



HEMISPHERE ENERGY CORPORATION ANNOUNCES YEAR-END FINANCIAL AND RESERVES RESULTS

TSX-V: HME

June 26, 2012 - Hemisphere Energy Corporation ("Hemisphere" or the "Company") (TSX-V: HME) is pleased to announce its financial and operating results for the fourth quarter and year ended February 29, 2012. Selected financial and operational highlights are shown below and should be read in conjunction with the Company's annual financial statements and related management's discussion and analysis.

Hemisphere has also filed its reports under section 2.1 of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101") for the year ended February 29, 2012.

Reports are available on SEDAR at www.sedar.com and on Hemisphere's website at www.hemisphereenergy.ca. All amounts are expressed in Canadian dollars.

Fourth Quarter 2012 Achievements

- Placed two horizontal oil wells on production in the Jenner property in Alberta.
- Increased average production by 97% over the previous quarter to 410 barrels of oil equivalent per day ("boe/d") with an 88% oil and natural gas liquids ("NGL") weighting, representing the fifth consecutive quarter of production growth.
- Executed a farm-in agreement to earn lands in Jenner further expanding Hemisphere's core area.
- Completed a brokered private placement for aggregate subscription proceeds of \$8.6 million at a price of \$0.70 per share.
- Closed the Company's second strategic acquisition in Jenner for \$6.0 million, which included 8.5 sections of land, 3D seismic, production facilities and approximately 100 barrels of oil per day ("bopd") of production and associated reserves.
- Expanded the Company's financial flexibility by increasing its existing credit facilities with Canadian Western Bank from \$950,000 to \$5,000,000. The credit facilities remain undrawn to-date.

Fourth Quarter and Year-End 2012 Highlights

- Increased petroleum and natural gas revenues to \$4,590,608 for the year from \$289,426 for the prior year.
- Increased funds flow from operating activities to \$1,963,505 or \$0.06 per share for the year as compared to a shortfall of \$516,574 or \$0.03 per share for the prior year.

- Increased operating netbacks for the quarter to \$48.13 per barrel of oil equivalent (“boe”) from \$47.12 per boe in the third quarter.
- Increased working capital for the year by 37% to \$2,363,944 from \$1,729,423 for the prior year.
- Increased Proved Plus Probable reserves by 206% to 790.9 thousand barrels of oil equivalent (“Mboe”) for the year from 258.5 Mboe for the prior year.
- Drilled and placed on production 3 successful horizontal oil wells during the year.

Financial and Operating Summary

Highlights – Financial	Three months ended		Year ended	
	February 29, 2012	February 28, 2011	February 29, 2012	February 28, 2011
Petroleum and natural gas revenue	\$ 2,763,564	\$ 80,467	\$ 4,590,608	\$ 289,426
Petroleum and natural gas netback	\$ 1,796,188	\$ 11,089	\$ 2,942,544	\$ 60,877
Funds flow from operating activities	\$ 1,355,098	\$ (187,104)	\$ 1,963,505	\$ (516,574)
Per share, basic	\$ 0.03	\$ (0.01)	\$ 0.06	\$ (0.03)
Per share, diluted	\$ 0.03	\$ (0.01)	\$ 0.06	\$ (0.03)
Income / (loss) before tax	\$ (664,041)	\$ (717,137)	\$ (451,879)	\$ (1,486,455)
Per share, basic and diluted	\$ (0.02)	\$ (0.03)	\$ (0.01)	\$ (0.07)
Net income / (loss) after tax	\$ 730,504	\$ (717,137)	\$ 942,665	\$ (1,486,455)
Per share, basic and diluted	\$ 0.02	\$ (0.03)	\$ 0.03	\$ (0.07)
Capital expenditures - Total	\$ 8,608,084	\$ 48,836	\$ 13,075,574	\$ 527,522
Property development	\$ 2,477,103	\$ 48,836	\$ 5,671,501	\$ 221,615
Acquisitions and dispositions	\$ 6,130,981	\$ -	\$ 7,404,073	\$ 305,907
Working capital	\$ 2,363,844	\$ 1,729,423	\$ 2,363,944	\$ 1,729,423

Highlights – Operating	Three months ended		Year ended	
	February 29, 2012	February 28, 2011	February 29, 2012	February 28, 2011
Average daily production				
Crude oil (bbl/d)	363	-	144	-
Natural gas (mcf/d)	261	234	246	198
NGL (bbl/d)	4	3	3	2
Barrels of oil equivalent (boe/d, 6:1)	410	42	188	35
Crude oil production (%)	88%	0%	77%	0%
Average sales prices				
Crude oil (\$/bbl)	\$ 81.28	\$ -	\$ 80.08	\$ -
Natural gas (\$/mcf)	\$ 2.49	\$ 3.09	\$ 3.28	\$ 3.49
NGL (\$/bbl)	\$ 62.42	\$ 61.84	\$ 67.49	\$ 45.24
Barrels of oil equivalent (boe/d, 6:1)	\$ 74.05	\$ 21.47	\$ 66.71	\$ 22.66
Operating netback (\$/boe)				
Petroleum and natural gas revenue	\$ 74.05	\$ 21.47	\$ 66.71	\$ 22.66
Royalties	\$ 11.99	\$ 2.45	\$ 10.21	\$ 2.50
Production and operating expenses	\$ 13.93	\$ 16.06	\$ 13.74	\$ 15.39
Operating netback	\$ 48.13	\$ 2.96	\$ 42.76	\$ 4.77
Common shares				
Common shares outstanding, end of period	50,374,701	26,071,682	50,374,701	26,071,682
Warrants outstanding, end of period	9,351,976	5,337,950	9,351,976	5,337,950
Stock options outstanding, end of period	4,250,000	2,285,000	4,250,000	2,285,000
Weighted average basic shares outstanding	42,378,560	25,427,793	34,211,904	20,067,162
Weighted average diluted shares outstanding	43,863,784	26,137,425	34,947,858	20,067,162

Year-End 2012 Reserves

Hemisphere also reports its 2012 year-end reserves as prepared by the independent reserves evaluation firm of Sproule Associates Limited ("Sproule") in accordance with NI 51-101 for the year ended February 29, 2012.

Summary of Reserves

	Reserves		
	Heavy oil & NGL	Natural Gas	Combined Total
	Gross ¹ (Mbbl)	Gross ¹ (MMcf)	Gross ¹ (Mboe)
Proved			
Developed Producing	207.4	480	287.4
Developed Non-Producing	49.4	-	49.4
Undeveloped	90.0	-	90.0
Total Proved	346.8	480	426.8
Probable	301.5	375	364.0
Total Proved Plus Probable	648.3	856	790.9

Notes:

1. "Gross Reserves" are the Company's working interest share of remaining reserves before deduction of royalties.
2. Numbers may not add due to rounding.

Before Tax Net Present Value Summary

	NET PRESENT VALUE (NPV) OF FUTURE NET REVENUE (FNR)		
	Before Income Taxes Discounted at (%/Year)		
Reserve Category	0 (M\$)	5 (M\$)	10 (M\$)
Proved			
Developed Producing	9,235	8,396	7,742
Developed Non-Producing	1,527	1,367	1,233
Undeveloped	2,655	2,255	1,935
Total Proved	13,416	12,019	10,910
Probable	11,956	9,507	7,787
Total Proved Plus Probable	25,372	21,526	18,697

Notes: NPV of FNR include all resource income:

- Sale of oil, gas, by-product reserves
- Processing third party reserves
- Other income

Income Taxes:

- Includes all resource income
- Apply appropriate income tax calculations
- Include prior tax pools

Unit Values are based on net reserve volumes

Subsequent Achievements

- Drilled, completed and placed on production a farm-in well in Jenner, which had an initial production rate of 206 bopd over a three-day period in April 2012. Hemisphere is currently evaluating its option to drill a second well to earn additional lands.
- Upgraded existing facilities at Jenner property by adding a new water disposal pump and a heated free-water-knockout separator for greater fluid handling capacity and reduction of operating costs.
- Executed seismic option and farm-in agreement in Jenner with potential to earn a maximum of 6.5 sections.

Annual General and Special Meeting of Shareholders

Hemisphere's Annual General and Special Meeting of Shareholders is being held at 10:00 am Pacific Daylight Time on August 17, 2012 in the third floor boardroom of Computershare Investor Services Inc., 510 Burrard Street, Vancouver, British Columbia.

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".

For further information, please contact:

Don Simmons, President & Chief Executive Officer

Telephone: (604) 685-9255

Email: info@hemisphereenergy.ca

Website: www.hemisphereenergy.ca

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 ("boes") 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.

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.