



HEMISPHERE ENERGY PROVIDES OPERATIONS UPDATE AND DECLARES A SPECIAL DIVIDEND

TSX-V: HME OTCQX: HMEF

Vancouver, British Columbia, September 28, 2023 – Hemisphere Energy Corporation ("Hemisphere" or the "Company") is pleased to provide an operations update and declare a special dividend to shareholders.

Operations Update

Hemisphere recently completed its 2023 summer drilling program in the Atlee Buffalo area. Eight wells were drilled with six wells planned as producers, one well designated as an injector, and one well to be produced for several months before being converted into an injector. All producing wells are now on production, with the final two wells having just been tied in during the last week of September. Including the new wells, September corporate production to date has averaged over 3,200 boe/d (99% heavy oil, based on field estimates between September 1-26, 2023).

With the completion of the 2023 drilling program, Hemisphere's capital expenditures are expected to be minimal for the remainder of the year, with focus on optimization of production and injector start-up, as well as preparation of the Company's 2024 development program.

Special Dividend

Hemisphere is pleased to announce the declaration of a special dividend of C\$0.03 per common share, given the strong financial position and performance outlook of the Company. The special dividend is part of Hemisphere's comprehensive shareholder return model, and will be paid on November 1, 2023 to shareholders of record on October 20, 2023. This special dividend is designated as an eligible dividend for Canadian income tax purposes, and is in addition to the Company's quarterly base dividend of C\$0.025 per common share in accordance with the Company's dividend policy.

With this special dividend, the three quarterly dividends paid earlier in the year, and shares purchased and cancelled under the Company's Normal Course Issuer Bid, Hemisphere has returned over \$12.7 million to shareholders thus far in 2023. This return of capital is funded entirely by the Company's free cash flow and is made possible by Hemisphere's ultra-low decline, high margin enhanced oil recovery assets in combination with the Company's strong balance sheet.

Corporate Update

It has been approximately two years since Hemisphere commenced its first enhanced oil recovery project (polymer flood) to maximize recovery from its conventional oil pools in the Atlee Buffalo area. The use of polymer flood has helped to arrest the decline of Hemisphere's base production, and at times has provided actual growth in base production levels from wells that were drilled up to almost 10 years ago. The Company's total production comes from less than 50 producing wells, giving an average of approximately 65 bbl/d per well, with approximately 40 of those producing wells under enhanced oil recovery polymer flood.

Hemisphere's operations deliver excellent free cash flow due to ultra-low decline rates provided by polymer flood operations, low operating expenses, low capital-intensive assets, long life reserves, and minimal decommissioning liabilities and inactive assets.

For further information, please visit the Company's website at www.hemisphereenergy.ca to view its updated corporate presentation.

About Hemisphere Energy Corporation

Hemisphere Energy is a Canadian oil producing company using polymer floods to enhance oil recovery. Supported by its ultra-low decline conventional heavy oil assets, strong balance sheet, and high cash flow yield, Hemisphere strives to create shareholder value through a sustainable dividend, a share buyback program, disciplined capital allocation, and new growth area acquisitions. Hemisphere trades on the TSX Venture Exchange as a Tier 1 issuer under the symbol "HME" and on the OTCQX Venture Marketplace under the symbol "HMENF".

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Forward-looking Statements

Certain statements included in this news release constitute forward-looking statements or forward-looking information (collectively, "forward-looking statements") within the meaning of applicable securities legislation. Forward-looking statements are typically identified by words such as "anticipate", "continue", "estimate", "expect", "forecast", "may", "will", "project", "could", "plan", "intend", "should", "believe", "outlook", "potential", "target" and similar words suggesting future events or future performance. In particular, but without limiting the generality of the foregoing, this news release includes forward-looking statements including timing to place a recently completed well on production and subsequently convert it into an injector; expectations on capital expenditures for the remainder of the year and the focus thereof; and the record date and payment date for the Company's special dividend and the amount of such special dividend payment.

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 or information 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: dividend payment and record dates will not be amended; the continuation of the Company's dividend policy, in its current form; the current and go-forward oil price environment; that Hemisphere will continue to conduct its operations in a manner consistent with past operations; that 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 perspective of recently acquired properties and the timing and manner to explore and develop the same; 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 statements 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 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.

Oil and Gas Advisories

Any references in this news release to initial production rates (including as a result of recent waterflood activities) are useful in confirming the presence of hydrocarbons; however, such rates are not determinative of the rates at which such wells will continue production and decline thereafter and are not necessarily indicative of long-term performance or ultimate recovery. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production for the Company. Such rates are based on field estimates and may be based on limited data available at this time.

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

<i>bbl/d</i>	<i>barrels of oil per day</i>
<i>boe/d</i>	<i>barrel of oil equivalent per day</i>
<i>C\$</i>	<i>Canadian Dollar</i>

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.