million.
- Invested \$16.9 million to drill eight successful Atlee Buffalo wells, one unsuccessful exploration well, upgrade facilities, purchase land and seismic, and pre-purchase materials for the 2024 development program.
- Generated \$22.5 million of free funds flow ("FFF")
- Distributed \$10.1 million in quarterly dividends to shareholders.
- Distributed \$3.0 million in special dividends to shareholders.
- Purchased and cancelled 3.2 million shares at an average price of \$1.28 per share under the Company's normal course issuer bid ("NCIB"), returning \$4.1 million to shareholders.
- Exited the year with a positive working capital position of \$3.6 million compared to a net debt position of \$0.8 million at December 31, 2022.
- Increased Proved Developed Producing (PDP) NPV10 BT reserve value by 9% to \$248 million and maintained reserve volumes at 8.2 MMboe (99.6% heavy oil).
- **Increased Proved (1P) NPV10 BT reserve value by 5% to \$325 million and maintained reserve volumes at 12.1 MMboe (99.4% heavy oil).**
- Increased Proved plus Probable (2P) NPV10 BT reserve value by 5% to \$416 million and maintained reserve volumes at 16.3 MMboe (99.4% heavy oil).

## Focus on shareholder value and return



### Straightforward

Applying proven EOR (polymer flood) to maximize oil recovery

**97% of production from 37 wells in 2 pools**



### Strong

- › Debt-free
- › Minimal decommissioning liabilities / inactive wells
- › **More cash leftover for shareholder returns**



### Profitable

- › Low capital costs give high free funds flow yield
- › **~6% dividend yield & NCIB share buybacks**



### Unique

- › Ultra-low decline rate with average production of 75 boe/d per well
- › **Cash-flow harvest mode on core asset**

## Financial and Operating Summary

### Hemisphere's Track Record and CAGR<sup>(1)</sup>

#### 2013/14

- > Purchased Atlee Buffalo oil asset

#### 2017

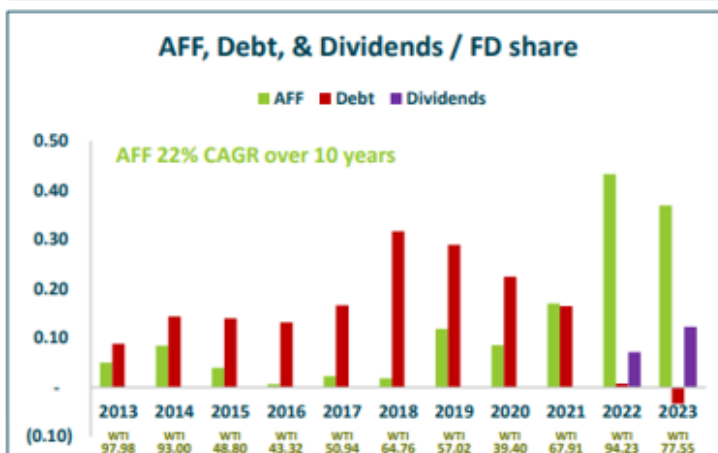
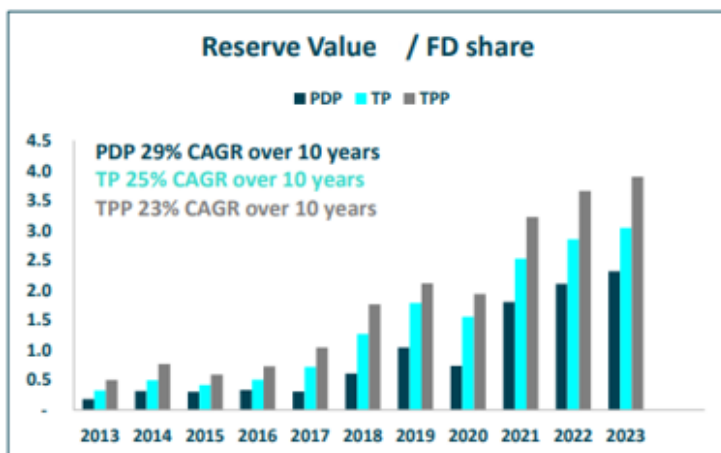
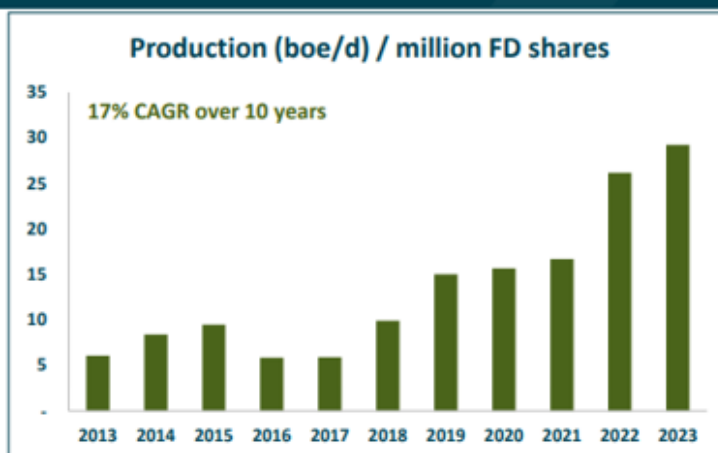
- > Secured US\$35MM loan to develop reserves

#### 2022

- > Initiated dividend and paid down debt

#### 2023

- > HME purchased new Saskatchewan oil asset



### Year Ended December 31, 2023

#### Average Production

3,125 boe/d (99% heavy oil)

#### Revenue

\$84.5 million / \$74.07/boe

#### Operating Field Netback

\$51.8 million / \$45.46/boe

#### Adjusted Funds Flow (AFF)

\$39.4 million / \$34.56/boe

#### Free Funds Flow (FFF)

\$22.5 million

#### Capital Expenditures

\$16.9 million

#### Working Capital

\$3.6 million

(\$000s except per unit and share amounts)	Three Months Ended December 31		Years Ended December 31	
	2023	2022	2023	2022
<b>FINANCIAL</b>				
Petroleum and natural gas revenue	\$ 22,423	\$ 19,564	\$ 84,472	\$ 96,699
Operating field netback	13,517	10,926	51,843	58,270
Operating netback	14,428	11,396	52,118	51,995
Cash provided by operating activities	13,496	8,995	44,241	45,091
Adjusted funds flow from operations (AFF)	11,295	11,011	39,411	46,686
Per share, basic	0.11	0.11	0.39	0.47
Per share, diluted	0.11	0.11	0.39	0.46
Free funds flow (FFF)	9,144	4,921	22,539	28,420
Net income	3,981	3,253	24,195	21,317
Per share, basic	0.04	0.03	0.24	0.21
Per share, diluted	0.04	0.03	0.24	0.21
Dividends	5,489	2,560	13,083	7,683
Per share, basic	0.025	0.025	0.130	0.075
NCIB share repurchases	2,085	1,694	4,095	3,387
Capital expenditures	2,151	6,090	16,872	18,266
Working capital (Net debt)	3,589	(766)	3,589	(766)

## Operations Update

### OPERATING

#### Average daily production

Heavy oil (bbl/d)	3,364	2,884	3,100	2,801
Natural gas (Mcf/d)	132	138	147	158
Combined (boe/d)	3,386	2,907	3,125	2,828
Oil weighting	99%	99%	99%	99%

#### Average sales prices

Heavy oil (\$/bbl)	\$ 72.36	\$ 73.52	\$ 74.53	\$ 94.29
Natural gas (\$/Mcf)	2.19	4.76	2.56	5.03
Combined (\$/boe)	\$ 71.97	\$ 73.16	\$ 74.07	\$ 93.69

#### Operating netback (\$/boe)

Petroleum and natural gas revenue	\$ 71.97	\$ 73.16	\$ 74.07	\$ 93.69
Royalties	(14.07)	(16.50)	(14.71)	(23.71)
Operating costs	(11.49)	(13.16)	(10.87)	(11.09)
Transportation costs	(3.03)	(2.64)	(3.03)	(2.43)
Operating field netback	43.38	40.86	45.46	56.46
Realized commodity hedging gain (loss)	2.92	1.76	0.24	(6.08)
<b>Operating netback</b>	<b>\$ 46.30</b>	<b>\$ 42.62</b>	<b>\$ 45.70</b>	<b>\$ 50.38</b>
General and administrative expense	(5.63)	(4.92)	(4.05)	(3.94)
Interest expense and foreign exchange (loss)	(0.44)	(0.70)	(0.58)	(1.00)
Current tax expense	(3.98)	4.18	(6.51)	(0.21)

<b>Adjusted funds flow from operations (\$/boe)</b>	<b>\$ 36.25</b>	<b>\$ 41.18</b>	<b>\$ 34.56</b>	<b>\$ 45.23</b>
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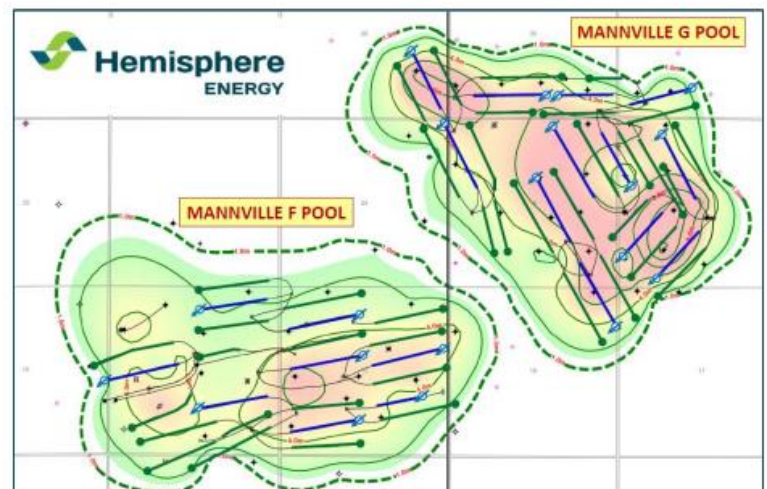
- 2023 was another rewarding year for Hemisphere, resulting in production growth of 11%, **significant shareholder returns of \$0.17 per share paid in dividends and NCIB purchases** (representing a FFF payout ratio of 76%), and the transformation from a net debt to a cash position.
- Additionally, Hemisphere purchased mineral rights in a Saskatchewan oil resource play during the year and kicked off the first quarter of 2024 by successfully drilling a 5-well pad (3 producers and 2 injectors) into the pool.
- Following significant downtime due to extreme cold weather in January and early February, **Hemisphere's corporate production during the latter half of the quarter has reached all-time highs of over 3,500 boe/d (February 15 - March 31, 2024 field estimates, 99% heavy oil), bringing average first quarter production to 3,135 boe/d.**

## Atlee Buffalo EOR Polymer Flood Oil Pools



### It doesn't get much more straightforward than this ...

- › Exceptionally high-quality reservoirs (Upper Mannville F & G pools)
- › Both pools are under polymer flood (implemented in 2021/22), providing maximum resource recovery at minimal decline rates
- › Pure 100% owned and operated play
- › **'Cash-flow harvest' mode**
  - › Atlee F & G pools produce **~3,400 boe/d (~97% of corporate production)** with production inclining under polymer flood
  - › Proved remaining reserves = 11 million barrels for just \$24 million remaining capital spending
- › Injectors are just as important as producers
- › Wells get better over time as polymer flood response occurs





## 2023 Reserve Highlights

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

- NPV10 BT of \$248 million, an increase of 9% over year-end 2022 and equivalent to \$2.49 per basic share.
- Replaced 104% of 2023 production through organic development.
- Maintained reserve volumes year-over-year at 8.2 MMboe (99.6% heavy crude oil).
- Achieved a 2-year FD&A cost of \$9.30/boe (including changes in future development capital ("FDC")) for a recycle ratio of 5.4.
- RLI of 7.2 years based on 2023 production.

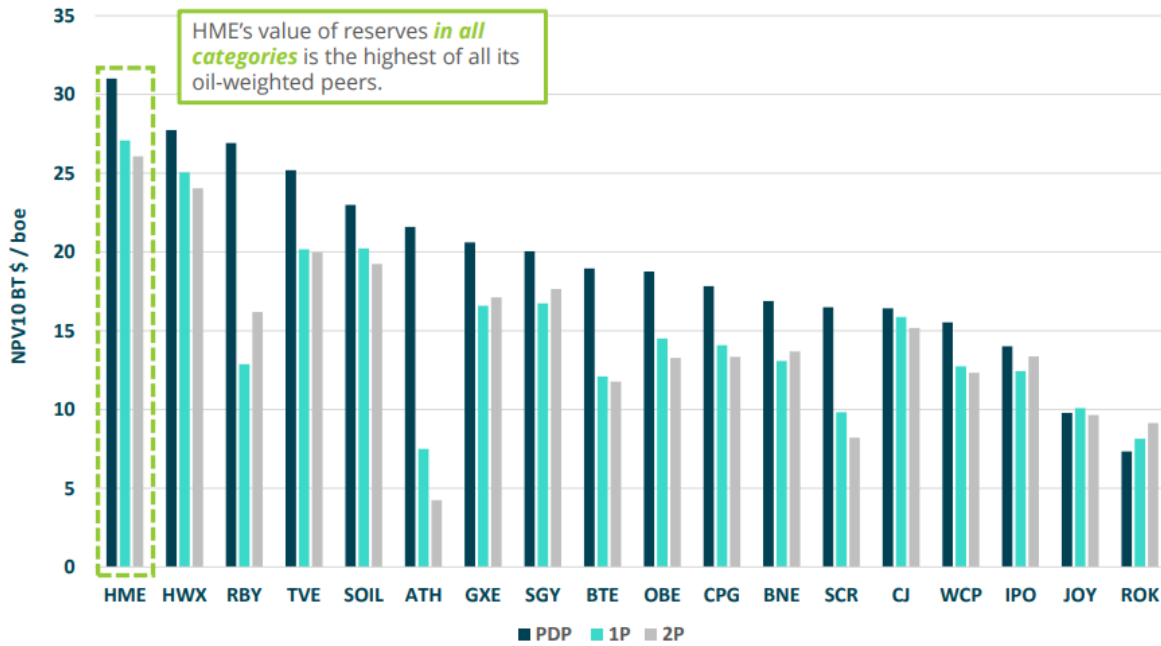
### Proved ("1P") Reserves

- NPV10 BT of \$325 million, an increase of 5% over year-end 2022 and equivalent to \$3.27 per basic share.
- Replaced 90% of 2023 production through organic development.
- Maintained reserve volumes year-over-year at 12.1 MMboe (99.4% heavy crude oil).
- Achieved a 2-year FD&A cost of \$14.82/boe (including changes in FDC) for a recycle ratio of 3.4.
- RLI of 10.6 years based on 2023 production.
- NAV of \$3.18 per fully diluted share based on Reserve Report pricing assumptions.
- NAV of \$3.28 and \$4.27 per fully diluted share based on Reserve Report run internally at McDaniel's pricing sensitivities of US\$80 and US\$100 WTI flat pricing.

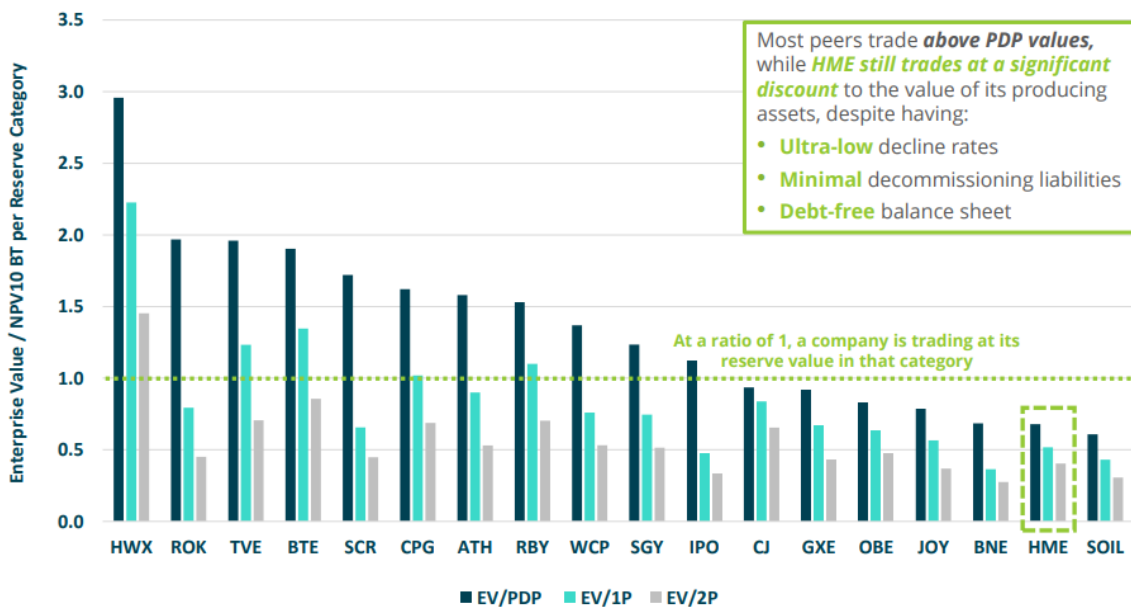
### Proved plus Probable ("2P") Reserves

- NPV10 BT of \$416 million, an increase of 5% over year-end 2022 and equivalent to \$4.19 per basic share.
- Replaced 125% of 2023 production through organic development.
- Maintained reserve volumes at 16.3 MMboe (99.4% heavy crude oil).
- Achieved a 2-year FD&A cost of \$14.91/boe (including changes in FDC) for a recycle ratio of 3.4.
- RLI of 14.3 years based on 2023 production.
- NAV of \$4.03 per fully diluted share based on Reserve Report pricing assumptions.
- NAV of \$4.12 and \$5.36 per fully diluted share based on Reserve Report run internally at McDaniel's pricing sensitivities of US\$80 and US\$100 WTI flat pricing.

## Best per Barrel Value of Reserves <sup>(1)</sup>



## Enterprise Value vs Reserve Value <sup>(1)</sup>



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## Quarterly Dividend and Shareholder Return

Price Sensitivity	\$US / bbl	\$65 WTI	\$75 WTI	\$85 WTI
<b>Average Annual Production</b>	boe/d	3,400	<b>3,400</b>	3,400
<b>Adjusted Funds Flow (AFF)</b>	\$ million	31	<b>40</b>	49
<b>AFF per Basic Share</b>	\$/share	0.32	<b>0.41</b>	0.49
<b>Capital &amp; ARO Expenditures</b>	\$ million	21	<b>21</b>	21
<b>Free funds flow (FFF)</b>	\$ million	10	<b>19</b>	28
<b>FFF per Basic Share</b>	\$/share	0.10	<b>0.19</b>	0.28
<b>Dividends per Basic Share</b>	\$/share	0.10	<b>0.10</b>	0.10

### 2024 Budget - \$20.8 million

- › 13 development wells
- › Facilities and equipment
- › Exploration and land acquisition

### Key Assumptions

- › WCS Differential: US\$15.50/bbl
- › USD/CAD Exchange: 1.35
- › Quality adjustment: C\$7.50/bbl
- › Opex: C\$14.85/boe

COMMON SHARES	April 17, 2024	December 31, 2023	December 31, 2022
Common shares issued and outstanding	97,951,239	99,340,339	101,978,939
Stock options	7,563,000	7,563,000	6,075,000
<b>Total fully diluted shares outstanding</b>	<b>105,514,239</b>	<b>106,903,339</b>	<b>108,053,939</b>

## Outlook

- Pricing outlook for heavy oil is bullish across the industry with the Trans Mountain pipeline anticipated to commence operations in May. With this additional egress capacity, WCS differential forecasts for the year have narrowed substantially. Combined with strong WTI pricing and a weak Canadian dollar, Hemisphere is optimistic about the year ahead as it tests its new Saskatchewan play (“Manito Lake”) while continuing to deliver top-tier free funds flow yields to its shareholders from ultra-low decline, high-value reserves in Atlee Buffalo.
- The Company anticipates bringing the Manito Lake wells on production in the third quarter of the year, after commissioning a new polymer flood facility and oil treating battery in the area. The remainder of Hemisphere’s 2024 capital development program will be spent in its core Atlee Buffalo property later this summer.

## 2024 Guidance<sup>(1-5)</sup>:

## Balancing Growth with Return to Shareholders



Price Sensitivity	\$US / bbl	\$65 WTI	\$75 WTI	\$85 WTI
Average Annual Production	boe/d	3,400	3,400	3,400
Adjusted Funds Flow (AFF)	\$ million	31	40	49
AFF per Basic Share	\$/share	0.32	0.41	0.49
Capital & ARO Expenditures	\$ million	21	21	21
Free funds flow (FFF)	\$ million	10	19	28
FFF per Basic Share	\$/share	0.10	0.19	0.28
Dividends per Basic Share	\$/share	0.10	0.10	0.10

### 2024 Budget - \$20.8 million

- › 13 development wells
- › Facilities and equipment
- › Exploration and land acquisition

### Key Assumptions

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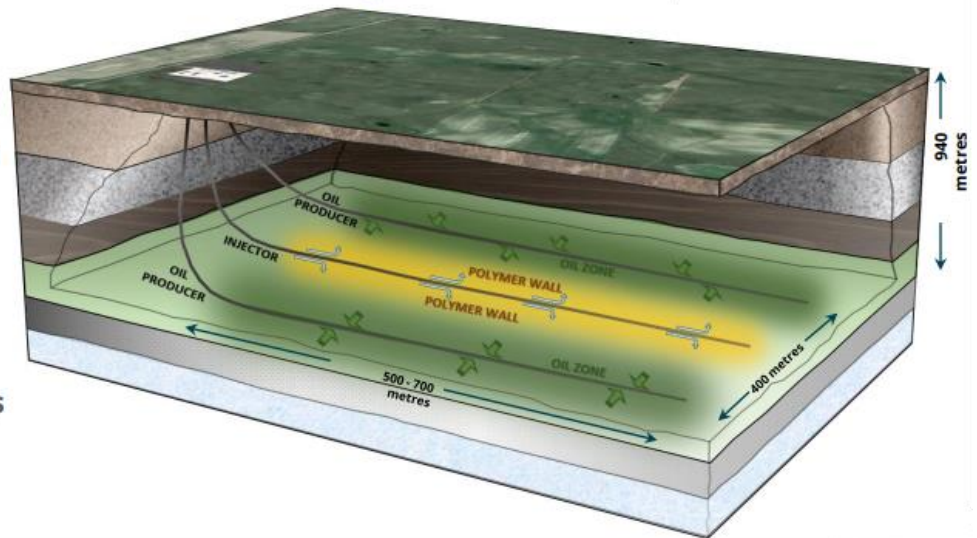


## Polymer flooding is successfully used in hundreds of oil pools by companies around the world

- › **Proven** method of enhanced oil recovery (EOR)
- › Comparable to waterflood, but polymer is added to injection water to **increase its viscosity** (similar to olive oil) and reduce its ability to easily 'streak' through the reservoir and break through to producers
- › 'Wall' is built between polymer-water and oil to **re-energize** the reservoir and push more oil towards producing wells

### Typical Reservoir Response

- › Increase in oil production
- › Decrease in decline rate
- › Increase in overall oil recovery
- › Decrease in water production handling costs



## Hedges

- 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	Swap	200 bbl/d	C\$114.50	WTI-NYMEX	Jan. 1, 2024 – Mar. 31, 2024
Crude oil	Swap	500 bbl/d	US\$15.00	WCS Differential	Mar. 1, 2024 – Sep. 30, 2024
Crude oil	Put Spread	300 bbl/d	US\$50.00(put sell)/US\$60.00(put buy), net cost US\$3.10/bbl	WTI-NYMEX	Jan. 1, 2024 – Mar. 31, 2024
Crude oil	Put Spread	300 bbl/d	US\$50.00(put sell)/US\$60.00(put buy), net cost US\$1.95/bbl	WTI-NYMEX	Apr. 1, 2024 – June 30, 2024
Crude oil	Put Spread	300 bbl/d	US\$50.00(put sell)/US\$60.00(put buy), net cost US\$2.25/bbl	WTI-NYMEX	Jul. 1, 2024 – Sep. 30, 2024
Crude oil	Put Spread	350 bbl/d	US\$50.00(put sell)/US\$60.00(put buy), net cost US\$1.95/bbl	WTI-NYMEX	Oct. 1, 2024 – Dec. 31, 2024

Canadian Dollars														
Hemisphere Energy (HME.V and HMENF) Net Income and Cash Flow 2022 - 2025 (last updated 4/22/2024)														
	Actual 2022	Actual Qtr1 2023	Actual Qtr2 2023	Actual Qtr3 2023	Actual Qtr4 2023	Actual Year 2023	Forecast Qtr1 2024	Forecast Qtr2 2024	Forecast Qtr3 2024	Forecast Qtr4 2024	Forecast Year 2024	Forecast Year 2025	Forecast Year 2026	
<b>REVENUES:</b>														
Oil and natural gas revenues	\$96,699,000	\$18,694,000	\$19,013,000	\$24,342,000	\$22,423,000	\$84,472,000	\$20,714,785	\$25,402,991	\$28,603,260	\$30,270,300	\$104,991,336	\$122,137,020	\$138,353,250	
Less: Royalties	(24,475,000)	(3,273,000)	(4,044,000)	(5,069,000)	(4,384,000)	(16,770,000)	(4,246,531)	(5,207,613)	(6,006,685)	(6,356,763)	(21,817,592)	(26,259,459)	(30,437,715)	
Total Revenues	72,224,000	15,421,000	14,969,000	19,273,000	18,039,000	67,702,000	16,468,254	20,195,378	22,596,575	23,913,537	83,173,745	95,877,561	107,915,535	
<b>EXPENSES:</b>														
Operating expenses + Transportation	13,954,000	4,079,000	3,845,000	3,413,000	4,521,000	15,858,000	4,236,482	4,458,779	4,754,376	5,034,447	18,484,085	20,325,938	23,036,063	
Exploration and evaluation	140,000	29,000	29,000	29,000	37,000	124,000	25,000	25,000	25,000	25,000	100,000	200,000	200,000	
DD&A	7,884,000	2,212,000	2,119,000	2,208,000	2,478,000	9,017,000	2,282,280	2,402,036	2,561,280	2,712,160	9,957,756	10,950,000	12,410,000	
Impairment of property & equipment	842,000	0	0	642,000	4,173,000	4,815,000	0	0	0	0	0	0	0	
General and Adm	4,071,000	822,000	871,000	1,178,000	1,753,000	4,624,000	1,200,000	1,200,000	1,250,000	1,350,000	5,000,000	5,200,000	5,600,000	
Stock based compensation	2,618,000	22,000	22,000	46,000	756,000	846,000	50,000	50,000	50,000	800,000	950,000	1,000,000	1,200,000	
TOTAL EXPENSES	29,509,000	7,164,000	6,886,000	7,516,000	13,718,000	35,284,000	7,793,762	8,135,815	8,640,656	9,921,607	34,491,841	37,675,938	42,446,063	
<b>OPERATING EARNING</b>	42,715,000	8,257,000	8,083,000	11,757,000	4,321,000	32,418,000	8,674,492	12,059,563	13,955,919	13,991,930	48,681,904	58,201,623	65,469,473	
<b>OTHER INCOME (EXPENSES)</b>														
Finance expense (Loan and lease interest)	(929,000)	(175,000)	(196,000)	(127,000)	(113,000)	(611,000)	(100,000)	(75,000)	(75,000)	(75,000)	(325,000)	(300,000)	(300,000)	
Accretion & Amortization (non-cash expenses)	(154,000)	(49,000)	(49,000)	(49,000)	(49,000)	(196,000)	(49,000)	(49,000)	(49,000)	(49,000)	(196,000)	(196,000)	(196,000)	
Other finance income (expense)	251,000	0	0	0	0	0	0	0	0	0	0	0	0	
Change in fair value of warrant liability	(6,783,000)	0	0	0	0	0	0	0	0	0	0	0	0	
Foreign exchange gain (loss) - cash	(97,000)	(14,000)	18,000	(19,000)	(29,000)	(44,000)	0	0	0	0	0	0	0	
Foreign exchange gain (loss) - unrealized	0	0	0	0	0	0	0	0	0	0	0	0	0	
Realized gains (loss) on financial instruments	(6,275,000)	(228,000)	(180,000)	(228,000)	910,000	274,000	0	0	0	0	0	0	0	
Unrealized gain (loss) on financial instruments	932,000	114,000	6,000	(98,000)	603,000	625,000	0	0	0	0	0	0	0	
Gain on disposition	0	0	0	0	0	0	0	0	0	0	0	0	0	
<b>INCOME BEFORE INCOME TAXES</b>	29,660,000	7,905,000	7,682,000	11,236,000	5,643,000	32,466,000	8,525,492	11,935,563	13,831,919	13,867,930	48,160,904	57,705,623	64,973,473	
<b>INCOME TAXES</b>														
Current	212,000	1,823,000	1,772,000	2,595,000	1,239,000	7,429,000	1,875,608	2,625,824	3,043,022	3,050,945	10,595,399	12,695,237	14,294,164	
Deferred	8,131,000	124,000	120,000	176,000	422,000	842,000	255,765	358,067	414,958	416,038	1,444,827	1,731,169	1,949,204	
<b>NET INCOME</b>	\$21,317,000	\$5,958,000	\$5,790,000	\$8,465,000	\$3,982,000	\$24,195,000	\$6,394,119	\$8,951,672	\$10,373,940	\$10,400,948	\$36,120,678	\$43,279,217	\$48,730,104	
Common Stock	101,978,939	99,340,339	99,340,339	99,340,339	99,340,339	99,340,339	97,951,229	97,951,229	97,951,229	97,951,229	97,951,229	96,000,000	95,000,000	
Earnings per share	\$0.21	\$0.06	\$0.06	\$0.09	\$0.04	\$0.24	\$0.07	\$0.09	\$0.11	\$0.11	\$0.37	\$0.45	\$0.51	
Cashflow per share (before CapEx)	\$0.451	\$0.083	\$0.079	\$0.117	\$0.113	\$0.392	\$0.092	\$0.120	\$0.136	\$0.145	\$0.494	\$0.592	\$0.670	
<b>PRODUCTION</b>														
Natural Gas (mcfpd)	158	169	141	145	132	147	120	105	180	210	154	240	300	
Oil (bbls/d)	2,801	3,143	2,859	3,032	3,364	3,100	3,115	3,282	3,450	3,650	3,374	3,710	4,200	
NGLs (bbls/d)	0	0	0	0	0	0	0	0	0	0	0	0	0	
boepd	2,827	3,171	2,883	3,056	3,386	3,124	3,135	3,300	3,480	3,685	3,400	3,750	4,250	
<b>PRODUCT PRICES IN \$/Cdn</b>	55.3%	Canadian Dollars					10.5%	Canadian Dollars					8.8%	10.3%
Natural Gas (\$/mcf)	5.04	\$ 3.08	\$ 2.36	\$ 2.50	\$ 2.19	\$ 2.53	\$ 2.00	\$ 1.75	\$ 2.25	\$ 2.50	\$ 2.13	\$ 3.00	\$ 3.50	
Oil (\$/bbl)	88.15	\$ 65.12	\$ 72.96	\$ 86.33	\$ 75.31	74.93	\$ 73.00	\$ 85.00	\$ 90.00	\$ 90.00	84.50	\$ 90.00	\$ 90.00	
NGLs (\$/bbl)	45.00	\$ 40.00	\$ 40.00	\$ 40.00	\$ 40.00	40.00	\$ 40.00	\$ 40.00	\$ 40.00	\$ 40.00	40.00	\$ 40.00	\$ 45.00	
Gross Revenue check (prod * ave price)	90,412	18,466	19,013	24,114	23,333	84,926	20,715	25,403	28,603	30,270	104,991	122,137	138,353	

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