

Hemisphere Energy Declares Special Dividend and Announces 2025 Year-end Reserves

Vancouver, British Columbia--(Newsfile Corp. - March 11, 2026) - Hemisphere Energy Corporation (TSXV: HME) (OTCQX: HMENF) ("Hemisphere" or the "Company") is pleased to announce that its Board of Directors has approved the declaration of a special dividend to shareholders, as well as highlights from its independent reserves evaluation (the "Reserve Report"), prepared by McDaniel & Associates Consultants Ltd. ("McDaniel") and effective as at December 31, 2025.

Special Dividend

In light of the recent rise in crude oil prices and the Company's strong financial position and performance outlook, Hemisphere's Board of Directors has approved the declaration of a special dividend of \$0.03 per common share, in accordance with its dividend policy. The special dividend will be paid on April 28, 2026 to shareholders of record on April 15, 2026, and is designated as an eligible dividend for Canadian income tax purposes. This is in addition to the Company's quarterly base dividend of \$0.025 per common share.

2025 Reserve Highlights

Hemisphere executed a measured capital expenditures⁽¹⁾ program of \$16 million in 2025 that resulted in annual production growth of 6%. The Company also exited the year with over \$8.5 million of working capital⁽¹⁾ after providing shareholders with \$21.8 million of returns through base quarterly dividends, two special dividends, and its NCIB share buyback program.

Hemisphere's conventional oil asset base has low production decline rates, long life, and high value reserves as a result of successful development using polymer flooding, which is an enhanced oil recovery technique used to maximize oil recovery from heavy oil reservoirs. Current corporate production is approximately 3,800 boe/d (99% heavy oil, field estimates from January 1 to February 28, 2026).

With volatile oil markets in 2025 contributing to significant shifts in commodity outlooks, the January 1, 2026 3-Consultant Average Price Forecast reflects materially lower WCS pricing - down approximately 23% in 2026, 16% in 2027, and 10% over the subsequent 15-year period from the prior year. The 2026 3-Consultant Average Price Forecast uses a 5-year 2026-2030 WTI price of US\$68.12/bbl and WCS price of Cdn\$74.29/bbl.

Proved Developed Producing ("PDP") Reserves

- NPV10 BT of \$212 million, equivalent to \$2.24 per basic share.
- Replaced 101% of 2025 production through organic development.
- Recognized reserve volumes of 9.3 MMboe (99.7% heavy crude oil).
- RLI of 7.0 years based on 2025 production.
- NAV of \$2.31 per fully diluted share based on reserve report pricing assumptions.

Proved ("1P") Reserves

- NPV10 BT of \$252 million, equivalent to \$2.67 per basic share.
- Replaced 128% of 2025 production through organic development.
- Recognized reserve volumes of 11.8 MMboe (99.7% heavy crude oil).
- RLI of 8.9 years based on 2025 production.
- NAV of \$2.71 per fully diluted share based on reserve report pricing assumptions.

Proved plus Probable ("2P") Reserves

- NPV10 BT of \$316 million, equivalent to \$3.35 per basic share.
- Replaced 149% of 2025 production through organic development.
- Recognized reserve volumes of 15.2 MMboe (99.7% heavy crude oil).
- RLI of 11.4 years based on 2025 production.
- NAV of \$3.35 per fully diluted share based on reserve report pricing assumptions.

Consistent with previous McDaniel's year-end evaluations, 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 reserve base valuations. Management estimates that total undiscounted and uninflated existing ADR is \$7.9 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.

2025 Independent Qualified Reserve Evaluation

The reserves data set forth below is based upon an independent reserves evaluation prepared by McDaniel dated March 10, 2026 with an effective date of December 31, 2025, 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, 2026. Total values may not add due to rounding. 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, 2026, with the following table detailing pricing and foreign exchange rate assumptions. Hemisphere's corporate production historically averages a discount of approximately \$4.40 to WCS pricing. When compared to last year's 3-Consultant Average Price Forecast dated January 1, 2025, the current WCS pricing outlook is down approximately 23% in 2026, 16% in 2027, and 10% thereafter over the next 15-year period. The 2026 3-Consultant Average Price Forecast uses a 5-year 2026-2030 WTI price of US\$68.12/bbl and WCS price of Cdn\$74.29/bbl.

3-Consultant Average Price Forecast January 1, 2025							3-Consultant Average Price Forecast January 1, 2026						
	WTI Crude Oil (\$US/bbl)	Edmonton Light Crude Oil (\$Cdn/bbl)	Western Canadian Select WCS Crude Oil (\$Cdn/bbl)	AECO Spot Price (\$Cdn/MMBtu)	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/MMBtu)	Inflation (%)	US/Cdn Exchange Rate (\$US/\$Cdn)
2026	74.48	97.04	84.27	3.33	2	0.72	2026	59.92	77.54	65.13	3.00	0	0.73
2027	75.81	97.37	83.81	3.48	2	0.74	2027	65.10	83.60	70.43	3.30	2	0.74
2028	77.66	99.80	85.70	3.69	2	0.74	2028	70.28	90.17	76.90	3.49	2	0.74
2029	79.22	101.79	87.45	3.76	2	0.74	2029	71.93	92.32	78.71	3.58	2	0.74
2030	80.80	103.83	89.25	3.83	2	0.74	2030	73.37	94.17	80.29	3.65	2	0.74
2031	82.42	105.91	91.04	3.91	2	0.74	2031	74.84	96.06	81.90	3.72	2	0.74
2032	84.06	108.03	92.85	3.99	2	0.74	2032	76.34	97.98	83.53	3.80	2	0.74
2033	85.74	110.19	94.71	4.07	2	0.74	2033	77.87	99.93	85.20	3.88	2	0.74
2034	87.46	112.39	96.61	4.15	2	0.74	2034	79.42	101.93	86.91	3.95	2	0.74
2035	89.21	114.64	98.54	4.23	2	0.74	2035	81.01	103.97	88.65	4.03	2	0.74
2036	90.99	116.93	100.51	4.32	2	0.74	2036	82.63	106.05	90.42	4.11	2	0.74
2037	92.81	119.27	102.52	4.40	2	0.74	2037	84.29	108.17	92.23	4.20	2	0.74
2038	94.67	121.65	104.57	4.49	2	0.74	2038	85.97	110.34	94.07	4.28	2	0.74
2039	96.56	124.09	106.66	4.58	2	0.74	2039	87.69	112.54	95.96	4.37	2	0.74
2040	98.49	126.57	108.79	4.67	2	0.74	2040	89.44	114.80	97.87	4.45	2	0.74

Summary of Reserves⁽¹⁾

Reserves Category	Heavy Oil (Mbbl)	Conventional Natural Gas (MMcf)	Total (Mboe)
Proved			
Developed Producing	9,287	181	9,317
Developed Non-Producing	38	7	39
Undeveloped	2,420	23	2,424
Total Proved	11,745	211	11,780
Probable	3,390	86	3,405
Total Proved plus Probable	15,135	297	15,185

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")⁽¹⁾⁽²⁾

Reserves Category	NPV BT (M\$, except per share amount) Discounted at (% per Year)		
	0%	5%	10%
Proved			
Developed Producing	313,392	253,623	212,076
Developed Non-Producing	716	528	399
Undeveloped	66,291	50,902	39,615
Total Proved	380,398	305,053	252,090
Probable	132,564	89,055	64,000
Total Proved plus Probable	512,962	394,108	316,089
NPV BT per basic share (\$)⁽³⁾			
Proved Developed Producing	3.32	2.68	2.24
Proved	4.03	3.23	2.67
Proved plus Probable	5.43	4.17	3.35

Notes:

(1) Based on the 3-Consultant Average Price Forecast at January 1, 2026, 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 94,481,702 issued and outstanding shares of the Company as of December 31, 2025.

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
2026	5,295	9,135
2027	16,705	19,806
2028	10,663	14,625
2029	3,247	5,267
2030	2,780	4,171
Subsequent years	-	-
Total Undiscounted	38,690	53,004
Total Discounted at 10%	31,664	43,437

Reserve Life Index ("RLI")

	As of December 31, 2025 ⁽¹⁾
PDP	7.0

1P	8.9
2P	11.4

Note:

(1) Calculated as the applicable reserves volume divided by Hemisphere's average 2025 production of 3,645 boe/d.

Net Asset Value ("NAV")⁽¹⁾⁽²⁾⁽³⁾

(\$million, except share amounts)	PDP	1P	2P
NPV10 BT ⁽¹⁾	212	252	316
Undeveloped land and seismic ⁽²⁾	3		
Proceeds from stock options	6		
Working capital ⁽³⁾	9		
Fully diluted shares outstanding (million)	100		
NAV per fully diluted share (\$)	2.31	2.71	3.35

Notes:

(1) 100% of existing and future corporate ADR has been included in the McDaniel Reserve Report. Total corporate ADR accounted for in the 2025 reserve report, including that for future development, amounts to \$2.7 million NPV10 BT in the 1P category and \$2.7 million NPV10 BT in the 2P category.

(2) Based on an internal evaluation by management of Hemisphere as of December 31, 2025, with an average value of \$75 per acre for 30,919 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".

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, 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 to view its corporate presentation or contact:

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Definitions and Abbreviations

Bbl	barrel	NCIB	Normal Course Issuer Bid
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
WTI	West Texas Intermediate	NAV	Net Asset Value
AECO	Alberta Energy Company	RLI	Reserve Life Index
WCS	Western Canadian Select		

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: that a special dividend will be paid to shareholders on April 28, 2026 to shareholders of record on April 15, 2026; 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; and the Company's anticipated filing date for its annual information form for the year ending December 31, 2025. 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, 2025, 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, 2025, 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, 2024 and for the three- and nine-month periods ended September 30, 2025, which are available under the Company's SEDAR+ profile at 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.



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