

TSX-V: HME

VANCOUVER, Sept. 15, 2017 /CNW/ - [Hemisphere Energy Corp.](#) (TSX-V: HME) ("Hemisphere" or the "Company") is pleased to announce that it has entered into a new and significantly increased credit facility (the "New Credit Facility") with Cibolo Energy Partners, LP and certain of its affiliates (collectively, "Cibolo"), a Houston-based firm focused on energy investment opportunities. The New Credit Facility is a strategic and transformational transaction for Hemisphere that will allow the Company to accelerate the development of its southern Alberta Atlee Buffalo waterflood oil assets. Consequently, the Company has repaid and terminated its existing credit facility with its Canadian bank (the "Former Credit Facility").

All amounts are expressed in Canadian dollars, unless otherwise stated.

New Credit Facility

Hemisphere has entered into a first lien senior secured credit agreement with Cibolo providing for a multi-draw, non-revolving term loan facility of a maximum aggregate principal amount of up to US\$35.0 million, with an initial commitment amount of US\$15.0 million. This represents an approximate 50% increase in currently available credit to Hemisphere as compared to its Former Credit Facility. Hemisphere has made an initial draw of US\$10.0 million of the initial US\$15.0 million commitment under the New Credit Facility. Additional commitments are subject to further approval by Cibolo. The interest rate for the New Credit Facility is the three-month United States dollar London Interbank Offered Rate ("LIBOR") with a LIBOR floor of 1%, plus 7.50% payable quarterly, for a five-year term with a maturity date of September 15, 2022.

Use of Proceeds and Development Plan

The New Credit Facility has been used to fully repay the outstanding indebtedness under the Former Credit Facility and will also be used to greatly expand the Company's development in the Atlee Buffalo area. Hemisphere's Board of Directors and Cibolo have approved a development plan under which Hemisphere intends to make capital expenditures of up to \$7.6 million in the remainder of 2017. These expenditures include plans to drill seven additional wells in Atlee Buffalo, expand its F pool facility, and construct a new water separation and re-injection facility in the G pool. This will allow the Company to drill in an area of unattributed reserves in the F pool, optimize and increase production capability in the G pool, expand its field-wide reservoir simulation, and set up for an aggressive 2018 drilling program.

Warrants

In conjunction with the New Credit Facility, the Company has issued 13,750,000 warrants (the "Warrants") to Cibolo. Each Warrant entitles Cibolo to purchase one common share of Hemisphere at an exercise price of \$0.28 prior to September 15, 2022. The exercise price of the Warrants represents a 40% premium to the 30-day volume weighted average price ("VWAP") of Hemisphere's common shares at market close on September 14, 2017. The Warrants are subject to a forced exercise clause which applies upon a 30-day VWAP equaling or exceeding \$1.40 per share. The Warrants are non-transferable and are subject to a four-month hold period from the date of issuance.

Prior to the provision of the New Credit Facility, Cibolo did not own any securities of the Company. Assuming the exercise of all of the Warrants issued in conjunction with the New Credit Facility, Cibolo would own approximately 15% of the outstanding common shares of the Company. Except for the potential exercise of the Warrants and the related acquisition of common shares of the Company, Cibolo does not presently have any future intention to acquire ownership of, or control over, additional securities of the Company. Cibolo will file an early warning report, pursuant to National Instrument 62-103, in respect of its acquisition of the Warrants, which report will be available on the Company's SEDAR profile at www.sedar.com or by contacting Dorlyn Evancic, Hemisphere's Chief Financial Officer, at (604) 685-9255.

The Company will pay a cash finder's fee to Integral Wealth Securities Limited of up to 2% on drawn funds under the initially committed US\$15.0 million.

A copy of the credit agreement for the New Credit Facility will be filed on the Company's SEDAR profile at www.sedar.com in due course.

About Hemisphere Energy Corporation

[Hemisphere Energy Corp.](#) is a producing oil and gas company focused on developing conventional oil assets with low risk drilling opportunities. Hemisphere plans continual growth in production, reserves, and cash flow by drilling existing projects and executing strategic acquisitions. Hemisphere trades on the TSX Venture Exchange as a Tier 1 issuer under the symbol "HME".

Forward-looking Statements

This news release contains "forward-looking statements" that are based on Hemisphere's current expectations, estimates, forecasts and projections. The words "estimates", "projects", "expects", "intends", "believes", "plans", or their negatives or other comparable words and phrases are intended to identify forward-looking statements and include statements regarding Hemisphere's planned use of proceeds for the New Credit Facility and the timing thereof and the Company's development plans for the Atlee Buffalo property area; and other expectations, intentions, and plans that are not historical fact.

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: that Hemisphere will continue to conduct its operations in a manner consistent with past operations; 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 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; 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 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 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.

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.

SOURCE [Hemisphere Energy Corp.](#)

Contact

please visit our website at www.hemisphereenergy.ca to see our updated corporate presentation or contact: Don Simmons, President & Chief Executive Officer, Telephone: (604) 685-9255, Email: info@hemisphereenergy.ca; Dorlyn Evancic, Chief Financial Officer, Telephone: (604) 685-9255, Email: info@hemisphereenergy.ca