



Hemisphere

ENERGY

HEMISPHERE ENERGY CORPORATION MODERN SLAVERY REPORT

For the year ended December 31, 2023

May 28, 2024

Overview

Hemisphere Energy Corporation ("we", "our" or the "**Corporation**") has created this report to meet our requirements pursuant to the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "**Modern Slavery Act**").

Forced labour and child labour (each as defined in the Modern Slavery Act and hereinafter together referred to as "**modern slavery**") are violations of fundamental human rights and are occurring across the globe. As a Canadian oil company, we recognize the responsibility we have to ensure our operations and the supply chains that support our operations adhere to the highest ethical standards, which includes no use of modern slavery in our business or supply chains.

The Corporation is a reporting entity as defined in the Modern Slavery Act. This report covers the Corporation's activities during our previous financial year, being from January 1, 2023 to December 31, 2023.

The Corporation takes modern slavery and our reporting requirements very seriously and we are committed to ensuring that we adhere to such requirements. We will continue to evaluate and assess our processes with respect to modern slavery in our business over time to ensure we are meeting all applicable reporting requirements and other legislation relating to modern slavery.

Steps Taken During 2023

The Corporation first became aware of the Modern Slavery Act late 2023 and subsequently engaged our legal counsel to assist in navigating the new reporting regime. As a result of the timing of becoming aware of the new reporting requirements, we did not take any steps in 2023 in relation to reducing the risks of modern slavery occurring in the Corporation's supply chain; however, we are not aware of any high-risk exposure to modern slavery associated with the Corporation's supply chain. We intend to continue to evaluate our reporting processes to ensure that our reporting with respect to modern slavery meets the statutory requirements.

Structure, Activities and Supply Chains

Structure

As at December 31, 2023, the Corporation had six full-time and one part-time employees in our head office in Vancouver, one full-time employee in Calgary, and one full-time field employee. Additionally, the Company had seven part-time consultants and five full-time field contractors. The Corporation has six directors, four of whom are independent.

Operations

The Corporation produces oil and natural gas from our core Atlee Buffalo property in southeast Alberta and is focused on developing conventional oil assets with low-risk development opportunities. The Corporation also has a newly acquired property in Marsden in southwest Saskatchewan. The Corporation is a publicly traded company 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 the year ended December 31, 2023, the Corporation produced 3,125 barrels of oil equivalent per day (99% heavy oil).

Supply Chains

The Corporation engages with local, provincial and national third-party goods and services providers who support our field operations. These include but are not limited to manufacturers and distributors of oil field goods and

services, operational and technical services, engineering and construction, drilling services, facilities management, and logistics. In addition to our field operations, we utilize information technology and communications service providers, as well as professional services such as human resources, legal and financial services to run the Corporation.

Upon review of our supply chain, we believe the overall risk of modern slavery is low based on the Corporation's geographic location as our operations are not considered to be in high-risk areas. We will continue to review the potential risk factors and recognize the importance of having the right management systems in place to ensure that modern slavery does not occur within our supply chain.

Additional information regarding the corporate structure and operations of the Corporation can be found in our 2023 Annual Information Form and in our 2023 Annual Report which includes our annual financial statements and related management's discussion and analysis for the year ended December 31, 2023, which are posted on our website at www.hemisphereenergy.ca and filed on SEDAR+ at www.sedarplus.ca.

Policies and Due Diligence

Policies

The Corporation does not have any current policies in place in relation to mitigating risks related to modern slavery. The Corporation may in the future consider amending existing policies and/or implementing new policies designed to mitigate the risks of any actual or perceived modern slavery occurring in relation to our business or operations.

Due Diligence

Given the timing of the implementation of the Modern Slavery Act, the Corporation has not historically undertaken any steps to conduct due diligence relating to mitigating the risks of modern slavery occurring in relation to our business or operations; however, we are not aware of any high-risk exposure to modern slavery associated with the Corporation's supply chain. We may in the future consider implementing additional procedures to ensure we are not unknowingly engaged in business with any entities involved in modern slavery.

Activity and Supply Chain Risks

The Corporation is not aware of any high-risk exposure to modern slavery associated with the Corporation's business or supply chains.

Remediation Measures

We are not aware of the existence of modern slavery in our business and the supply chains that support our operations and as such, we have not taken any measures to remediate any forced labour or child labour or to remediate the loss of income to the most vulnerable families that resulted from any measure taken from any of the Corporation's actions.

Employee Training

We currently do not have any employee training in place with respect to the Modern Slavery Act but may consider implementing such training in the future.

Assessment of Effectiveness

The Corporation has not yet implemented any policies or processes to assess our effectiveness in ensuring that modern slavery is not used in the Corporation's business or supply chains.

Approval and Attestation of the Report

This report was approved by the Corporation's Board of Directors on May 28, 2024 pursuant to paragraph 11(4)(a) of the Modern Slavery Act and will be filed with the Minister of Public Safety and Emergency Preparedness.

In accordance with the requirements of the Modern Slavery Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in this report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest, on behalf of the Corporation, and with no personal liability, that the information in this report is true, accurate and complete in all material respects for the purposes of the Modern Slavery Act, for the reporting year listed above.



Don Simmons
President, Chief Executive Officer and Director
Hemisphere Energy Corporation
May 28, 2024

I have the authority to bind the Corporation.

Note: 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.