

Hemisphere Energy Announces 2023 Fourth Quarter and Year-End Financial and Operating Results

18.04.2024 | [Newsfile](#)

Vancouver, April 18, 2024 - [Hemisphere Energy Corp.](#) (TSXV: HME) (OTCQX: HMEF) ("Hemisphere" or the "Company") is pleased to provide its financial and operating results for the fourth quarter and year ended December 31, 2023.

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")⁽¹⁾ 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")⁽¹⁾.
- 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⁽¹⁾ position of \$3.6 million compared to a net debt⁽¹⁾ 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).

Note:

(1) Non-IFRS financial measure that is not a standardized financial measure under International Financial Reporting Standards ("IFRS") and may not be comparable to similar financial measures disclosed by other issuers. Refer to "Non-IFRS and Other Financial Measures" section below.

Financial and Operating Summary

Selected financial and operational highlights should be read in conjunction with Hemisphere's audited annual financial statements and related Management's Discussion and Analysis for the year ended December 31, 2023. These reports, including the Company's Annual Information Form for the year ended December 31, 2023, are available on SEDAR+ at www.sedarplus.ca and on Hemisphere's website at www.hemisphereenergy.ca. All amounts are expressed in Canadian dollars unless otherwise noted.

Three Months Ended December 31 (\$000s except per unit and share amounts)	Years Ended December 31			
	2023	2022	2023	2022
FINANCIAL				
Petroleum and natural gas revenue	\$ 22,423	\$ 19,564	\$ 84,472	\$ 96,699
Operating field netback ⁽¹⁾	13,517	10,926	51,843	58,270
Operating netback ⁽¹⁾	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) ⁽¹⁾	11,295	11,011	39,411	46,686

Per share, basic ⁽¹⁾	0.11	0.11	0.39	0.47
Per share, diluted ⁽¹⁾	0.11	0.11	0.39	0.46
Free funds flow (FFF) ⁽¹⁾	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 ⁽¹⁾	2,151	6,090	16,872	18,266
Working capital (Net debt) ⁽¹⁾	3,589	(766)	3,589	(766)
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 ⁽¹⁾	43.38	40.86	45.46	56.46
Realized commodity hedging gain (loss)	2.92	1.76	0.24	(6.08)
Operating netback ⁽¹⁾	\$46.30	\$42.62	\$45.70	\$50.38
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)
Adjusted funds flow from operations ⁽¹⁾ (\$/boe)	\$36.25	\$41.18	\$34.56	\$45.23

Note:

(1) Non-IFRS financial measure that is not a standardized financial measure under IFRS Accounting Standards ("IFRS") and may not be comparable to similar financial measures disclosed by other issuers. Refer to "Non-IFRS and Other Financial Measures" section of the MD&A.

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
Total fully diluted shares outstanding	105,514,239	106,903,339	108,053,939

Operations Update and Outlook

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⁽²⁾ 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. The Company anticipates bringing the 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.

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.

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 while continuing to deliver top-tier free funds flow yields to its shareholders from ultra-low decline, high-value reserves in Atlee Buffalo.

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 oil 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:

Don Simmons, President & Chief Executive Officer
Telephone: (604) 685-9255
Email: info@hemisphereenergy.ca

Website: www.hemisphereenergy.ca

Note:

(2) Non-IFRS Financial Ratio that is not a standardized financial measure under IFRS and may not be comparable to similar ratios disclosed by other issuers. Free funds flow, a non-IFRS financial measure, is used as a component of the non-IFRS ratio. The ratio is calculated as dividends of \$13.1 million plus NCIB of \$4.1 million divided by FFF of \$22.5 million, equals a FFF payout ratio of 76% to shareholders.

Forward-looking Statements

Certain statements included in this news release constitute forward-looking statements or forward-looking information (collectively, "forward-looking statements") within the meaning of applicable securities legislation. Forward-looking statements are typically identified by words such as "anticipate", "continue", "estimate", "expect", "forecast", "may", "will", "project", "could", "plan", "intend", "should", "believe", "outlook", "potential", "target" and similar words suggesting future events or future performance. In particular, but without limiting the generality of the foregoing, this news release includes forward-looking statements regarding Hemisphere's expectations that it will bring wells in Saskatchewan on production in the third quarter of the year, after commissioning a new polymer flood facility and oil treating battery in the area; that the remainder of Hemisphere's 2024 capital development program will be spent in its core Atlee Buffalo property later this summer; outlook for heavy oil and commencement of operations for the Trans Mountain pipeline; anticipated WCS differential forecasts for the year and Hemisphere's outlook for the year. 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 exist in the quantities predicted or estimated and can be profitably produced in the future.

Forward-looking statements 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: the current and go-forward oil price environment; that Hemisphere will continue to conduct its operations in a manner consistent with past operations; that results from drilling and development activities are consistent with past operations; timing of operations for the Trans Mountain pipeline; completion of commissioning a new polymer flood facility and oil treating battery in its

Saskatchewan operating area in the manner (and on the timing) currently expected; the quality of the reservoirs in which Hemisphere operates and continued performance from existing wells; 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 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 statements including, without limitation: changes in commodity prices; 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, 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 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, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

Non-IFRS and Other Financial Measures

This news release contains the terms adjusted funds flow from operations, free funds flow, operating field netback and operating netback, capital expenditures and net debt, which are considered "non-IFRS financial measures" and any of these measures calculated on a per boe basis, which are considered "non-IFRS financial ratios". These terms do not have a standardized meaning prescribed by IFRS. Accordingly, the Company's use of these terms may not be comparable to similarly defined measures presented by other companies. Investors are cautioned that these measures should not be construed as an alternative to net income (loss) or cashflow from operations determined in accordance with IFRS and these measures should not be considered to be more meaningful than IFRS measures in evaluating the Company's performance.

a) Adjusted funds flow from operations ("AFF") (Non-IFRS Financial Measure and Ratio if calculated on a per boe basis): The Company considers AFF to be a key measure that indicates the Company's ability to generate the funds necessary to support future growth through capital investment and to repay any debt. AFF is a measure that represents cash flow generated by operating activities, before changes in non-cash working capital and adjusted for decommissioning expenditures, and may not be comparable to measures used by other companies. The most directly comparable IFRS measure for AFF is cash provided by operating activities. AFF per share is calculated using the same weighted-average number of shares outstanding as in the case of the earnings per share calculation for the period.

A reconciliation of AFF to cash provided by operating activities is presented as follows:

(\$000s, except per share amounts)	Three Months Ended December 31		Years Ended December 31	
	2023	2022	2023	2022
Cash provided by operating activities	\$ 13,496	\$ 8,995	\$ 44,240	\$ 45,091

Change in non-cash working capital	(2,259	)	1,447	(5,266	)	911
Adjust: Decommissioning obligation expenditures	58		569	437		684
Adjusted funds flow from operations	\$ 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

b) Free funds flow ("FFF") (Non-IFRS Financial Measures): Is calculated by taking adjusted funds flow and subtracting capital expenditures, excluding acquisitions and dispositions. Management believes that free funds flow provides a useful measure to determine Hemisphere's ability to improve returns and to manage the long-term value of the business.

(\$000s, except per share amounts)	Three Months Ended December 31		Years Ended December 31	
	2023	2022	2023	2022
Adjusted funds flow	\$ 11,295	\$ 11,011	\$ 39,411	\$ 46,686
Capital expenditures	(2,151	) (6,090	) (16,872	) (18,266
Free funds flow	\$ 9,144	\$ 4,921	\$ 22,539	\$ 28,420
Per share, basic	\$ 0.09	\$ 0.05	\$ 0.22	\$ 0.29
Per share, diluted	\$ 0.09	\$ 0.05	\$ 0.22	\$ 0.28

c) Capital Expenditures (Non-IFRS Financial Measure): Management uses the term "capital expenditures" 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. A summary of the reconciliation of cash flow used in investing activities to capital expenditures is set forth below:

(\$000s)	Three Months Ended December 31		Years Ended December 31	
	2023	2022	2023	2022
Cash used in investing activities	\$ 3,745	\$ 4,680	\$ 19,456	\$ 18,847
Change in non-cash working capital	(1,594	) 1,410	(2,584	) (581
Capital expenditures	\$ 2,151	\$ 6,090	\$ 16,872	\$ 18,266

d) Operating field netback (Non-IFRS Financial Measure and Ratio if calculated on a per boe basis): Is a benchmark used in the oil and natural gas industry and a key indicator of profitability relative to current commodity prices. Operating field netback is calculated as oil and gas sales, less royalties, operating expenses and transportation costs on an absolute and per barrel of oil equivalent basis. These terms should not be considered an alternative to, or more meaningful than, cash flow from operating activities or net income or loss as determined in accordance with IFRS as an indicator of the Company's performance.

e) Operating netback (Non-IFRS Financial Measure and Ratio if calculated on a per boe basis): Is calculated as the operating field netback plus the Company's realized commodity hedging gain (loss) on an absolute and per barrel of oil equivalent basis.

f) Net debt (Non-IFRS Financial Measure): 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. Net debt is used in this document in the context of liquidity and is calculated as the total of the Company's current assets, less current liabilities, excluding the fair value of financial instruments, lease and warrant liabilities, and including the bank debt. There is no IFRS measure that is reasonably comparable to net debt.

The following table outlines the Company calculation of net debt:

	As at December 31	
	2023	2022
Current assets ⁽¹⁾	\$ 14,110	\$ 5,825
Current liabilities ⁽¹⁾	(10,521	) (6,591
Working capital / (Net debt)	\$ 3,589	\$ (765

Note:

(1) Excluding fair value of financial instruments, and lease and decommissioning obligations.

g) Supplementary Financial Measures and Ratios

"Adjusted Funds Flow from operations per basic share" is comprised of funds from operations divided by basic weighted average common shares.

"Adjusted Funds Flow from operations per diluted share" is comprised of funds from operations divided by diluted weighted average common shares.

"Operating expense per boe" is comprised of operating expense, as determined in accordance with IFRS, divided by the Company's total production.

"Free Funds Flow Payout Ratio" is a non-IFRS financial ratio comprised of dividends declared during the year plus NCIB expenditures during the year divided by free funds flow (a non-IFRS financial measure) for the applicable year.

"Realized heavy oil price" is comprised of heavy crude oil commodity sales from production, as determined in accordance with IFRS, divided by the Company's crude oil production.

"Realized natural gas price" is comprised of natural gas commodity sales from production, as determined in accordance with IFRS, divided by the Company's natural gas production.

"Realized combined price" is comprised of total commodity sales from production, as determined in accordance with IFRS, divided by the Company's total production.

"Royalties per boe" is comprised of royalties, as determined in accordance with IFRS, divided by the Company's total production.

"Transportation costs per boe" is comprised of transportation expense, as determined in accordance with IFRS, divided by the Company's total production.

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, which is available under the Company's SEDAR+ profile at www.sedarplus.ca.

Oil and Gas Advisories

All estimated reserve volumes and the estimated net present values of the future net revenues of such reserve estimates included in this news release are as attributed by McDaniel Associates & Consultants Ltd., the Company's independent reserve evaluators in its report as at December 31, 2023 and prepared in accordance with the COGE Handbook and National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities.

A barrel of oil equivalent ("boe") 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.

It should not be assumed that the net present value of the estimated net revenues of the reserves presented in this news release represent the fair market value of the reserves. There is no assurance that the forecast prices and costs assumptions upon which such estimates are made will be attained and variances could be material. The reserve estimates of Hemisphere's crude oil, natural gas liquids and natural gas reserves and any estimated recovery factors 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.

Definitions and Abbreviations

bbl	barrel	Mcf	thousand cubic feet
bbl/d	barrels per day	Mcf/d	thousand cubic feet per day
\$/bbl	dollar per barrel	\$/Mcf	dollar per thousand cubic feet
boe	barrel of oil equivalent	NGL	natural gas liquids
boe/d	barrel of oil equivalent per day	NPV10	BT Net Present Value discounted at 10%, before tax
\$/boe	dollar per barrel of oil equivalent	IFRS	International Financial Reporting Standards
Mboe	thousand barrels of oil equivalent	WCS	Western Canadian Select
MMboe	million barrels of oil equivalent	US\$	United States Dollar

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.

To view the source version of this press release, please visit <https://www.newsfilecorp.com/release/205958>

Dieser Artikel stammt von [Rohstoff-Welt.de](#)

Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/468634--Hemisphere-Energy-Announces-2023-Fourth-Quarter-and-Year-End-Financial-and-Operating-Results.html>

Für den Inhalt des Beitrages ist allein der Autor verantwortlich bzw. die aufgeführte Quelle. Bild- oder Filmrechte liegen beim Autor/Quelle bzw. bei der vom ihm benannten Quelle. Bei Übersetzungen können Fehler nicht ausgeschlossen werden. Der vertretene Standpunkt eines Autors spiegelt generell nicht die Meinung des Webseiten-Betreibers wieder. Mittels der Veröffentlichung will dieser lediglich ein pluralistisches Meinungsbild darstellen. Direkte oder indirekte Aussagen in einem Beitrag stellen keinerlei Aufforderung zum Kauf-/Verkauf von Wertpapieren dar. Wir wehren uns gegen jede Form von Hass, Diskriminierung und Verletzung der Menschenwürde. Beachten Sie bitte auch unsere [AGB/Disclaimer!](#)

Die Reproduktion, Modifikation oder Verwendung der Inhalte ganz oder teilweise ohne schriftliche Genehmigung ist untersagt!
Alle Angaben ohne Gewähr! Copyright © by Rohstoff-Welt.de -1999-2026. Es gelten unsere [AGB](#) und [Datenschutzrichtlinien](#).