



Dear Fellow Hemisphere Shareholders,

I would like to start by thanking you for your continued support through the volatility and trials that the Canadian energy sector endured in 2018. From world oil price fluctuations and Canadian oil price differential blowouts, to pipeline delays and restricted access to capital, 2018 brought many struggles. Nevertheless, through it all I am pleased to say that Hemisphere rose to the challenge and made record corporate progress.

Hemisphere achieved tremendous operational performance in 2018, executing a \$16.1 million capital expenditure program which included 14 new horizontal wells and numerous facility upgrades. The successful drilling campaign resulted in a 69% increase in annual production rate to 1,111 boed (96% oil) and a fourth quarter average production rate of 1,378 boed (95% oil). Along with our increase in production Hemisphere realized a 21% reduction in its operating and transportation costs over the previous year to \$13.85 per boe. These are significant accomplishments and have helped increase cash flow in a volatile price environment.

Hemisphere's drilling success has led to exciting reserve additions in all categories, with the highlight being a 71% increase in Proved plus Probable (2P) net present value of future net revenue (discounted at 10%, before tax) to \$197.9 million, as well as a 2P reserve volume increase of 48% to 10.6 million barrels of oil equivalent (98% oil).

The achievements through 2018 are a direct result of the hard work and dedication of the Hemisphere team and associated field staff, consultants, contractors, and service companies engaged. I'd like to personally thank everyone for their commitment to Hemisphere and I look forward to working together through 2019 to build upon our 2018 accomplishments.

In looking ahead, Hemisphere has an exciting future with the continued development of our long life, shallow decline, oil-rich assets with low capital and operating costs and high rates of return. We are committed to matching our recent growth with strengthening our balance sheet and focusing on increased cash flow and shareholder value.

Thank you for your confidence and support.

Best regards,

(Signed) "Don Simmons"

Don Simmons, P.Geol.

President & Chief Executive Officer

April 24, 2019

Please refer to the attached Management's Discussion and Analysis for Reader Advisories regarding, among other matters, forward-looking information, non-IFRS measures, analogous information, reserves advisories and original oil in place. This Message to Shareholders should be read in conjunction with the audited annual financial statements of Hemisphere Energy Corporation together with Management's Discussion and Analysis for the year ended December 31, 2018, which can be found on SEDAR at www.sedar.com and is subject to the same cautionary statements as set out therein.
