



## HEMISPHERE ENERGY ANNOUNCES 64% INCREASE IN PROVED PLUS PROBABLE RESERVES IN 2013

TSX-V: HME

Vancouver, British Columbia, April 1, 2014 – Hemisphere Energy Corporation (TSX-V: HME) is pleased to announce the results of its year-end independent reserves evaluation in accordance with National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101") as at December 31, 2013.

The independent reserves evaluation covers the twelve month period ended December 31, 2013. During the year Hemisphere drilled and placed on production two horizontal wells, acquired the Atlee Buffalo property and completed upgrades at its main facility in Jenner.

### Highlights - December 31, 2013 compared to December 31, 2012

#### Proved Reserves

- Increased Proved reserves by 57% to 1,272.8 Mboe (90% oil & liquids).
- Increased NPV of Proved reserves by 37% to \$24.6 million (before tax, discounted at 10%).
- Reserve replacement<sup>(1)</sup> of 271%.

#### Proved plus Probable Reserves

- Increased Proved plus Probable reserves by 64% to 2,073.7 Mboe (89% oil & liquids).
- Increased NPV of Proved plus Probable reserves by 44% to \$38.2 million (before tax, discounted at 10%).
- Reserve replacement<sup>(1)</sup> of 476%.

Note:

(1) Based on estimated 12 month 2013 production of 169,034 boe.

#### Summary of Reserves

The reserves data set forth below is based upon an independent reserves evaluation prepared by McDaniel & Associates Consultants Ltd. ("McDaniel") with an effective date of December 31, 2013 (the "McDaniel Report"). The following presentation summarizes Hemisphere's crude oil, natural gas liquids and natural gas reserves and the net present values before income tax of future net revenue for Hemisphere's reserves using forecast prices and costs based on the McDaniel Report. The McDaniel Report has been prepared in accordance with definitions, standards, and procedures contained in the Canadian Oil and Gas Evaluation Handbook and NI 51-101.

All evaluations and reviews of future net cash flows are stated prior to any provisions for interest costs or general and administrative costs and after the deduction of estimated future capital expenditures for wells to which reserves have been assigned. It should not be assumed that the estimates of future net

revenues presented in the tables below represent the fair market value of the reserves. There is no assurance that the forecast prices and cost assumptions will be attained and variances could be material. The recovery and reserve estimates of our crude oil, natural gas liquids and natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual crude oil, natural gas and natural gas liquids reserves may be greater than or less than the estimates provided herein. Reserves included herein are stated on a company gross basis (working interest before deduction of royalties without including any royalty interests) unless noted otherwise. In addition to the information disclosed in this news release, more detailed information will be included in Hemisphere's Annual Information Form which will be available on SEDAR at [www.sedar.com](http://www.sedar.com) and Hemisphere's website at [www.hemisphereenergy.ca](http://www.hemisphereenergy.ca) by April 30, 2014. All amounts are expressed in Canadian dollars unless otherwise noted. Due to rounding, certain columns may not add exactly.

Reserves Category	Heavy Oil	Natural Gas	NGL	Total
	Company Gross (Mbbbl)	Company Gross (MMcf)	Company Gross (Mbbbl)	Company Gross (Mboe)
<b>Proved</b>				
Developed Producing	520.1	640.2	3.9	630.7
Developed Non-Producing	22.7	3.0	-	23.2
Undeveloped	592.6	157.8	-	618.9
<b>Total Proved</b>	<b>1,135.4</b>	<b>801</b>	<b>3.9</b>	<b>1,272.8</b>
Probable	696.5	597.2	4.9	800.9
<b>Total Proved Plus Probable</b>	<b>1831.9</b>	<b>1398.1</b>	<b>8.8</b>	<b>2,073.7</b>

#### Summary of Net Present Value

Reserves Category	Net Present Values of Future Net Revenue, Before Income Taxes		
	Discounted at (% per Year)		
	0% (M\$)	5% (M\$)	10% (M\$)
<b>Proved</b>			
Developed Producing	17,253	15,421	13,910
Developed Non-Producing	236	259	266
Undeveloped	15,386	12,633	10,448
<b>Total Proved</b>	<b>32,874</b>	<b>28,313</b>	<b>24,625</b>
Probable	23,246	17,475	13,543
<b>Total Proved Plus Probable</b>	<b>56,120</b>	<b>45,787</b>	<b>38,168</b>

#### About Hemisphere Energy Corporation

Hemisphere Energy Corporation is a producing oil and gas 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.*

*As defined in NI 51-101, proved reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves. Probable reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.*

*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 of oil</i>	<i>M\$</i>	<i>thousand dollars</i>
<i>Mbbl</i>	<i>thousands of barrels</i>		
<i>boe</i>	<i>barrel of oil equivalent</i>	<i>NPV</i>	<i>Net Present Value</i>
<i>Mboe</i>	<i>thousands of barrels of oil equivalent</i>	<i>FNR</i>	<i>Future Net Revenue</i>
<i>MMcf</i>	<i>million cubic feet</i>		
<i>NGL</i>	<i>natural gas liquids</i>		

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