

## Management

**Don Simmons**, President & CEO  
**Ian Duncan**, COO  
**Dorlyn Evancic**, CFO  
**Ashley Ramsden-Wood**, CDO  
**Andrew Arthur**, VP Exploration

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

## Commentary by Dan Steffens

**Hemisphere Energy Corporation (HME.V and HMENF)** is a Canadian Junior upstream oil & gas company in our High Yield Income Portfolio. **It generates strong enough cash flow from operations to fund all production growth going forward.** The Company's production increased by ~10.5% year-over-year in 2024. My forecast is that production will increase ~12.5% in 2025.

I now expect Hemisphere to pay dividends of **at least \$0.16Cdn/share over the next 12-months**. They paid out two Special Dividends of \$0.03Cdn/share in July and October 2024. They should have more free cash flow in 2025 if WTI oil averages \$70/bbl in 2025.

Hemisphere has a "pristine" balance sheet. Based on my forecast, **the Company should generate over \$40Cdn million (\$0.40/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 at least \$3.28Cdn/share.

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

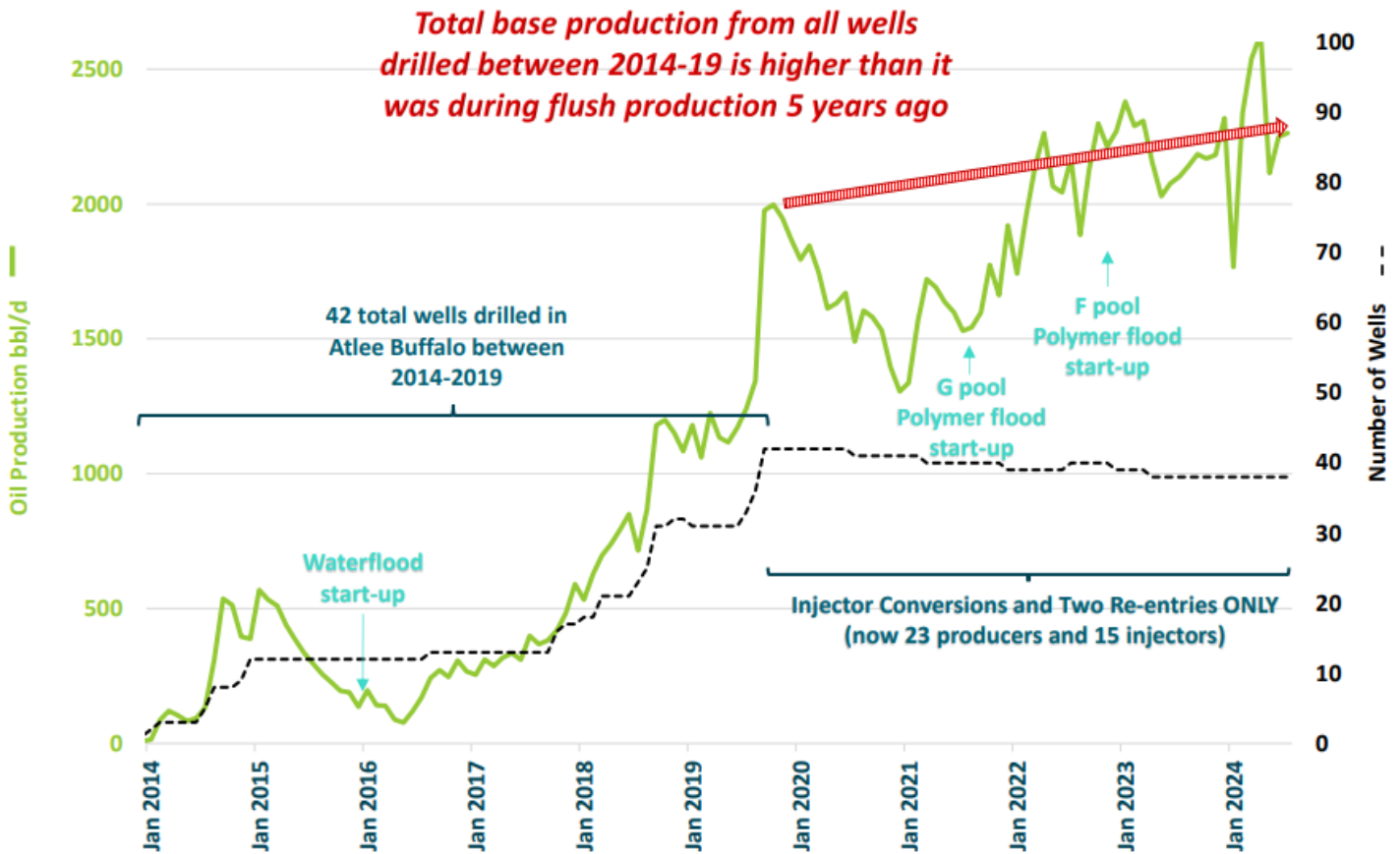


Up until recently the only negative I had for Hemisphere is that it did not have any “Running Room” beyond Atlee Buffalo. A big catalyst in 2025 for Hemisphere will be results in Saskatchewan where they have recently completed 5 horizontal wells in an area which the Company calls the **Marsden Oil Play**. It is a large oil pool with lots of oil in place that is well defined by vertical wells.

**Hemisphere believes that Marsden has the potential to be a 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 Marsden. Keep in mind that there are no Marsden reserves included in the 1P reserves shown on page 1. **Marsden is therefore “pure upside” for shareholders and it could be significant.**

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



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## Returning Free Cash Flow to Shareholders

### Base Dividends

- › **Quarterly dividend of \$0.025/share** is fully funded by free cash flow
  - › Paid out **\$25 million (\$0.25/share)** over 10 quarters since inception in June 2022
  - › Implied **annual yield of ~5.5%** at current market cap
- › **Next dividend of \$0.025/share** to be paid on December 27, 2024 to shareholders of record on December 13, 2024.

### Special Dividends

- › Three special dividends of \$0.03/share paid to-date in November 2023, July 2024, and October 2024
  - › Paid out **\$8.9 million (\$0.09/share)** since inception

### Normal Course Issuer Bid (NCIB)

- › Strategic and opportunistic share buyback
- › Bought and **cancelled 3.4 million shares YTD in 2024** (\$5.5 million or \$1.62/share)
- › Bought and **cancelled 12.5 million shares since September 2019 inception** (\$13.5 million or \$1.08/share)

The Company's production was down ~7.5% (254 Bopd) from Q4 2023 to Q1 2024 due to extremely cold weather. Production bounced back in Q2 2024, increasing 499 Bopd quarter-over-quarter despite not completing any new wells during the quarter. **The Atlee Buffalo polymer floods are working!**

Thanks to more production and higher realized oil prices, Hemisphere's 2024 adjusted operating cash flow increased by ~38.8% (\$15.1Cdn million) year-over-year. Realized oil prices in Western Canada have increased thanks to completion of the Trans Mountain Pipeline. **Hemisphere's realized heavy oil price should be approximately \$80Cdn/bbl in 2025.**

Based on their well completion schedule and some maintenance work at Atlee Buffalo in October, most of the Hemisphere's 2024 production growth happened in December. The Company is in great shape heading into 2025.

It is important to note that my production forecast for Hemisphere does not include any oil production from their Marsden Project. Their five well pilot project is well underway and we should get an indication that the polymer flood will be successful by mid-year 2025. If they confirm that the polymer flood is going to work at Marsden, the share price should move us quickly.

**My Fair Value Estimate for HME.V is \$4.29 Cdn/share**

This translates to approximately \$3.00US/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 drilled five HZ development wells in a new area at Marsden, in Western Saskatchewan.**

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.

- › Q3 2024 production rate of **3,621 boe/d** comes from 46 total producing wells (**~80 boe/d per well**), with 97% of HME's production coming from 2 oil pools under **EOR polymer flood** in the Atlee Buffalo field
- › 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



TSX Venture (Canada)	HME
OTCQX (USA)	HMENF
<b>Share Price (TSX-V)</b> (December 3, 2024)	<b>\$1.85</b>
Basic Shares Outstanding	97.3 million
Fully Diluted Shares Outstanding	103.5 million
<b>Insider Ownership (Basic / Fully Diluted)</b>	<b>~16% / ~19%</b>
Market Capitalization (December 3, 2024)	\$180.0 million
Working Capital (September 30, 2024)	\$6.5 million
<b>Enterprise Value</b> (December 3, 2024)	<b>\$173.6 million</b>

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## Third Quarter 2024 Highlights (\$Cdn)

- Achieved quarterly production of 3,621 boe/d (99% heavy oil), an 18% increase over the same quarter last year.
- Attained quarterly revenue of \$26.7 million, a 10% increase from the third quarter of 2023.
- Delivered operating netback of \$15.4 million or \$46.24/boe for the quarter.
- Realized quarterly adjusted funds flow from operations ("AFF") of \$11.7 million or \$35.17/boe. ‘
- Executed a \$9.9 million capital expenditure program to drill eight successful wells in Atlee Buffalo, Alberta and construct a new multi-well battery and polymer injection facility in Marsden, Saskatchewan.
- Exited the third quarter with a positive working capital position of \$6.5 million.
- Paid a special dividend of \$2.9 million (\$0.03/share) to shareholders on July 26, 2024.
- Paid a quarterly base dividend of \$2.5 million (\$0.025/share) to shareholders on September 13, 2024.
- Announced a special dividend of \$0.03/share to shareholders that was paid subsequent to the quarter on October 25, 2024.
- Renewed the Company's Normal Course Issuer Bid ("NCIB").
- Purchased and cancelled 756,400 shares under the Company's NCIB.

## Focus on shareholder value and return



### Simple

- › Long life oil asset with inclining production
- = **Years of sustainable cash-flow**



### Strong

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



### Profitable

- › High netback barrel with low capital requirements
- = **High free cash flow yield**



### Unique

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

**~6% base quarterly dividend yield plus NCIB  
(share buybacks) and special dividends**

## Q3 2024 Operations Update

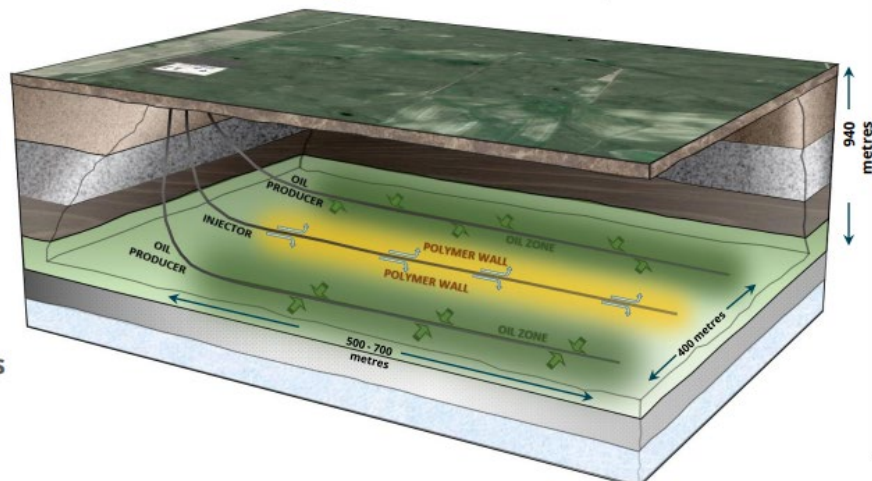
- Hemisphere's polymer floods in Atlee Buffalo continue to perform well, with third quarter production up 18% from the same period of 2023. During the third quarter of 2024, Hemisphere drilled eight new horizontal wells into its Atlee Buffalo pools, of which three are in the F pool and five in the G pool. **All but one of these wells were brought online subsequent to the end of the quarter**, although at least two will ultimately be converted into injectors to continue to build reservoir pressure and sweep oil to producers in the pool.
- The Company is currently adding another treater to its G pool battery to handle the additional volumes from these wells. At the same time, vessel inspection and overall maintenance is being completed across the G pool battery. Due to this downtime, management anticipates lower corporate production during the first half of the fourth quarter, with overall expectations for annual 2024 production to be in line with guidance.
- In its Marsden, Saskatchewan property, Hemisphere continues to evaluate its new polymer pilot project and is awaiting source well regulatory approval in order to increase injection rates. At this time no significant production is budgeted from the area. < My current valuation does not include any production from Marsden. If the polymer flood is successful, it should have a SIGNIFICANT impact on HME's valuation.
- The Hemisphere team is currently working on development plans for next year and expects to release details on its 2025 guidance in January.

### ***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





## Third Quarter 2024 Financial and Operating Summary

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
<i>(\$000s except per unit and share amounts)</i>				
<b>FINANCIAL</b>				
Petroleum and natural gas revenue	\$ 26,675	\$ 24,342	\$ 76,574	\$ 62,049
Operating field netback	15,583	15,860	46,392	38,327
Operating netback	15,405	15,632	46,217	37,690
Cash flow provided by operating activities	16,782	12,340	34,260	30,744
Adjusted funds flow from operations ("AFF")	11,717	11,713	35,381	28,116
Per share, basic (\$/share)	0.12	0.12	0.36	0.28
Per share, diluted (\$/share)	0.12	0.11	0.35	0.27
Free funds flow	1,815	2,988	16,852	13,395
Net income	8,596	8,465	25,761	20,213
Per share, basic and diluted (\$/share)	0.09	0.08	0.26	0.20
Dividends	5,399	2,525	10,337	7,593
Per share, basic (\$/share)	0.055	0.025	0.105	0.075
NCIB share repurchases	736	640	4,163	2,010
Capital expenditures	9,902	8,725	18,529	14,721
Working capital	6,450	2,226	6,450	2,226
<b>OPERATING</b>				
<b>Average daily production</b>				
Heavy oil (bbl/d)	3,601	3,032	3,441	3,011
Natural gas (Mcf/d)	123	145	123	152
Combined (boe/d)	3,621	3,056	3,461	3,036
Oil weighting	99%	99%	99%	99%
<b>Average sales prices</b>				
Heavy oil (\$/bbl)	\$ 80.50	\$ 87.14	\$ 81.17	\$ 75.35
Natural gas (\$/Mcf)	0.65	2.50	1.38	2.67
Combined (\$/boe)	\$ 80.06	\$ 86.57	\$ 80.74	\$ 74.86
<b>Operating netback (\$/boe)</b>				
Petroleum and natural gas revenue	\$ 80.06	\$ 86.57	\$ 80.74	\$ 74.86
Royalties	(17.53)	(18.03)	(16.91)	(14.84)
Operating costs	(10.87)	(9.19)	(10.52)	(10.64)
Transportation costs	(4.89)	(2.95)	(4.39)	(3.04)
Operating field netback	46.77	56.40	48.92	46.24
Realized commodity hedging loss	(0.53)	(0.81)	(0.18)	(0.77)
<b>Operating netback</b>	\$ 46.24	\$ 55.59	\$ 48.74	\$ 45.47
General and administrative expense	(3.85)	(4.19)	(3.64)	(3.46)
Interest expense and foreign exchange gain (loss)	(0.21)	(0.52)	(0.40)	(0.62)
Tax expense provision	(7.01)	(9.23)	(7.39)	(7.47)
<b>Adjusted funds flow from operations (\$/boe)</b>	\$ 35.17	\$ 41.65	\$ 37.31	\$ 33.92



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# Hemisphere Energy

Company Profile

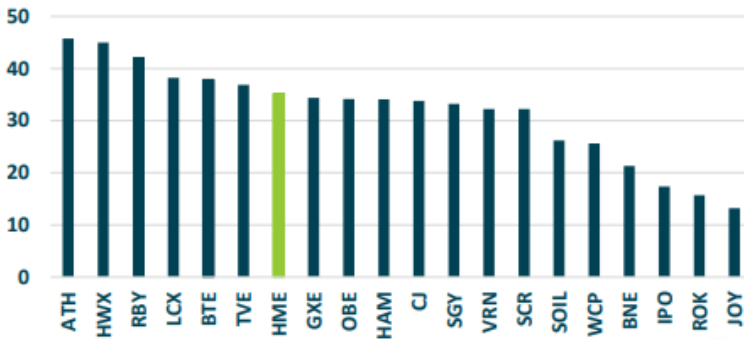
January 3, 2025

## Q3 2024 Financial Highlights



	Three Months Ended September 30, 2024
<b>Average Production</b>	<b>3,621 boe/d (99% heavy oil)</b>
Revenue	\$26.7 million / \$80.06/boe
Operating Netback	\$15.4 million / \$46.24/boe
<b>Adjusted Funds Flow (AFF)</b>	<b>\$11.7 million / \$35.17/boe</b>
Capital Expenditures	\$9.9 million
<b>Free Funds Flow (FFF)</b>	<b>\$1.8 million</b>
Working Capital	\$6.5 million

AFF per barrel (\$/boe)



Enterprise Value : AFF



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## Balancing Growth with Return to Shareholders



Price Sensitivity	\$US / bbl	\$65 WTI	\$75 WTI	\$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
Base Dividends per Basic Share	\$/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

SHARE CAPITAL	As at November 20, 2024	As at September 30, 2024	As at December 31, 2023
Common shares outstanding	97,530,539	<b>98,020,039</b>	99,340,339
Stock options outstanding	6,223,600	<b>6,223,600</b>	7,563,000
Total fully diluted shares outstanding	103,754,139	<b>104,243,639</b>	106,903,339

*“During Don Simmons’s presentation at our Houston luncheon on December 9<sup>th</sup> we were told that Hemisphere had 97.3 million shares of common stock outstanding. They plan to continue to buyback and retire their shares.” – Dan Steffens*

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

### 2013/14

- > Purchased oil asset in Atlee Buffalo, Alberta

### 2017

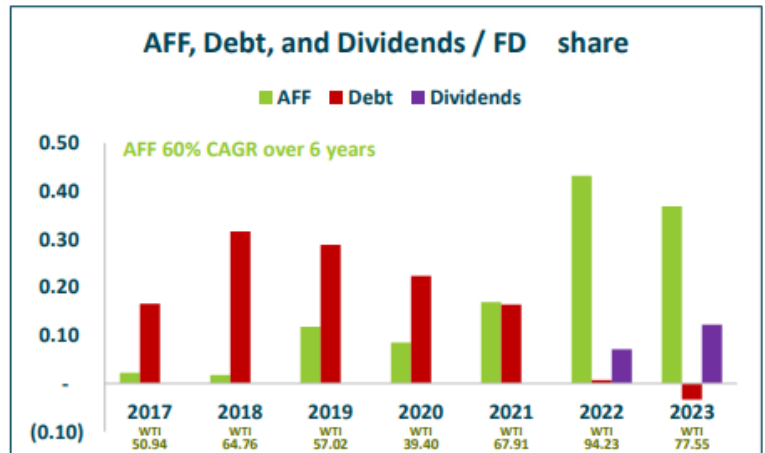
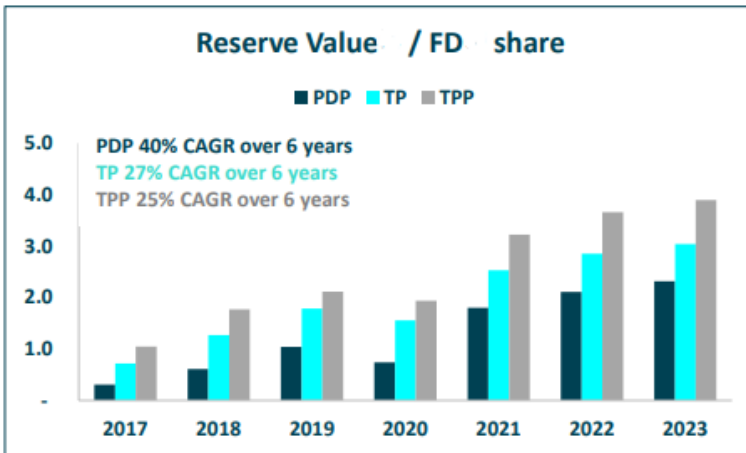
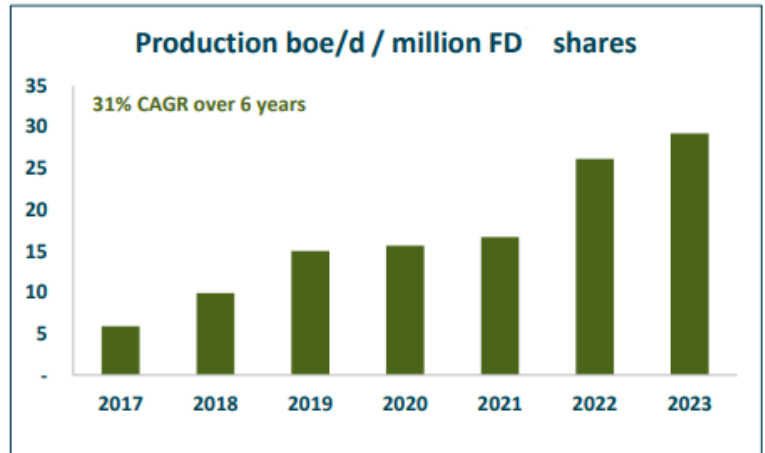
- > Secured US\$35MM loan to develop reserves

### 2022

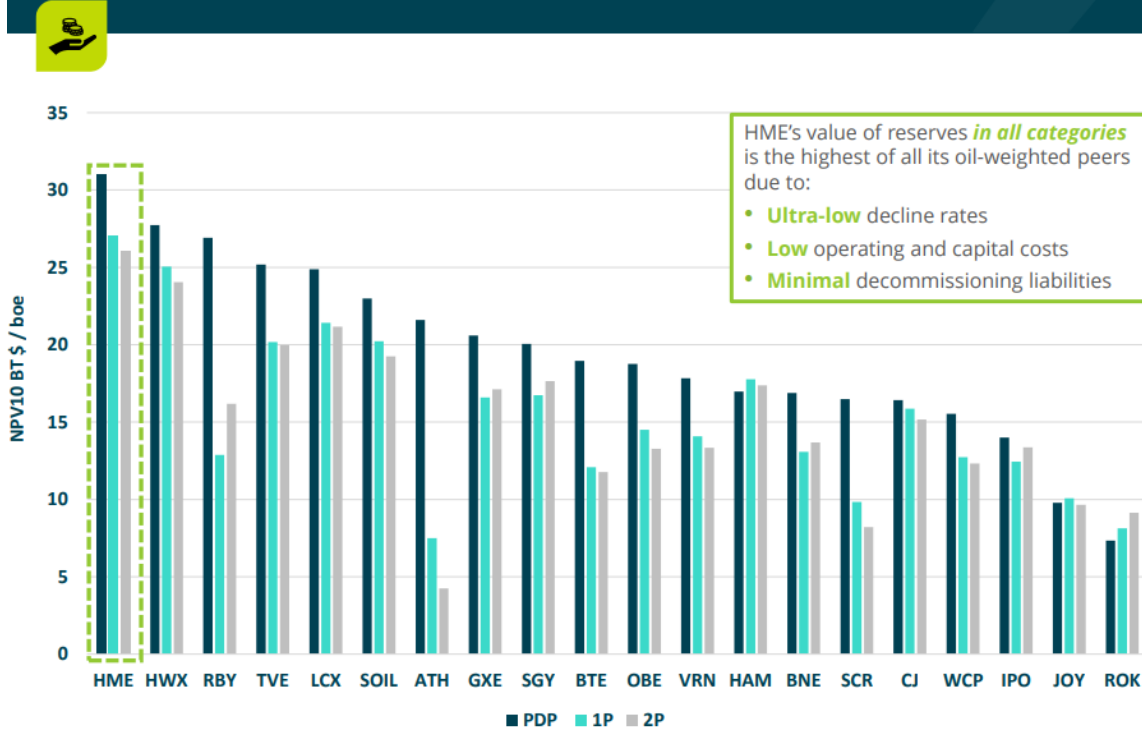
- > Paid down loan and initiated quarterly dividend

### 2023/24

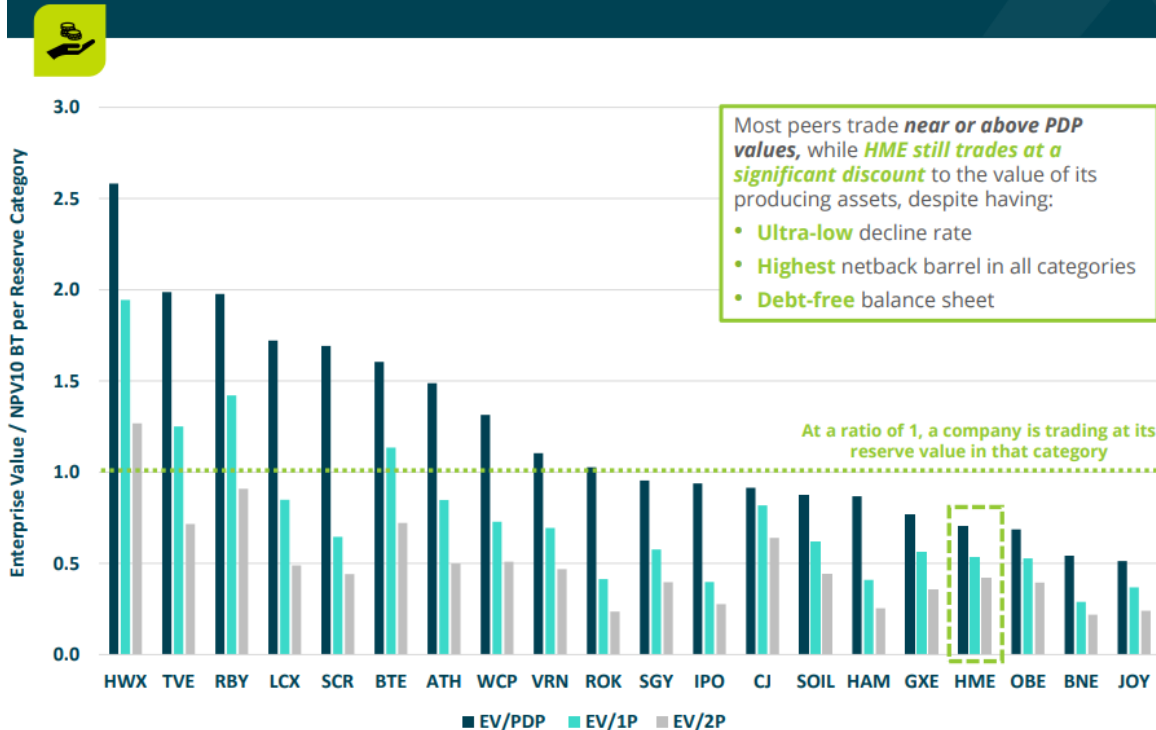
- > Purchased land and started development of new Marsden, Saskatchewan oil asset



## 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

- Hemisphere is pleased to announce that its Board of Directors has approved a quarterly cash dividend of \$0.025 per common share in accordance with the Company's dividend policy. The dividend was paid on December 27, 2024 to shareholders of record as of the close of business on December 13, 2024. The dividend is designated as an eligible dividend for income tax purposes.
- A minimum of \$21 million is anticipated to be returned to Hemisphere's shareholders in 2024, inclusive of \$9.8 million in quarterly base dividends, \$5.9 million in two special dividends, and \$5.3 million in NCIB share repurchases and cancellations. Based on the Company's current market capitalization of \$179 million (97.5 million shares issued and outstanding at market close price of \$1.84 per share on November 20, 2024), this represents an annualized yield of 11.7% to Hemisphere's shareholders.

## Quarterly Variable Dividend

- › Fully funded by free cash flow with implied **annual yield of ~6%** at current market cap
- › Paid out **\$22.7 million in quarterly base dividends (\$0.225/share)** over 9 quarters since inception in June 2022
- › **Next dividend of \$0.025/share** to be paid on September 13, 2024 to shareholders of record on August 30, 2024

## Special Dividend

- › Inaugural special dividend of \$0.03/share was paid in November 2023
- › **Most recent special dividend of \$0.03/share** was paid on July 26, 2024

## Normal Course Issuer Bid (NCIB)

- › Strategic and opportunistic share buyback
- › Bought and **cancelled 2.3 million shares YTD in 2024** (\$3.6 million or \$1.54/share)
- › Bought and **cancelled 11.5 million shares since September 2019 inception** (\$11.6 million or \$1.01/share)

## 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	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
Crude oil	Put Spread	350 bbl/d	US\$50.00(put sell)/US\$60.00(put buy), net cost US\$2.15/bbl	WTI-NYMEX	Jan. 1, 2025 – Mar. 31, 2025
Crude oil	Collar	175 bbl/d	US\$50.00(put buy)/US\$90.50(call sell)/bbl	WTI-NYMEX	Apr.1, 2025 – Jun. 30, 2025
Crude oil	Collar	175 bbl/d	US\$50.00(put buy)/US\$79.55(call sell)/bbl	WTI-NYMEX	Jul.1, 2025 – Sep.30, 2025

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## Harry van Neck's analysis

### Reserves and Production

- Reserves are industry average. RRR is high. Fluids are 99% oil. Production will be flat at 3.0 – 3.5 K BoE/d. Reserves and production (99% oil) can double if the ongoing polymer injection trial in 2024/2025 in Marsden (Saskatchewan) is successful.



### Balance sheet

- Balance sheet is rock solid. Equity ratio (71%) is excellent. No long-term debt. Debt/EBITDA ratio is irrelevant.

Equity ratio 2022	Equity ratio 2023	Equity ratio 2024	Equity ratio 2025	Equity ratio 2026
67.9%	67.5%	Q3 71.3% - 2024 70%	>75%	>75%

### Profitability and shareholder returns (excl Marsden – can double with Marsden)

WTI= \$ 70/bbl	2024	2025	2026	2026	2026
EPS and PE	Eps = C\$ 0.25, PE 5.1	Eps = CS 0.24 , PE 5.4	Eps = CS 0.24 – PE 5.5	Eps =C\$ 0.24, PE 5.5	Eps = C\$ 0.23 – PE 5.6
Shareholder returns	10.2%	14.5%	14.5%	14.5%	14.3%

### Summary

- Hemisphere has adequate reserves and a good RRR. Reserves and production can double if the polymer pilot in Marsden is successful (upside not included in the model). The balance sheet is rock solid. Hemisphere is very profitability and has a low PE. Shareholder returns are high. Hemisphere is a small cap (market value US\$ 120 M only).

Hemisphere Energy (HME.V and HMENF)

Canadian Dollars

Net Income and Cash Flow 2022 - 2026 (last updated 1/2/2025)

	Actual 2022	Actual 2023	Actual Qtr1 2024	Actual Qtr2 2024	Actual Qtr3 2024	Forecast Qtr4 2024	Forecast Year 2024	Forecast Qtr1 2025	Forecast Qtr2 2025	Forecast Qtr3 2025	Forecast Qtr4 2025	Forecast Year 2025	Forecast Year 2026	
<b>REVENUES:</b>														
Oil and natural gas revenues	\$96,699,000	\$84,472,000	\$20,961,000	\$28,938,000	\$26,675,000	\$23,653,200	\$100,227,200	\$25,170,750	\$27,259,960	\$30,551,130	\$30,253,740	\$113,235,580	\$138,417,125	< Forecasts include cash settlements on hedges
Less: Royalties	(24,475,000)	(16,770,000)	(3,943,000)	(6,257,000)	(5,841,000)	(5,156,398)	(21,197,398)	(5,285,858)	(5,860,891)	(6,721,249)	(6,504,554)	(24,372,552)	(30,451,768)	< Variable rate of ~21% to 22% in 2025
Total Revenues	72,224,000	67,702,000	17,018,000	22,681,000	20,834,000	18,496,802	79,029,802	19,884,893	21,399,069	23,829,881	23,749,186	88,863,028	107,965,358	<b>Alberta's Royalty Rate increases with oil price</b>
<b>EXPENSES:</b>														
Operating expenses + Transportation	13,954,000	15,858,000	4,060,000	4,830,000	5,251,000	4,761,000	18,902,000	5,062,500	5,146,050	5,249,290	5,450,969	20,908,809	22,995,000	< \$15/boe in Q4 2024 declining to \$14/boe in 2026
Exploration and evaluation	140,000	124,000	37,000	55,000	37,000	25,000	154,000	25,000	25,000	50,000	50,000	150,000	200,000	
DD&A	7,884,000	9,017,000	2,273,000	2,622,000	2,773,000	2,618,550	10,286,550	2,784,375	2,830,328	2,986,665	3,144,790	11,746,158	13,550,625	< \$8.25/boe
Impairment of property & equipment	842,000	4,815,000	0	0	0	0	0	0	0	0	0	0	0	< 2H 2023 is an unsuccessful exploration play that the Company decided not to pursue.
General and Adm	4,071,000	4,624,000	1,018,000	1,154,000	1,282,000	1,800,000	5,254,000	1,250,000	1,250,000	1,300,000	1,800,000	5,600,000	6,000,000	
Stock based compensation	2,618,000	846,000	6,000	6,000	6,000	800,000	818,000	10,000	10,000	10,000	1,000,000	1,030,000	1,200,000	< Q4 includes annual stock bonuses
TOTAL EXPENSES	29,509,000	35,284,000	7,394,000	8,667,000	9,349,000	10,004,550	35,414,550	9,131,875	9,261,378	9,595,955	11,445,759	39,434,967	43,945,625	
OPERATING EARNING	42,715,000	32,418,000	9,624,000	14,014,000	11,485,000	8,492,252	43,615,252	10,753,018	12,137,691	14,233,926	12,303,427	49,428,062	64,019,733	
<b>OTHER INCOME (EXPENSES)</b>														
Finance expense (Loan and lease interest)	(929,000)	(611,000)	(121,000)	(153,000)	(68,000)	(65,000)	(407,000)	(60,000)	(60,000)	(60,000)	(60,000)	(240,000)	(250,000)	< Primarily bank fees for on-going credit facility and Lease Interest
Accretion & Amortization (non-cash expenses)	(154,000)	(196,000)	(49,000)	(50,000)	(50,000)	(50,000)	(199,000)	(50,000)	(50,000)	(50,000)	(50,000)	(200,000)	(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)	(44,000)	(11,000)	(23,000)	(1,000)	0	(35,000)	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)	274,000	167,000	(164,000)	(178,000)	0	(175,000)	0	0	0	0	0	0	< Cash settlements on hedges
Unrealized gain (loss) on financial instruments	932,000	625,000	(622,000)	146,000	209,000	0	(267,000)	0	0	0	0	0	0	< Non-Cash MTM adjustment on hedges
Gain on disposition	0	0	0	0	0	0	0	0	0	0	0	0	0	
INCOME BEFORE INCOME TAXES	29,660,000	32,466,000	8,988,000	13,770,000	11,397,000	8,377,252	42,532,252	10,643,018	12,027,691	14,123,926	12,193,427	48,988,062	63,573,733	
<b>INCOME TAXES</b>														<b>Most Income Taxes s/b deferred</b>
Current	212,000	7,429,000	0	0	0	0	0	0	0	0	0	0	1,271,475	< 2% current taxes in 2026
Deferred	8,131,000	842,000	2,210,000	3,383,000	2,801,000	2,052,427	10,446,427	2,607,539	2,946,784	3,460,362	2,987,390	12,002,075	14,304,090	< 24.5% deferred taxes in 2024
NET INCOME	\$21,317,000	\$24,195,000	\$6,778,000	\$10,387,000	\$8,596,000	\$6,324,826	\$32,085,826	\$8,035,478	\$9,080,907	\$10,663,564	\$9,206,037	\$36,985,986	\$47,998,168	< At 12/31/2023 HME had \$29 million of "Tax Pools"
Common Stock	101,978,939	99,340,339	97,300,000	97,300,000	97,300,000	97,300,000	97,300,000	96,000,000	96,000,000	96,000,000	96,000,000	96,000,000	94,000,000	< 2024 is common stk o/s per Dec. presentation
Earnings per share	\$0.21	\$0.24	\$0.07	\$0.11	\$0.09	\$0.07	\$0.33	\$0.08	\$0.09	\$0.11	\$0.10	\$0.39	\$0.51	<b>A stock repurchase plan is on-going</b>
Cashflow per share (before CapEx)	\$46,002,000	\$38,975,000	\$11,965,000	\$16,338,000	\$14,048,000	\$11,770,802	\$54,121,802	\$13,412,393	\$14,843,019	\$16,920,591	\$16,238,217	\$61,414,219	\$75,448,883	< Capex Budget for 2024 is \$20.8Cdn million (1/21)
	\$0.451	\$0.392	\$0.123	\$0.168	\$0.144	\$0.121	\$0.556	\$0.140	\$0.155	\$0.176	\$0.169	\$0.640	\$0.803	<b>Fair Value of 6.5 X 2024 to 2026 CFPS = \$4.29 Cdn</b>
														HMENF = \$3.00 US (70%)
														First Call's price target \$2.60 Cdn
<b>PRODUCTION</b>														<b>Most of the gas is burned for power in the field</b>
Natural Gas (mcfp/d)	158	147	135	111	121	150	129	150	180	210	260	200	300	< 2025 and 2026 don't assume production at Marsden
Oil (bbls/d)	2,801	3,099	3,110	3,609	3,601	3,425	3,436	3,725	3,740	3,900	4,100	3,866	4,450	
NGLs (bbls/d)	0	0	0	0	0	0	0	0	0	0	0	0	0	
boepd	2,827	3,124	3,133	3,628	3,621	3,450	3,458	3,750	3,770	3,935	4,143	3,900	4,500	
<b>PRODUCT PRICES in \$Cdn</b>														< Year over year production growth
Natural Gas (\$/mcf)	55.3%	10.5%	Canadian Dollars					10.7%	Canadian Dollars					15.4%
Oil (\$/bbl)	5.04	2.53	\$ 2.26	\$ 1.13	\$ 0.65	\$ 1.50	\$ 1.39	\$ 2.00	\$ 2.00	\$ 2.75	\$ 3.25	\$ 2.50	\$ 3.25	
NGLs (\$/bbl)	88.15	74.80	\$ 74.56	\$ 87.58	\$ 79.96	\$ 75.00	79.27	\$ 75.00	\$ 80.00	\$ 85.00	\$ 80.00	\$ 80.00	\$ 85.00	< Oil prices are net of cash settlements on hedges shown below
	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	84,746	21,128	28,774	26,497	23,653	100,052	25,171	27,260	30,551	30,254	113,236	138,417	< Revenues in \$Cdn

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