

Hemisphere Energy Provides Operations Update with Record Production of Approximately 1600 boe/d

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TSX-V: HME

VANCOUVER, Feb. 6, 2019 - [Hemisphere Energy Corp.](#) (TSX-V: HME) ("Hemisphere" or the "Company") is pleased to provide an update on its Southern Alberta operations following the 11 well drilling program that was completed in the fall of 2018.

Based on field estimates, corporate production during the period of January 28 to February 4, 2019 averaged approximately 1600 boe/d (96% oil). Oil production rates are continuing to improve after bringing certain wells back on production that were shut-in through November and December due to extremely low Canadian oil pricing.

In 2018, Hemisphere drilled a total of 14 horizontal wells in the Atlee Buffalo area, of which 11 were drilled as producers and three as injectors. The successful completion of this drilling program has significantly advanced the expansion of both the Atlee Buffalo Upper Mannville F and G waterflood pools, and sets up an exciting follow-up program of what management believes to be low risk, low decline, and high quality drilling locations. These pools are still in early maturity with current recovery factors of under 5% of the Alberta Energy Regulator (AER) mapped oil in place. Analogue pools within two townships have reached up to 40% recovery factors when developed using similar enhanced oil recovery techniques.

During the fourth quarter of 2018, Canadian oil prices experienced unprecedentedly high Western Canadian Select (WCS) to West Texas Intermediate (WTI) differentials. In December, the Alberta Government responded by announcing a temporary production curtailment of 325,000 bbl/d (approximately 8.7% of total Provincial production), commencing January 1, 2019 and applying only to companies with production greater than 10,000 bbl/d. This action has resulted in a significant correction to the WCS to WTI pricing differentials. As Hemisphere's production does not exceed 10,000 bbl/d, no field operations have been impacted.

In response to the price volatility seen through the fourth quarter of 2018, Hemisphere has deferred its capital spending program to the third quarter of 2019. The Company currently has plans to drill up to 16 wells in 2019 if market conditions continue to stabilize near current levels.

Hemisphere is proud to highlight that its Liability Management Rating (LMR) with the AER is at 8.46 as of February 2, 2019, which is within the top 10% of all companies evaluated by the AER. With the recent Supreme Court of Canada ruling on the Redwater case regarding the responsibility for abandonment and reclamation liabilities, Hemisphere believes having a strong LMR will continue to be a critical component in the success of Canadian oil and gas companies.

Please see our website at www.hemisphereenergy.ca for the company's updated corporate presentation.

About Hemisphere Energy Corporation

[Hemisphere Energy Corp.](#) is a Canadian oil and gas company focused on the development of low risk conventional oil assets for minimal capital exposure by drilling known pools of oil and optimizing waterflood projects. Hemisphere plans continued growth in production, reserves, and cash flow by focusing on 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

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 expectation that production rates are continuing to improve after the downtime of certain wells; management's belief that the successful completion of the drilling program in 2018 sets up an exciting follow-up program of low risk, low decline, and high quality drilling locations; management's belief that these pools are still in early maturity with current recovery factors of under 5%; Hemisphere's plans to drill up to 16 wells in 2019 if market conditions continue to stabilize near current levels; Hemisphere's belief that having a strong LMR will continue to be a critical component in the success of Canadian oil and gas companies; and the Company's plans for continual growth in production, reserves, and cash flow by focusing on existing projects and executing strategic acquisitions.

Forward-looking statements are based on a number of material factors, expectations, or assumptions of Hemisphere which have been used to develop such statements but which may prove to be incorrect. Although Hemisphere believes that the expectations reflected in such forward-looking statements 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; 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 jurisdiction 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 statements, including the assumptions made in respect thereof, involve known and unknown 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 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 legislation.

Oil and Gas Advisories

A barrel of oil equivalent ("boe") may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf:1 Bbl 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.

Production rates disclosed herein are not determinative of the rates at which the wells will continue to produce and decline thereafter and may not necessarily be indicative of the long term performance or estimated ultimate recovery.

The information concerning the oil pools (the "Analogous Pools") located within two townships of Hemisphere's lands and

disclosed in this press release may be considered to be "analogous information" within the meaning of applicable securities laws. The information concerning the Analogous Pools was obtained by Hemisphere management on Feb 5, 2019 from various public sources including information available to Hemisphere through AccuMap. Management believes such information is analogous to the Upper Mannville F and G pools in which Hemisphere has an interest at the Atlee Buffalo property area and is relevant as it may help to demonstrate the reaction of such pools (in which Hemisphere has an interest) to waterflood stimulations. Hemisphere is unable to confirm whether the analogous information was prepared by a qualified reserves evaluator or auditor or in accordance with the COGE Handbook and whether such evaluator or auditor was independent and therefore, the reader is cautioned that the data relied upon by Hemisphere may be in error and/or may not be analogous to the oil pools in which Hemisphere holds an interest.

Definitions and Abbreviations

boe/d barrel
of
oil
bbl/d equivalent
per
day

barrel
of
oil
per
day

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

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

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