



HEMISPHERE ENERGY ANNOUNCES SECOND QUARTER 2013 RESULTS

TSX-V: HME

Vancouver, British Columbia, August 27, 2013 – Hemisphere Energy Corporation (TSX-V: HME) is pleased to announce its financial and operating results for the three and six months ended June 30, 2013.

Second Quarter 2013 Highlights

- Produced 407 boe/d with an 83% oil and NGL weighting.
- Generated \$2.4 million in revenue representing an increase of 15% over the first quarter of 2013.
- Increased operating netbacks by \$4.49 per boe to \$34.44 per boe compared to \$29.95 per boe in the first quarter of 2013.
- Achieved funds flow from operating activities of \$847,459 or \$0.02 per share.
- Increased net income to \$241,029 compared to \$134,425 in the first quarter of 2013.
- Graduated to Tier 1 of the TSX Venture Exchange – the premier tier reserved for the most advanced issuers with the most significant financial resources on the TSX Venture Exchange.

Subsequent Achievements

- Successfully drilled another horizontal development well in Jenner in August 2013 targeting the oil-bearing sandstones of the Glauconitic formation.
- August 2013 production to date averaged 523 boe/d with a 75% oil and NGL weighting.

Selected financial and operational highlights should be read in conjunction with Hemisphere's condensed interim Financial Statements and related Management's Discussion and Analysis for the three and six months ended June 30, 2013. These reports are available on SEDAR at www.sedar.com and on Hemisphere's website at www.hemisphereenergy.ca. As a result of changing the fiscal year-end from February 28 to December 31, the three and six months ended June 30, 2013 are compared to the three and six months ended May 31, 2012, respectively, and may not provide accurate comparisons due to year-end adjustments. All amounts are expressed in Canadian dollars.

Financial and Operating Summary

Financial	Three Months Ended		Six Months Ended	
	June 30, 2013	May 31, 2012 ⁽¹⁾	June 30, 2013	May 31, 2012 ⁽¹⁾
Petroleum and natural gas revenue	\$ 2,375,912	\$ 2,421,663	\$ 4,449,530	\$ 5,185,227
Petroleum and natural gas netback	1,274,744	1,367,474	2,390,301	3,163,661
Funds flow from operating activities ⁽²⁾	847,459	1,068,509	1,639,026	2,423,606
Per share, basic and diluted	0.02	0.02	0.03	0.05
Income (loss) before tax	241,029	305,905	375,454	(358,134)
Per share, basic and diluted	0.00	0.01	0.01	(0.01)
Net income (loss) after tax	241,029	305,905	375,454	1,036,411
Per share, basic and diluted	0.00	0.01	0.01	0.02
Capital expenditures	772,651	2,830,123	2,405,789	11,291,689
Property development	733,621	2,830,123	2,302,232	5,184,918
Acquisitions	39,030	-	103,557	6,106,771
Working capital (deficiency) at end of period	(4,643,327)	626,293	(4,643,327)	626,293
Net debt at end of period	\$ 4,377,500	\$ -	\$ 4,377,500	\$ -

	Three Months Ended		Six Months Ended	
	June 30, 2013	May 31, 2012 ⁽¹⁾	June 30, 2013	May 31, 2012 ⁽¹⁾
Average daily production				
Oil (bbl/d)	335	383	353	373
Natural gas (mcf/d)	412	187	322	225
NGL (bbl/d)	3	4	4	4
Combined (boe/d)	407	418	410	415
Oil and NGL weighting	83%	93%	87%	91%
Average sales prices				
Oil (\$/bbl)	\$ 72.99	\$ 67.08	\$ 65.74	\$ 73.93
Natural gas (\$/mcf)	3.55	1.74	3.50	2.17
NGL (\$/bbl)	62.55	71.44	69.21	67.05
Combined (\$/boe)	\$ 64.18	\$ 62.90	\$ 59.91	\$ 68.39
Operating netback (\$/boe)				
Petroleum and natural gas revenue	\$ 64.18	\$ 62.90	\$ 59.91	\$ 68.39
Royalties	10.87	11.29	9.39	11.63
Operating costs	15.62	11.59	15.29	11.03
Transportation costs	3.26	4.50	3.05	4.00
Operating netback	\$ 34.44	\$ 35.52	\$ 32.18	\$ 41.73

Note:

(1) Fiscal year-end changed from February 28 to December 31.

(2) Funds flow from operating activities represents net income or loss before depletion, depreciation and accretion, share-based payments and future income tax.

About Hemisphere Energy Corporation

Hemisphere Energy Corporation is an oil and gas, 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 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. 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.

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.

Definitions and abbreviations

<i>bbl</i>	<i>barrel</i>	<i>mcf</i>	<i>thousand cubic feet</i>
<i>bbl/d</i>	<i>barrels per day</i>	<i>mcf/d</i>	<i>thousand cubic feet per day</i>
<i>\$/bbl</i>	<i>dollar per barrel</i>	<i>\$/mcf</i>	<i>dollar per thousand cubic feet</i>
<i>boe</i>	<i>barrel of oil equivalent</i>		
<i>boe/d</i>	<i>barrel of oil equivalent per day</i>	<i>NGL</i>	<i>natural gas liquids</i>
<i>\$/boe</i>	<i>dollar per barrel of oil equivalent</i>		

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