HEMISPHERE ENERGY PROVIDES FURTHER UPDATE ON ATLEE BUFFALO OPERATIONS

TSX-V: HME OTCQX: HMENF

Vancouver, British Columbia, September 3, 2026 – Hemisphere Energy Corporation ("Hemisphere" or the "Company") (TSX-V: HME) (OTCQX: HMENF) is providing a further update on the fire incident at the Company's largest oil battery at its Atlee Buffalo property, previously announced on August 26, 2026.

Clean-up activities are ongoing, and equipment and debris removal is underway. The incident resulted in the loss of all three treaters and other auxiliary equipment at the battery, as well as extensive damage to the battery's electrical system, which must be restored before any temporary production measures can be attempted. As previously disclosed, the affected oil battery accounts for up to 2,650 boe/d (99% heavy oil), or approximately 75%, of the Company's production. Hemisphere continues to work with applicable authorities, insurers, and service providers to assess damage and advance rebuild planning.

Hemisphere has initiated an insurance claim and maintains both property damage and business interruption insurance, subject to applicable policy terms, conditions, limits, exclusions, and deductibles. Any applicable business interruption coverage is subject to a 30-day waiting period.

Hemisphere intends to drill one additional well before releasing its drilling rig earlier than scheduled. In total, Hemisphere now expects to drill six wells of its previously planned 11-well summer drilling program.

The Company's previously announced guidance remains suspended pending further clarity on repair timelines, production restoration, confirmation of insurance coverage, and related impacts to production, capital expenditures, cash flow and other operating or financial metrics. The Company will provide further updates as more information becomes available.

Hemisphere's current financial position supports its ability to pay its previously declared quarterly dividend of $0.025 per share on September 11, 2026 to shareholders of record on August 28, 2026.

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 oil 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 in this news release constitute forward-looking statements or forward-looking information (collectively, "forward-looking statements") within the meaning of applicable securities laws. 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. Without limitation, this news release contains forward-looking statements regarding anticipated downtime at the Company's Atlee Buffalo oil battery; the timing, scope and cost of clean-up, equipment and debris removal, assessment, repair, replacement and rebuild activities, including electrical system rebuilding; the timing and feasibility of temporary production measures and production restoration; potential impacts on production, operations, financial results, capital expenditures, cash flow, guidance and future plans; access to equipment, materials, contractors, service providers and regulatory approvals; the availability, amount, timing and recoverability of insurance proceeds, including property damage and business interruption coverage; the applicable waiting period for business interruption coverage; the Company's intention to provide further updates as additional information becomes available; and the Company's ability to pay its previously declared dividend on September 11, 2026 to shareholders of record on August 28, 2026.

Forward-looking statements are based on material factors, expectations and assumptions that Hemisphere considers reasonable as of the date hereof, but which may prove to be incorrect. Such assumptions include, among other things: ongoing assessment of fire-related damage; the timing and cost of restoring operations; the availability of equipment, personnel, contractors and approvals; the availability, timing and sufficiency (as well as applicability) of insurance coverage and proceeds; the Company's ability to complete clean-up, debris removal and rebuilding activities, including electrical system rebuilding; and the Company's ability to maintain its dividend policy.

Forward-looking statements are not guarantees of future performance and involve known and unknown risks and uncertainties that may cause actual results to differ materially from those anticipated, including, without limitation: changes to damage assessments; unidentified liabilities, including environmental liabilities; delays or cost increases related to clean-up, debris removal, equipment procurement, electrical system rebuilding, facility repair or production restoration; insurance limits, exclusions, deductibles, waiting periods, disputes or delays; changes in commodity prices; changes in demand for or supply of Hemisphere's products; unanticipated operating results or production declines; changes in tax, environmental, royalty or other regulatory matters; changes in development plans; increased debt levels or debt service requirements; inaccurate reserve estimates; limited or unfavourable access to capital markets; increased costs; insufficient insurance coverage; competitive risks; and other risks described in Hemisphere's public disclosure documents, including its 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.

All amounts are expressed in Canadian dollars unless otherwise noted.

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

bbl	*Barrel*
bbl/d	*barrels per day*
boe	*barrel of oil equivalent*
boe/d	*barrel of oil equivalent per day*