



## **HEMISPHERE ENERGY ANNOUNCES 30 DAY INITIAL PRODUCTION RESULTS FROM ITS NEW ATLEE DEVELOPMENT WELL**

**TSX-V: HME**

Vancouver, British Columbia, September 12, 2016 – Hemisphere Energy Corporation (TSX-V: HME) ("Hemisphere" or the "Company") is pleased to announce results from its most recent development well which tested production from its Atlee Buffalo Upper Mannville G pool.

Following the closing of a private placement with gross proceeds of \$1.9 million, Hemisphere drilled its first horizontal development well into the Atlee Buffalo Upper Mannville G pool at the end of July. Total costs to drill, complete, equip and tie-in the well are estimated to be \$685,000, which is 10% under budget and 45% less than the average cost of the 10 Atlee Buffalo wells drilled by Hemisphere in 2014.

The well has now been on production for a month, with a 30 day average rate of approximately 60 bbl/d of oil. With stable production rates and fluid levels observed, Hemisphere has recently increased the pump speed, which has resulted in a production rate of over 70 bbl/d of oil in the last few days. Oil production from the well is being produced to tanks and trucked directly to sales.

This well is pivotal in proving the economic viability of the remaining reserves in this pool, which has to date produced only 3% of its estimated 38 MMbbl of original oil in place, as mapped by McDaniel & Associates Consultants Ltd., Hemisphere's independent engineers. Recorded reservoir pressure after nine months of water injection was three times higher than before commencing the waterflood, which has resulted in above expected oil rates at this early stage of secondary recovery. Hemisphere will continue to monitor fluid levels and injection rates to further optimize production at this well.

"This well marks a key milestone in Hemisphere's corporate history" said Don Simmons, President and Chief Executive Officer of Hemisphere Energy Corporation. "We continue to prove our reservoir and production concepts in Atlee Buffalo by drilling impactful horizontal wells and implementing effective waterflood projects. The team is excited to move forward towards full development and unlock the significant value of both the Atlee Buffalo F and G pools."

The management of Hemisphere believes that the Upper Mannville G pool is a direct analogue of the Company's nearby Upper Mannville F pool, which Hemisphere brought to a peak rate of over 600 boe/d on primary production following a 10-well drilling program in 2014 before converting the pool to secondary recovery through conversion of three wells to water injectors in late 2015 and early 2016. Production from the Upper Mannville F pool is continuing to climb as pressures and fluid levels respond positively to waterflood.

A water handling facility is currently being built by Hemisphere in Atlee Buffalo with expected completion by the end of September. These additional facilities will lead to decreased transportation and operating costs in the area due to the reduction of third party processing, trucking, and water disposal fees. Once operational, the Company plans to increase injection rates at all of its water injector wells, which will allow for additional cycling of water in order to re-energize the reservoir more rapidly and ultimately generate higher oil production and increased oil recovery.

Hemisphere's corporate production in the first week of September was approximately 600 boe/d (90% oil), which represents a greater than 20% growth rate since the second quarter of 2016. This is a result of increased production from the Atlee Buffalo Upper Mannville F pool waterflood and the new well in the Upper Mannville G pool. The Company is monitoring the price of oil closely and plans to bring additional shut-in production back on in the coming weeks.

For more detailed information on Hemisphere's exciting drilling and development opportunities please see our recently updated corporate presentation on our website at [www.hemisphereenergy.ca](http://www.hemisphereenergy.ca).

### **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 projects and executing strategic acquisitions. 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 and/or forward-looking information (collectively, "forward-looking statements") that are based on Hemisphere's current expectations, estimates, forecasts and projections. The words "estimates", "projects", "expects", "intends", "believes", "plans", or their negatives or other comparable words and phrases are intended to identify forward-looking statements and 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; management's belief that the Upper Mannville G pool is a direct analogue of the Company's nearby Upper Mannville F pool; timing for completion of the water handling facility being constructed by the Company; the Company plans to increase injection rates at all of its pilot wells following completion of the water handling facility and the anticipated results therefrom; Hemisphere's expectation that transportation and operating costs will decrease following the construction of the water handling facility and other expectations, intentions, and plans that are not historical fact.*

*Forward-looking statements are based on a number of material factors, expectations, or assumptions of Hemisphere which have been used to develop such statements and 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 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 information included in this news release are not guarantees of future performance and should not be unduly relied upon. Such information and 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 defer materially from those anticipated in such forward-looking information or 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 information and 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 or information, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.*

### **Initial Production Rates**

*Initial production rates disclosed herein are not determinative of the rates at which the wells will continue to produce and decline thereafter and may not necessarily be indicative of long-term performance or estimated ultimate recovery. Such rates should be considered preliminary.*

### **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**

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| <i>bbl</i>   | <i>barrel</i>                                      |
| <i>bbl/d</i> | <i>barrels per day</i>                             |
| <i>boe</i>   | <i>barrel of oil equivalent</i>                    |
| <i>boe/d</i> | <i>barrel of oil equivalent per day</i>            |
| <i>MMBbl</i> | <i>Millions of barrels of oil</i>                  |
| <i>IFRS</i>  | <i>International Financial Reporting Standards</i> |

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