

Hemisphere Energy Announces 2025 Third Quarter Results, Declares Quarterly Dividend, and Provides Operations Update

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Vancouver, November 25, 2025 - [Hemisphere Energy Corp.](#) (TSXV: HME) (OTCQX: HMENF) ("Hemisphere" or the "Company") provides its financial and operating results for the three and nine months ended September 30, 2025, declares a quarterly dividend payment to shareholders, and provides an operations update.

Q3 2025 Highlights

- Attained quarterly production of 3,571 boe/d (99% heavy oil).
- Generated quarterly revenue of \$23.1 million.
- Achieved total operating and transportation costs of \$15.50/boe.
- Delivered operating netback¹ of \$13.6 million or \$41.39/boe for the quarter.
- Realized quarterly adjusted funds flow from operations ("AFF")¹ of \$10.1 million or \$30.59/boe.
- Initiated a 2025 fall drilling program with \$5.2 million in capital expenditures¹.
- Generated quarterly free funds flow¹ of \$4.9 million.
- Exited the third quarter with a positive working capital¹ position of \$11.0 million.
- Paid a special dividend of \$2.9 million (\$0.03/share) to shareholders on August 15, 2025.
- Paid a quarterly base dividend of \$2.4 million (\$0.025/share) to shareholders on September 12, 2025.
- Purchased and cancelled 1.0 million shares for \$1.9 million under the Company's Normal Course Issuer Bid ("NCIB").
- Renewed the Company's NCIB.

(1)
Operating
netback,
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non-IFRS ratio, that do not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other entities. Non-IFRS financial measures and ratios are not standardized financial measures under IFRS and may not be comparable to similar

Selected financial and operational highlights should be read in conjunction with Hemisphere's unaudited condensed interim consolidated financial statements and related notes, and the Management's Discussion and Analysis for the three and nine months ended September 30, 2025 which 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.

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Refer

to Financial and Operating Summary

the

section

(Non-IFRS per unit and share amounts)

FINANCIAL

Other petroleum and natural gas revenue

Specified field netback⁽¹⁾

Operating netback⁽¹⁾

Measures

Cash flow provided by operating activities

Adjusted funds flow from operations ("AFF")⁽¹⁾

Per share, basic⁽¹⁾ (\$/share)

Per share, diluted⁽¹⁾ (\$/share)

Free funds flow⁽¹⁾

Net income

Per share, basic (\$/share)

	Three Months Ended September 30 2025	2024	Nine Months Ended 2025	2024
Other petroleum and natural gas revenue	\$ 23,142	\$ 26,675	\$ 78,876	\$ 78,876
Specified field netback ⁽¹⁾	13,961	15,583	46,032	46,032
Operating netback ⁽¹⁾	13,601	15,405	44,587	44,587
Cash flow provided by operating activities	15,265	16,782	43,291	43,291
Adjusted funds flow from operations ("AFF") ⁽¹⁾	10,051	11,717	33,015	33,015
Per share, basic ⁽¹⁾ (\$/share)	0.11	0.12	0.34	0.34
Per share, diluted ⁽¹⁾ (\$/share)	0.10	0.12	0.34	0.34
Free funds flow ⁽¹⁾	4,882	1,815	24,449	24,449
Net income	6,931	8,596	22,926	22,926
Per share, basic (\$/share)	0.07	0.09	0.24	0.24

Per share, diluted (\$/share)	0.07	0.09	0.23	0
Dividends	5,244	5,399	12,973	1
Per share, basic (\$/share)	0.055	0.055	0.135	0
NCIB share repurchases	1,920	736	5,561	4
Capital expenditures ⁽¹⁾	5,170	9,902	8,566	1
Working capital ⁽¹⁾	10,966	6,450	10,966	6
OPERATING				
Average daily production				
Heavy oil (bbl/d)	3,555	3,601	3,725	3
Natural gas (Mcf/d)	101	123	104	1
Combined (boe/d)	3,571	3,621	3,743	3
Oil weighting	99%	99%	99%	9
Average sales prices				
Heavy oil (\$/bbl)	\$ 70.75	\$ 80.50	\$ 73.58	\$ 8
Natural gas (\$/Mcf)	0.64	0.65	1.46	1
Combined (\$/boe)	\$ 70.43	\$ 80.06	\$ 73.28	\$ 8
Operating netback (\$/boe)				
Petroleum and natural gas revenue	\$ 70.43	\$ 80.06	\$ 73.28	\$ 8
Royalties	(12.44)	(17.53)	(13.41)	()
Operating costs	(12.66)	(10.87)	(11.90)	()
Transportation costs	(2.84)	(4.89)	(2.92)	()
Operating field netback ⁽¹⁾	42.49	46.77	45.05	4
Realized commodity hedging loss	(1.10)	(0.53)	(1.41)	()
Operating netback ⁽¹⁾	\$ 41.39	\$ 46.24	\$ 43.64	\$ 4
General and administrative expense	(3.79)	(3.85)	(3.76)	()
Interest expense and foreign exchange gain (loss)	(0.12)	(0.21)	(0.20)	()
Tax expense provision	(6.89)	(7.01)	(7.37)	()
Adjusted funds flow from operations ⁽¹⁾ (\$/boe)	\$ 30.59	\$ 35.17	\$ 32.31	\$ 3

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 below.

SHARE CAPITAL

	As at November 24, 2025	As at September 30, 2025	As at December 31, 2024
Common shares outstanding	94,626,702	94,930,602	97,389,735
Stock options outstanding	5,097,600	5,097,600	6,021,600
Total fully diluted shares outstanding	99,724,302	100,028,202	103,411,335

Quarterly Dividend

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 will be paid on December 30, 2025 to shareholders of record as of the close of business on December 9, 2025. The dividend is designated as an eligible dividend for income tax purposes.

With the payment of the fourth quarter dividend, Hemisphere anticipates returning a minimum of \$21.6 million to shareholders in 2025, including \$9.6 million in quarterly base dividends, \$5.8 million in two special dividends, and \$6.2 million through NCIB share repurchases and cancellations. Based on the Company's current market capitalization of \$205 million (94.6 million shares issued and outstanding at a market close price of \$2.17 per share on November 24, 2025), this represents an annualized yield of 10.5% to Hemisphere's shareholders.

Operations Update

During the third quarter of 2025, Hemisphere's production averaged 3,571 boe/d (99% heavy oil), representing a slight decrease of approximately 1% from the same period in 2024. The Company completed a number of workovers during the summer months, which contributed to production downtime during the

quarter. However, September production of approximately 3,800 boe/d (99% heavy oil) was back in line with average levels of 3,830 boe/d (99% heavy oil) during the first six months of the year. This performance highlights the stability and low-decline characteristics of Hemisphere's polymer flood assets in Atlee Buffalo, particularly given that no new wells had been placed on production since the Company's third-quarter drilling program in 2024.

Throughout 2025, Hemisphere has taken a cautious approach to capital spending amid volatility in the global economy and oil markets, which resulted in delaying its drilling program until later in the year. In September the Company commenced a fall drilling program, which finished in early November. The new wells have just recently been put on production and will continue to be optimized over the coming months.

In October, Hemisphere successfully completed a scheduled facility turnaround and resolved unexpected issues with its power generation and injection systems. Although this short-term disruption will affect overall fourth-quarter production, all systems are now fully operational. November production has averaged approximately 3,800 boe/d (99% heavy oil, field estimate from November 1-22, 2025). Management anticipates fourth-quarter production will range between 3,400 - 3,500 boe/d (99% heavy oil) following this outage.

At the Company's Marsden, Saskatchewan property, Hemisphere is continuing to evaluate its polymer pilot project. It has been approximately one year since injection commenced, and while an oil production response has not yet been noted, the data being collected is providing insights into reservoir performance. The Hemisphere team plans to advance its pilot project by evaluating the potential effects of producer/injector well spacing, polymer type and injection water, as well as reservoir heterogeneity and composition.

During its fall drilling program, Hemisphere attempted to test a second oil-bearing zone within its Marsden landbase. Unfortunately, drilling challenges prevented Hemisphere from being able to access the reservoir, and the Company is reviewing alternatives for future evaluation of the prospect.

Management anticipates WTI oil prices will average close to US\$65 per barrel in 2025 and expects to exceed Hemisphere's adjusted funds flow guidance estimate of \$40 million for this price scenario, while projecting total capital expenditures to be on budget. This outlook holds despite the Company deferring its drilling program until late in the third quarter and experiencing unscheduled production downtime in the second half of the year. As a result, Hemisphere now estimates average annual 2025 production will be approximately 3,600 - 3,700 boe/d (99% heavy oil), compared to its original guidance of 3,900 boe/d (99% heavy oil).

The Company expects to release details on its 2026 guidance in January as part of its forward development planning. Supported by approximately \$11 million in working capital, an undrawn credit facility, and strong cash flow from its low-decline production base, Hemisphere is well positioned with a robust balance sheet to pursue potential acquisition opportunities while continuing to deliver shareholder returns.

About Hemisphere Energy Corporation

Hemisphere is a dividend-paying Canadian oil company focused on maximizing value-per-share growth with the sustainable development of its high netback, ultra-low decline conventional heavy oil assets through polymer flood enhanced 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

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 including that a quarterly dividend will be paid December 30, 2025 to shareholders of record as of the close of business on December 9, 2025; that a minimum of \$21.6 million is anticipated to be returned to shareholders in 2025; that new wells at Atlee Buffalo will continue to be optimized over the coming months; that the Company plans to advance its pilot project at Marsden, Saskatchewan; that management anticipates WTI oil prices will average close to US\$65 per barrel in 2025 and expects to exceed Hemisphere's adjusted funds flow guidance estimate of \$40 million for this price scenario, while projecting total capital expenditures to be less than originally budgeted; that management estimates average annual production for the year ended December 31, 2025 to be approximately 3,600 - 3,700 boe/d compared to 3,900 boe/d as disclosed in the Company's 2025 guidance; and that Hemisphere expects to release details on its 2026 guidance in January.

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; the quality of the reservoirs in which Hemisphere operates and continued performance from existing wells; the perspective of recently acquired properties and the timing and manner to explore and develop the same; 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, capital expenditures, operating field netback, operating netback, and working capital/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 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 share or 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 September 30		Nine Months Ended Sep	
	2025	2024	2025	2024
Cash provided by operating activities	\$ 15,265	\$ 16,782	\$ 43,291	\$ 34,000
Change in non-cash working capital	(5,462)	(2,734)	(10,563)	8,000
Adjust: Tax provision ⁽¹⁾	-	(2,338)	-	(7,000)
Adjust: Decommissioning obligation expenditures	248	7	287	36,000
Adjusted funds flow from operations	\$ 10,051	\$ 11,717	\$ 33,015	\$ 35,000
Per share, basic	\$ 0.11	\$ 0.12	\$ 0.34	\$ 0.30
Per share, diluted	\$ 0.10	\$ 0.12	\$ 0.34	\$ 0.30

Note: (1) Provision for income taxes deferred under new corporate partnership structure effective as of January 2, 2024

b) Free funds flow ("FFF") (Non-IFRS Financial Measure): 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 September 30		Nine Months Ended September 30	
	2025	2024	2025	2024
Adjusted funds flow from operations	\$ 10,051	\$ 11,717	\$ 33,015	\$ 35,381
Capital expenditures	(5,169)	(9,902)	(8,566)	(18,529)
Free funds flow	\$ 4,882	\$ 1,815	\$ 24,449	\$ 16,852
Per share, basic and diluted	\$ 0.05	\$ 0.02	\$ 0.25	\$ 0.17

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 September 30		Nine Months Ended September 30	
	2025	2024	2025	2024
Cash used in investing activities	\$ 5,149	\$ 5,178	\$ 10,902	\$ 13,769
Change in non-cash working capital	21	4,724	(2,336)	4,760
Capital expenditures	\$ 5,170	\$ 9,902	\$ 8,566	\$ 18,529

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

f) Working capital/Net debt (Non-IFRS Financial Measure): 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/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 derivative financial instruments, decommissioning obligations, lease liabilities, and tax provisions, and including any bank debt. There is no IFRS measure that is reasonably comparable to working capital/net debt.

The following table outlines the Company calculation of working capital/net debt:

(\$000s)	As at September 30, 2025	As at December 31, 2024
Current assets ⁽¹⁾	\$ 33,781	\$ 22,676
Current liabilities ⁽¹⁾	(22,815	(7,657
Adjust: Tax provision ⁽²⁾	-	(8,601
Working capital	\$ 10,966	\$ 6,418

Notes:

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

(2) Provision for income taxes deferred under new corporate partnership structure effective as of January 2, 2024.

g) Supplementary Financial Measures and Non-IFRS 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.

"Annual Free Funds Flow" is comprised of free funds flow from the current three-month period multiplied by four.

"Annualized Yield" is calculated as the dividend per common share for the stated period plus all NCIB purchases in such period divided by the closing stock price on November 24, 2025.

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

"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, 2024 and the interim period ended September 30, 2025, which are available under the Company's SEDAR+ profile at www.sedarplus.ca.

Oil and Gas Advisories

Any references in this news release to initial production rates (including as a result of recent polymer flood activities) are useful in confirming the presence of hydrocarbons; however, such rates are not determinative of the rates at which such wells will continue production and decline thereafter and are not necessarily indicative of long-term performance or ultimate recovery. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production for the Company. Such rates are based on field estimates and may be based on limited data available at this time.

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.

Definitions and Abbreviations

bbbl	barrel	Mcf	thousand cubic feet
bbbl/d	barrels per day	Mcf/d	thousand cubic feet per day
\$/bbbl	dollar per barrel	\$/Mcf	dollar per thousand cubic feet
boe	barrel of oil equivalent	IFRS	International Financial Reporting Standards
boe/d	barrel of oil equivalent per day	US\$	United States dollar
\$/boe	dollar per barrel of oil equivalent	WTI	West Texas Intermediate

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