



HEMISPHERE ENERGY PROVIDES OPERATIONAL UPDATE

TSX-V: HME

Vancouver, British Columbia, August 1, 2018 – Hemisphere Energy Corporation (TSX-V: HME) ("Hemisphere" or the "Company") is pleased to provide an update on its drilling and field operations.

Hemisphere has continued to show significant progress in production growth. During the three month period ended June 30, 2018, the Company achieved an average corporate production rate of over 1,050 boe/d (96% oil), based on field estimates. This growth in production represents a 22% increase over the first quarter of 2018 and a 75% increase year over year.

Hemisphere is currently drilling the largest program in its corporate history with up to 11 wells. Drilling operations are expected to be completed over the next two months. To date in the current development program, the Company has completed the drilling of five wells with the sixth well being drilled at this time.

Completion and pipeline operations are ongoing in the field with the first two wells recently brought on production. All other wells drilled by the Company in this drilling program are expected to be tied-in and on production or waiting for injection approvals by the end of September 2018.

The Company has also initiated facility expansion work at both its Atlee Buffalo Upper Mannville F and G pools to provide additional production and injection capacity.

“Hemisphere continues to execute its corporate strategy of organic growth through drilling highly economic wells into conventional oil pools,” said Don Simmons, President and CEO of Hemisphere Energy. “We see this sizeable development program in Atlee Buffalo as a major turning point for the Company and an exciting step forward in capturing the value of these assets.”

About Hemisphere Energy Corporation

Hemisphere Energy Corporation is a producing 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 drilling existing projects and executing strategic acquisitions. Hemisphere trades on the TSX Venture Exchange as a Tier 1 issuer under the symbol "HME".

For further information, please visit our website at www.hemisphereenergy.ca to see our corporate presentation or contact:

Don Simmons, President & Chief Executive Officer

Telephone: (604) 685-9255

Email: info@hemisphereenergy.ca

Scott Koyich, Investor Relations

Telephone: (403) 619-2200

Email: scott@briscocapital.com

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 estimated average daily production rates for the three month period ended June 30, 2018, Hemisphere's plans to complete drilling operations up to 11 wells in Atlee Buffalo over the next two months, Hemisphere's expectation that all wells drilled by the Company to date in 2018 will be tied-in and on production or waiting for injection approvals by the end of September 2018 and its plans for continual growth in production, reserves, and cash flow by drilling 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 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; 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/d barrel of oil equivalent 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.