



HEMISPHERE ENERGY CORPORATION ANNOUNCES SECOND QUARTER FINANCIAL AND OPERATING RESULTS

TSX-V: HME

Vancouver, British Columbia, October 30, 2012 - Hemisphere Energy Corporation ("Hemisphere" or the "Company") (TSX-V: HME) is pleased to announce its financial and operating results for the three and six months ended August 31, 2012. All amounts are expressed in Canadian dollars.

Achievements and Highlights

- Increased petroleum and natural gas revenue for the first six months to \$4,450,803 compared to \$553,389 in the same period last year.
- Increased funds flow from operating activities for the six months of the fiscal year to \$1,892,118 (\$0.04/share) compared to a shortfall of \$91,130 (\$0.00/share) in the same period last year.
- Increased second quarter average production 417% to 367 barrels of oil equivalent per day ("boe/d") from 71 boe/d in the same quarter last year.
- Increased second quarter production of oil and natural gas liquids ("NGL") weighting to 92% from 49% in the previous year's second quarter.
- Increased operating netback by 31% in the second quarter to \$33.76/boe from \$25.80/boe in the same quarter last year.
- Reduced second quarter operating and transportation costs by 13% to \$13.40/boe from \$15.39/boe in the second quarter last year.
- Achieved 100% success rate in drilling, completing and placing on production two new horizontal oil wells in Jenner.
- Executed a seismic option and farm-in agreement in the Jenner area.
- Increased seismic database through the purchase and acquisition of two separate 3D seismic surveys.
- Acquired 800 additional acres of prospective land in Jenner through a crown land sale.
- Expanded the Company's technical team and appointed Andrew Arthur as Vice President of Exploration.

Selected financial and operational highlights should be read in conjunction with the Company's unaudited condensed interim Financial Statements and related Management's Discussion and Analysis which are available on SEDAR at www.sedar.com and on Hemisphere's website at <http://www.hemisphereenergy.ca/investors/financial-reports>.

Financial and Operating Highlights

Financial	Three months ended August 31		Six months ended August 31	
	2012	2011	2012	2011
Petroleum and natural gas revenue	\$ 2,029,140	\$ 297,526	\$ 4,450,803	\$ 553,389
Petroleum and natural gas netback	\$ 1,139,827	\$ 166,845	\$ 2,507,300	\$ 255,816
Funds flow from operating activities	\$ 823,609	\$ (3,965)	\$ 1,892,118	\$ (91,130)
Per share, basic and diluted	\$ 0.02	\$ (0.00)	\$ 0.04	\$ (0.00)
Income / (loss)	\$ (136,556)	\$ (75,583)	\$ 169,349	\$ (384,347)
Per share, basic and diluted	\$ (0.00)	\$ (0.00)	\$ 0.00	\$ (0.01)
Capital expenditures	\$ 3,094,543	\$ 1,423,534	\$ 5,924,666	\$ 2,579,224
Working capital			\$ (1,644,640)	\$ 1,956,015
Credit facility – drawn			\$ 900,000	\$ -
Credit facility – undrawn			\$ 3,600,000	\$ -

Operating	Three months ended August 31		Six months ended August 31	
	2012	2011	2012	2011
Average daily production				
Crude oil (bbl/d)	335	33	359	28
Natural gas (mcf/d)	170	216	179	216
NGL (bbl/d)	4	2	4	2
Total (boe/d)	367	71	393	66
Oil & NGL weighting	92%	49%	92%	45%
Average sales prices				
Crude oil (\$/bbl)	\$ 64.31	\$ 71.56	\$ 65.79	\$ 74.96
Natural gas (\$/mcf)	\$ 1.93	\$ 3.71	\$ 1.83	\$ 3.64
NGL (\$/bbl)	\$ 50.27	\$ 58.93	\$ 61.24	\$ 64.33
Combined (\$/boe)	\$ 60.10	\$ 46.01	\$ 61.59	\$ 45.66
Operating netback (\$/boe)				
Petroleum and natural gas revenue	\$ 60.10	\$ 46.01	\$ 61.59	\$ 45.66
Royalties	\$ 12.93	\$ 4.82	\$ 12.14	\$ 6.22
Operating costs	\$ 10.25	\$ 14.40	\$ 10.89	\$ 17.53
Transportation costs	\$ 3.15	\$ 0.99	\$ 3.87	\$ 0.80
Operating netback	\$ 33.76	\$ 25.80	\$ 34.69	\$ 21.11

Subsequent Achievements

- Increased the Company's share capital by \$1,028,516 as a result of 1,714,194 share purchase warrants exercised at a price of \$0.60/share.
- Drilled the first vertical well in Jenner under the farm-in agreement executed in the beginning of the second quarter and anticipate it being placed on production in early-November.
- Concluded the Company's summer drill program by drilling an additional horizontal oil well in Jenner which was completed and placed on production in late October.

About Hemisphere Energy Corporation

Hemisphere Energy Corporation is a junior exploration and production company focused on developing core areas that provide low to medium risk drilling opportunities to increase production, reserves and cash flow. Hemisphere's continued growth plan is through drilling existing prospects and executing strategic acquisitions and farm-ins. Hemisphere trades on the TSX Venture Exchange 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. These forward-looking statements include statements regarding Hemisphere's outlook for our future operations, plans and timing for the commencement or advancement of exploration and development activities on our properties, and other expectations, intention and plans that are not historical fact. The words "estimates", "projects", "expects", "intends", "believes", "plans", or their negatives or other comparable words and phrases are intended to identify forward-looking statements. Such forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. Many of these factors are beyond the control of Hemisphere. Consequently, all forward-looking statements made in this news release are qualified by this cautionary statement and there can be no assurance that actual results or developments anticipated by Hemisphere will be realized. For the reasons set forth above, investors should not place undue reliance on such forward-looking statements. Hemisphere disclaims any intention or obligation to update or revise forward-looking information, whether as a result of new information, future events or otherwise.

Barrels 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.

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