



HEMISPHERE ENERGY ANNOUNCES CLOSING OF THE FIRST TRANCHE OF ITS PRIVATE PLACEMENT OF CDE FLOW-THROUGH COMMON SHARES AND COMMON SHARES FOR TOTAL GROSS PROCEEDS OF OVER \$1 MILLION

TSX-V: HME

Vancouver, British Columbia, June 29, 2016 – Hemisphere Energy Corporation ("Hemisphere" or the "Company") (TSX-V: HME) is pleased to announce the closing of the first tranche of its non-brokered private placement offering (the "Offering"). Hemisphere issued 2,743,000 flow-through shares ("Flow-Through Shares") at a price of \$0.21 per share, which were issued on a Canadian Development Expense flow-through basis pursuant to the provisions of the *Income Tax Act* (Canada), and 2,449,500 common shares of Hemisphere ("Common Shares") at a price of \$0.19 per share, for gross proceeds to the Company of \$1,041,435.

Hemisphere intends to use the proceeds from the Flow-Through Shares to drill a development well in its Atlee Buffalo Upper Mannville G oil pool as well as other recompletion or development drilling projects. Hemisphere has a 100% working interest in the Upper Mannville G pool, which is currently being re-energized through waterflood but has no producing wells at this time. Hemisphere plans to use the proceeds from the Common Shares to finance the addition of water handling and injection equipment to its existing battery in the Atlee Buffalo Upper Mannville F oil pool where the Company has successfully implemented three waterflood pilot projects, as well as for other general corporate purposes.

The final closing of the Offering is expected to occur on or about July 15, 2016 and is subject to certain conditions, including, but not limited to, the receipt of all necessary regulatory approvals, including the approval of the TSX Venture Exchange. All securities issued under the Offering will be subject to a statutory four-month and one day hold period. While the Offering is being conducted on a non-brokered basis, the Company intends to pay cash finder's fees, subject to TSX-V acceptance, and in accordance with the rules and policies of the TSX-V, of up to 6% of the proceeds sold by such finders. Such finder's include, for the initial closing, Canaccord Genuity Corp., Haywood Securities Inc., Raymond James Ltd., and Richardson GMP Ltd.

Corporate Update

In light of the recent changes by the Alberta Energy Regulator (AER) requiring a corporate Liability Management Ratio (LMR) of 2.0 in connection with certain transactions involving the transfer of existing AER licences, Hemisphere would like to make shareholders aware that as of June 4, 2016, the Company's LMR was 4.12. This ratio reflects Hemisphere's deemed assets to deemed liabilities and puts the Company in a strong position for acquiring additional assets. Hemisphere is above industry average and within the top 15% of companies surveyed by the AER.

Additionally, Hemisphere advises that its shareholders rights plan dated March 9, 2010 has expired. The Company will review implementing a new shareholders rights plan in the future.

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 drilling existing lands 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 dated June 2016 or contact:

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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 use of proceeds of the Offering including Hemisphere's plans to drill a development well in its Atlee Buffalo Upper Mannville G oil pool as well as other recompletion or drilling development projects, Hemisphere's plans to finance the addition of water handling and injection equipment to its existing battery in the Atlee Buffalo Upper Mannville F pool, the closing date of the Offering, the Company's intention to pay finder's fees, the Company's intention to review adopting a new shareholder rights plan in the future and other expectations, intentions 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. Forward-looking statements are based on a number of factors and assumptions which have been used to develop such information 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 cannot give assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified in this press release, assumptions have been made regarding and are implicit in, among other things: the ability of Hemisphere to incur and renounce Canadian Development Expense and that all necessary and regulatory approvals will be obtained for the Offering. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which have been used.

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.

This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

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.