

Hemisphere Energy Provides Corporate and Operations Update

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Vancouver, February 10, 2021 - [Hemisphere Energy Corp.](#) (TSXV: HME) ("Hemisphere" or the "Company") is pleased to provide an update on corporate activities and its Southern Alberta oil assets.

Although 2020 had considerable challenges, Hemisphere made several important achievements throughout the year. Focus remained on debt reduction through limiting capital expenditures, minimizing costs, and maximizing profitability even when that included shutting in production.

Capital spending for 2020 was minimal at approximately \$1.5 million, with the remainder of funds flow allocated to debt repayment. Hemisphere paid down US\$6 million on its credit facility over the year, lowering its term loan debt by 23% to US\$20.5 million at December 31, 2020.

Average oil production for 2020 was approximately 1,690 bbl/d, representing modest growth of 5% over 2019. This was achieved in a year of extremely volatile oil prices, despite voluntarily shutting in a number of wells through the second quarter and deferring operational workovers on certain wells throughout the year.

In the fourth quarter of 2020, Hemisphere converted three Atlee Buffalo G pool oil producers to water injection wells to expand the waterflood into new areas of the oil pool requiring pressure support. Although production loss occurred when these wells were converted, reservoir modelling indicates that positive response at offset producers will more than make up for this lost production. Over the past few weeks Hemisphere has already started to see a response from the waterflood expansion with some initial production increases. Based on field estimates, oil production was approximately 1,565 bbl/d for the period between February 1st to February 8th, 2021.

Hemisphere was also active in its Normal Course Issuer Bid (NCIB) program over the year, having purchased over 2,300,000 shares at an average share price of \$0.13.

Extensive evaluation has been completed on the conversion of the Company's Atlee Buffalo G pool water flood to polymer flood. With success, the potential long-term value of this project is substantial in terms of incremental and accelerated oil recovery. Management is hopeful that polymer injection could begin by the third quarter of 2021. More updates will follow as further details become available.

With vaccinations well underway and global markets recovering, the outlook for 2021 is much brighter than 2020. The Company is very excited about the future of its assets and plans to concentrate on low cost growth using enhanced recovery projects within its 100% owned and operated pools.

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 sustainable growth of its low risk, low cost conventional oil assets. Hemisphere plans continued growth in production, reserves, and cash flow by optimizing existing projects and where possible executing strategic and accretive acquisitions. Hemisphere trades on the TSX Venture Exchange as a Tier 1 issuer under the symbol "HME".

Don Simmons, President & Chief Executive Officer
Telephone: (604) 685-9255
Email: info@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 regarding Hemisphere's reservoir models on production with respect to offset producing wells related to its waterflood program, expectations with respect to the potential long-term value of Hemisphere's polymer flood project with respect to incremental and accelerated oil recovery and Hemisphere's expectation that polymer injections could begin by the third quarter of 2021.

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 result of current waterflood operations; 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 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; risks related to the enhanced oil recovery operations described herein; 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.

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 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

boe barrel of oil equivalent

boe/d barrel of oil equivalent per day

bbl/d barrel of oil per day

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