HEMISPHERE ENERGY DECLARES SPECIAL DIVIDEND AND ANNOUNCES 2025 FOURTH QUARTER AND YEAR-END FINANCIAL AND OPERATING RESULTS

TSX-V: HME OTCQX: HMENF

Vancouver, British Columbia, April 15, 2026 – Hemisphere Energy Corporation ("Hemisphere" or the "Company") (TSX-V: HME) (OTCQX: HMENF) is pleased announce that its Board of Directors has approved the declaration of a special dividend to shareholders, as well as provide its financial and operating results for the fourth quarter and year ended December 31, 2025.

Special Dividend

Supported by the current strength in oil pricing and consistent 2026 first-quarter production performance of approximately 3,800 boe/d (99% heavy oil), Hemisphere's Board of Directors has approved a special dividend of $0.03 per common share under its dividend policy. The special dividend will be paid on May 28, 2026 to shareholders of record on May 14, 2026, and is designated as an eligible dividend for Canadian income tax purposes. This is in addition to the Company's special dividend of $0.03 per common share to be paid on April 28, 2026 to shareholders of record on April 15, 2026 which was previously announced on March 11, 2026.

2025 Highlights

- Increased annual production by 6% to a record 3,645 boe/d (99% heavy oil).
- Generated annual revenue of $93.9 million.
- Achieved $42.9 million in annual adjusted funds flow from operations ("AFF")(1).
- Invested $16.3 million in capital expenditures(1) focused on Hemisphere's long life, low decline assets.
- Generated $26.6 million of annual free funds flow ("FFF")(1), an 11% increase over annual 2024 FFF.
- Achieved total operating and transportation costs of $15.14/boe.
- Distributed $9.6 million in quarterly base dividends to shareholders during the year.
- Distributed $5.8 million in special dividends to shareholders during the year.
- Returned $6.5 million to shareholders during the year with the purchase and cancellation of 3.5 million shares under the Company's normal course issuer bid ("NCIB"), at an average price of $1.88/share.
- Exited 2025 with a positive working capital(1) position of $8.6 million compared to $6.4 million at year-end 2024.

Note:

(1) Non-IFRS financial measure that is not a standardized financial measure under International Financial Reporting Standards ("IFRS") and may not be comparable to similar financial measures disclosed by other issuers. Refer to "Non-IFRS and Other Financial Measures" section below.

Financial and Operating Summary

Selected financial and operational highlights should be read in conjunction with Hemisphere's audited consolidated financial statements and related Management's Discussion and Analysis for the year ended December 31, 2025. These reports, including the Company's Annual Information Form for the year ended December 31, 2025, are available on SEDAR+ at www.sedarplus.ca and on Hemisphere's website at www.hemisphereenergy.ca. All amounts are expressed in Canadian dollars unless otherwise noted.

	Three Months Ended December 31		Years Ended December 31	
($000s except per unit and share amounts)	**2025**	2024	**2025**	2024
FINANCIAL				
Petroleum and natural gas revenue	**$ 18,989**	$ 23,361	**$ 93,865**	$ 99,935
Operating field netback[1]	**10,939**	13,714	**56,971**	60,106
Operating netback[1]	**10,943**	13,627	**55,530**	59,844
Cash provided by operating activities	**4,868**	12,284	**48,161**	46,548
Adjusted funds flow from operations ("AFF")[1]	**9,847**	10,415	**42,863**	45,796
Per share, basic[1]	**0.10**	0.11	**0.45**	0.47
Per share, diluted[1]	**0.10**	0.10	**0.44**	0.46
Free funds flow[1]	**2,161**	7,092	**26,611**	23,944
Net income	**5,080**	7,342	**28,006**	33,103
Per share, basic	**0.05**	0.08	**0.29**	0.34
Per share, diluted	**0.05**	0.07	**0.29**	0.33
Dividends	**2,362**	5,366	**15,335**	15,703
Per share, basic	**0.025**	0.055	**0.160**	0.160
NCIB share repurchases	**1,093**	1,375	**6,544**	5,539
Capital expenditures[1]	**7,686**	3,323	**16,252**	21,852
Working capital[1]	**8,552**	6,418	**8,552**	6,418
OPERATING				
Average daily production				
Heavy oil (bbl/d)	**3,325**	3,341	**3,624**	3,416
Natural gas (Mcf/d)	**172**	110	**121**	120
Combined (boe/d)	**3,354**	3,359	**3,645**	3,436
Oil weighting	**99%**	99%	**99%**	99%
Average sales prices				
Heavy oil ($/bbl)	**$ 61.95**	$ 75.96	**$ 70.90**	$ 79.89
Natural gas ($/Mcf)	**2.38**	1.42	**1.79**	1.39
Combined ($/boe)	**$ 61.55**	$ 75.59	**$ 70.56**	$ 79.48
Operating netback ($/boe)				
Petroleum and natural gas revenue	**$ 61.55**	$ 75.59	**$ 70.56**	$ 79.48
Royalties	**(9.89)**	(13.54)	**(12.59)**	(16.08)
Operating costs	**(13.19)**	(13.89)	**(12.20)**	(11.36)
Transportation costs	**(3.00)**	(3.78)	**(2.94)**	(4.24)
Operating field netback[1]	**35.47**	44.38	**42.83**	47.80
Realized commodity hedging gain (loss)	**0.01**	(0.28)	**(1.08)**	(0.21)
Operating netback[1]	**$ 35.48**	$ 44.10	**$ 41.75**	$ 47.59
General and administrative expense	**(4.77)**	(4.74)	**(3.99)**	(3.91)
Interest expense	**(0.16)**	(0.31)	**(0.14)**	(0.35)
Other income and foreign exchange gain (loss)	**2.94**	(0.10)	**0.63**	(0.05)
Tax expense provision	**(1.58)**	(5.25)	**(6.03)**	(6.86)
Adjusted funds flow from operations ($/boe)[1]	**$ 31.91**	$ 33.70	**$ 32.22**	$ 36.42

Note:

(1) Non-IFRS financial measure that is not a standardized financial measure under IFRS Accounting Standards ("IFRS") and may not be comparable to similar financial measures disclosed by other issuers. Refer to "Non-IFRS and Other Financial Measures" section of the MD&A.

COMMON SHARES	April 14, 2026	**December 31, 2025**	December 31, 2024
Common shares issued and outstanding	94,297,904	**94,481,702**	97,389,735
Stock options	4,420,600	**5,145,600**	6,021,600
Total fully diluted shares outstanding	98,718,504	**99,627,302**	103,411,335

About Hemisphere Energy Corporation

Hemisphere is a dividend-paying Canadian oil company focused on maximizing value-per-share growth with the sustainable development of its high netback, low decline conventional heavy oil assets through polymer flood enhanced recovery methods. 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".

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

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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 that a special dividend will be paid to shareholders on May 28, 2026 to shareholders of record on May 14, 2026.

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: 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; current budgets; 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; trade and tariff matters, including the impacts on costs and supply chains; 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 defer 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, changes in Hemisphere's budget, 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 contains the terms adjusted funds flow from operations, free funds flow, operating field netback and operating netback, capital expenditures and working capital/net debt, which are considered "non-IFRS financial measures" and any of these measures calculated on a per boe basis, which are considered "non-IFRS financial ratios". These terms do not have a standardized meaning prescribed by IFRS. Accordingly, the Company's use of these terms may not be comparable to similarly defined measures presented by other companies. Investors are cautioned that these measures should not be construed as an alternative to net income (loss) or cashflow from operations determined in accordance with IFRS and these measures should not be considered more meaningful than IFRS measures in evaluating the Company's performance.

a) ***Adjusted funds flow from operations "AFF" (Non-IFRS Financial Measure and Ratio if calculated on a per boe basis):*** *The Company considers AFF to be a key measure that indicates the Company's ability to generate the funds necessary to support future growth through capital investment and to repay any debt. AFF is a measure that represents cash flow generated by operating activities, before changes in non-cash working capital and adjusted for tax provision and decommissioning expenditures, and may not be comparable to measures used by other companies. The most directly comparable IFRS measure for AFF is cash provided by operating activities. AFF per share is calculated using the same weighted-average number of shares outstanding as in the case of the earnings per share calculation for the period.*

A reconciliation of AFF to cash provided by operating activities is presented as follows:

	Three Months Ended December 31		Years Ended December 31	
($000s, except per share amounts)	**2025**	2024	**2025**	2024
Cash provided by operating activities	**$ 4,868**	$ 12,284	**$ 48,161**	$ 46,548
Change in non-cash working capital	**(3,743)**	(509)	**(14,306)**	7,578
Adjust: Tax provision[1]	**8,603**	(1,597)	**8,603**	(8,603)
Adjust: Decommissioning obligation expenditures	**119**	237	**405**	273
Adjusted funds flow from operations	**$ 9,847**	$ 10,415	**$ 42,863**	$ 45,796
Per share, basic	**$ 0.10**	$ 0.11	**$ 0.45**	$ 0.47
Per share, diluted	**$ 0.10**	$ 0.10	**$ 0.44**	$ 0.46

Note:
(1) Provision for income taxes deferred under new corporate partnership structure effective as of January 2, 2024.

b) ***Free funds flow ("FFF") (Non-IFRS Financial Measures):*** *Calculated by taking adjusted funds flow and subtracting capital expenditures, excluding acquisitions and dispositions. Management believes that free funds flow provides a useful measure to determine Hemisphere's ability to improve returns and to manage the long-term value of the business.*

	Three Months Ended December 31		Years Ended December 31	
($000s, except per share amounts)	**2025**	2024	**2025**	2024
Adjusted funds flow from operations	**$ 9,847**	$ 10,415	**$ 42,863**	$ 45,796
Capital expenditures	**(7,686)**	(3,323)	**(16,252)**	(21,852)
Free funds flow	**$ 2,161**	$ 7,092	**$ 26,611**	$ 23,944
Per share, basic and diluted	**$ 0.02**	$ 0.07	**$ 0.27**	$ 0.24

c) ***Capital Expenditures (Non-IFRS Financial Measure):*** *Management uses the term "capital expenditures" as a measure of capital investment in exploration and production assets, and such spending is compared to the Company's annual budgeted capital expenditures. The most directly comparable IFRS measure for capital expenditures is cash flow used in investing activities. A summary of the reconciliation of cash flow used in investing activities to capital expenditures is set forth below:*

	Three Months Ended December 31		Years Ended December 31	
($000s)	**2025**	2024	**2025**	2024
Cash used in investing activities	**$ 7,570**	$ 6,497	**$ 18,473**	$ 20,269
Proceeds of disposition	**-**	75	**-**	75
Change in non-cash working capital	**116**	(3,249)	**(2,221)**	1,508
Capital expenditures	**$ 7,686**	$ 3,323	**$ 16,252**	$ 21,852

d) ***Operating field netback (Non-IFRS Financial Measure and Ratio if calculated on a per boe basis):*** *A benchmark used in the oil and natural gas industry and a key indicator of profitability relative to current commodity prices. Operating field netback is calculated as oil and gas sales, less royalties, operating expenses, and transportation costs on an absolute and per barrel of oil equivalent basis. These terms should not be considered an alternative to, or more meaningful than, cash flow from operating activities or net income or loss as determined in accordance with IFRS as an indicator of the Company's performance.*

e) ***Operating netback (Non-IFRS Financial Measure and Ratio if calculated on a per boe basis):*** *Calculated as the operating field netback plus the Company's realized gain (loss) on derivative financial instruments on an absolute and per barrel of oil equivalent basis.*

f) ***Working capital/Net debt (Non-IFRS Financial Measure):*** *Closely monitored by the Company to ensure that its capital structure is maintained by a strong balance sheet to fund the future growth of the Company. Working capital/net debt is used in this document in the context of liquidity and is calculated as the total of the Company's current assets, less current liabilities, excluding derivative financial instruments, decommissioning obligations, and lease liabilities, adjusted for tax provision and including any bank debt. There is no IFRS measure that is reasonably comparable to working capital/net debt.*

The following table outlines the Company calculation of working capital:

($000s)		***As at December 31, 2025***		*As at December 31, 2024*
Current assets[(1)]	***$***	***27,775***	*$*	*22,677*
Current liabilities[(1)]		***(19,223)***		*(7,656)*
Adjust: Tax provision[(2)]		***-***		*(8,603)*
Working capital	***$***	***8,552***	*$*	*6,418*

Notes:
(1) Excluding fair value of financial instruments, decommissioning obligations, and lease liabilities.
(2) Provision for income taxes deferred under new corporate partnership structure effective as of January 2, 2024.

g) ***Supplementary Financial Measures and Ratios***

"Adjusted Funds Flow from operations per basic share" *is comprised of funds from operations divided by basic weighted average common shares.*
"Adjusted Funds Flow from operations per diluted share" *is comprised of funds from operations divided by diluted weighted average common shares.*
"Annual Free Funds Flow" *is comprised of free funds flow from the current three-month period multiplied by four.*
"Operating expense per boe" *is comprised of operating expense, as determined in accordance with IFRS, divided by the Company's total production.*
"Realized heavy oil price" *is comprised of heavy crude oil commodity sales from production, as determined in accordance with IFRS, divided by the Company's crude oil production.*
"Realized natural gas price" *is comprised of natural gas commodity sales from production, as determined in accordance with IFRS, divided by the Company's natural gas production.*
"Realized combined price" *is comprised of total commodity sales from production, as determined in accordance with IFRS, divided by the Company's total production.*
"Royalties per boe" *is comprised of royalties, as determined in accordance with IFRS, divided by the Company's total production.*
"Transportation costs per boe" *is comprised of transportation expenses, as determined in accordance with IFRS, divided by the Company's total production.*

The Company has provided additional information on how these measures are calculated in the Management's Discussion and Analysis for the year ended December 31, 2025, which is available under the Company's SEDAR+ profile at www.sedarplus.ca.

Oil and Gas Advisories

Any references in this news release to initial production rates (including as a result of recent water or polymer flood 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

bbl	*barrel*	*Mcf*	*thousand cubic feet*
bbl/d	*barrels per day*	*Mcf/d*	*thousand cubic feet per day*
$/bbl	*dollar per barrel*	*$/Mcf*	*dollar per thousand cubic feet*
boe	*barrel of oil equivalent*	*IFRS*	*International Financial Reporting Standards*
boe/d	*barrel of oil equivalent per day*	*WCS*	*Western Canadian Select*
$/boe	*dollar per barrel of oil equivalent*	*US$*	*United States Dollar*
Mboe	*thousand barrels of oil equivalent*	*C$*	*Canadian Dollar*
MMboe	*million barrels of oil equivalent*		

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.