



HEMISPHERE ENERGY ANNOUNCES Q3 2017 FINANCIAL AND OPERATING RESULTS

TSX-V: HME

Vancouver, British Columbia, November 23, 2017 – Hemisphere Energy Corporation (TSX-V: HME) ("Hemisphere" or the "Company") announces its financial and operating results for the three and nine months ended September 30, 2017.

Q3 2017 Highlights

- Achieved quarterly average production of 681 boe/d (95% oil), a 31% increase over the third quarter of 2016 and 15% increase over the second quarter of 2017.
- Increased revenue by 68% to \$2.7 million compared to \$1.6 million for the third quarter of 2016.
- Increased operating netbacks, including realized gains on commodity contracts, to \$19.28/boe, an 18% increase from the third quarter of 2016.
- Generated funds flow from operations of \$657,840 (\$0.01/share), an increase of 91% over the third quarter of 2016.
- Decreased operating costs over the second quarter by 21% to \$12.78/boe.
- Executed a strategic debt refinancing for a term loan of up to USD\$35.0 million over five years.
- Initiated a six-well drill program in Atlee Buffalo at the end of the quarter.
- Commenced the expansion of the Company's F pool facility and the construction of the G pool facility in Atlee Buffalo.
- Achieved a Corporate Liability Management Ratio ("LMR") with the Alberta Energy Regulator of 5.07 at the end of the third quarter 2017, within the top 12% of all Companies assessed.

Corporate Update

During the third quarter, Hemisphere entered into a strategic and transformational term loan facility for up to a maximum of USD\$35.0 million to accelerate the development of its oil assets in southern Alberta. The initial commitment of USD\$15.0 million drawn is a 50% increase to the Company's former credit facility which was subsequently repaid and terminated.

The Company immediately began its drilling program in Atlee Buffalo which included six development wells consisting of three into the Upper Mannville F pool and three into the Upper Mannville G pool to expand the successful waterflood projects in each pool. Results of these wells will be disclosed as stabilized rates become available. During the quarter, the Company also commenced the expansion of its Upper Mannville F pool facility to enhance water separation and increase oil production, as well as the construction of a new water separation and re-injection facility in the Upper Mannville G pool.

The third quarter of 2017 marked a new chapter for Hemisphere as it gained access to capital in order to move forward the full development of its Atlee Buffalo oil assets which have undergone very effective pilot waterflood programs during the past few years. The Company has positioned itself to grow significantly through 2018 and is already preparing its 2018 drilling programs.

Selected financial and operational highlights should be read in conjunction with Hemisphere's interim condensed financial statements and related Management's Discussion and Analysis for the three and nine months ended

September 30, 2017. These reports are available on SEDAR at www.sedar.com and on Hemisphere's website at www.hemisphereenergy.ca. All amounts are expressed in Canadian dollars unless otherwise stated.

Financial and Operating Summary

	Three Months Ended September 30		Nine Months Ended September 30	
	2017	2016	2017	2016
Financial				
Petroleum and natural gas revenue	\$ 2,733,656	\$ 1,630,105	\$ 7,446,068	\$ 4,014,662
Operating netback ⁽¹⁾	1,208,106	779,966	3,262,794	1,486,898
Funds flow from operations ⁽²⁾	657,840	345,007	1,761,249	257,387
Per share, basic and diluted	0.01	0.00	0.02	0.00
Net loss	(140,254)	(413,340)	(485,655)	(2,060,620)
Per share, basic and diluted	(0.00)	(0.00)	(0.01)	(0.03)
Capital expenditures	3,107,979	1,457,530	4,025,800	2,006,613
Net debt ⁽³⁾	14,426,091	11,384,586	14,426,091	11,384,586
Bank indebtedness	-	10,670,689	-	10,670,689
Term loan	\$ 11,589,132	\$ -	\$ 11,589,132	\$ -
Operating				
Average daily production				
Oil (bbl/d)	644	450	574	422
Natural gas (Mcf/d)	217	400	274	493
NGL (bbl/d)	1	2	2	2
Combined (boe/d)	681	518	622	506
Oil and NGL weighting	95%	87%	93%	84%
Average sales prices				
Oil (\$/bbl)	\$ 45.58	\$ 37.28	\$ 46.20	\$ 32.58
Natural gas (\$/Mcf)	1.48	2.24	2.42	1.72
NGL (\$/bbl)	42.62	32.88	45.41	26.05
Combined (\$/boe)	\$ 43.62	\$ 34.19	\$ 43.87	\$ 28.94
Operating netback (\$/boe)				
Petroleum and natural gas revenue	\$ 43.62	\$ 34.19	\$ 43.87	\$ 28.94
Royalties	9.36	4.64	7.53	3.15
Operating costs	12.78	7.92	15.31	10.47
Transportation costs	2.71	5.27	2.85	4.60
Operating field netback ⁽⁴⁾	18.77	16.36	18.18	10.72
Realized commodity hedging gain	0.51	-	1.05	-
Operating netback ⁽¹⁾	\$ 19.28	\$ 16.36	\$ 19.22	\$ 10.72

Notes:

- (1) Operating netback is a non-IFRS measure calculated as the operating field netback plus the Company's realized commodity hedging gain (loss) per barrel of oil equivalent. Operating netback per boe is a non-IFRS measure calculated as the operating field netback plus the Company's realized commodity hedging gain (loss) per barrel of oil equivalent per barrel of oil equivalent.
- (2) Funds flow from operations is a non-IFRS measure that represents cash generated by operating activities, before changes in non-cash working capital and may not be comparable to measures used by other companies.
- (3) Net debt is a non-IFRS measure calculated as current assets minus current liabilities including term loan or bank indebtedness and excluding fair value of financial instruments and any flow-through share premium.
- (4) Operating field netback per boe is a non-IFRS measure calculated as the Company's oil and gas sales, less royalties, operating expenses and transportation costs per barrel of oil equivalent.

About Hemisphere Energy Corporation

Hemisphere Energy Corporation 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 focusing on existing assets with significant growth potential and executing strategic acquisitions. Hemisphere trades on the TSX Venture Exchange as a Tier 1 issuer under the symbol "HME".

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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 plans for its facilities to be completed by the end of November; the operational developments anticipated to result from the fall drilling program; plans to grow significantly; plans for the first quarter 2018 drilling program; and any 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.

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.

Non-IFRS and Additional IFRS Measures

The news release contains terms commonly used in the oil and gas industry which are not defined by or calculated in accordance with International Financial Reporting Standards ("IFRS"), such as: (i) funds flow from operations, which is an additional IFRS measure; (ii) net debt, which is a non-IFRS measure; and (iii) operating netback, operating netback per boe and operating field netback per boe, which are non-IFRS measures. These terms should not be considered an alternative to, or more meaningful than the comparable IFRS measures (as determined in accordance with IFRS) which in the case of funds flow from operations, operating field netback and operating netback, are cash provided by operating activities and cash flow from operating activities or net income or net loss, respectively. There is no IFRS measure that is reasonably comparable to net debt. These measures are commonly used in the oil and gas industry and by Hemisphere to provide shareholders and potential investors with additional information regarding: (i) in the case of funds flow from operations, the Company's ability to generate the funds necessary to support future growth through capital investment and to repay any debt; (ii) in the case of operating netback, operating netback per boe and operating field netback per boe the indication of the Company's profitability relative to current commodity prices; and (iii) in the case of net debt, the capital structure and financial position of the Company.

Hemisphere's determination of these measures may not be comparable to that reported by other companies. Funds flow from operations is calculated as cash generated by operating activities, before changes in non-cash working capital; operating field netback is calculated as the Company's oil and gas sales, less royalties, operating expenses, and transportation costs; operating field netback per boe is calculated as operating field netback divided by production for the applicable period on a per barrel of oil equivalent basis; operating netback and operating netback per boe adjusts operating field netback and operating field netback per boe, respectively, for any realized gains or losses on commodity hedges and net debt is calculated as current assets minus current liabilities including bank indebtedness and excluding fair value of financial instruments and any flow-through share premium. 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, 2016, which is available under the Company's SEDAR profile at www.sedar.com.

Definitions and Abbreviations

bbl	barrel	Mcf	thousand cubic feet
bbl/d	barrels per day	Mcf/d	thousand cubic feet per day
\$/bbl	dollar per barrel	\$/Mcf	dollar per thousand cubic feet
boe	barrel of oil equivalent	NGL	natural gas liquids
boe/d	barrel of oil equivalent per day	IFRS	International Financial Reporting Standards
\$/boe	dollar per barrel of oil equivalent	USD	United States dollars

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