



Dear Fellow Hemisphere Shareholders,

First off, I hope everyone is safe, healthy, and managing these unprecedented times in the best possible manner. The last few months have been unsettling as COVID-19 has had a devastating impact on the global economy. The lockdown of citizens across the world to stop the spread of the virus, coupled with the oil price war between Saudi Arabia and Russia, has led to a substantial loss in demand for oil and has resulted in unbelievably low oil prices. We don't yet know the duration of the impact of these events but Hemisphere has taken numerous steps to protect its balance sheet, assets, staff, contractors, and community.

Looking back, 2019 was a tremendously successful year for Hemisphere Energy both operationally and financially. We achieved 50% production growth over the previous year to 1,665 boe/d (97% heavy crude oil and 3% conventional natural gas), grew our Proved Developed Producing reserves by 69% to \$116 million, brought in record revenue of over \$31.5 million, and achieved adjusted funds flow from operations of over \$13 million, which exceeded our capital spending by approximately 20%. Overall, 2019 represented a period of relatively stable oil prices which allowed Hemisphere the opportunity to execute its 11 well summer drilling program in southern Alberta and grow into the bigger and stronger company it is today.

As everyone knows, 2020 has been extremely volatile since its start. Hemisphere has had to rely on its ability to be nimble and prudent with its current corporate strategy. With low decline waterflood assets, we can more easily defer capital spending and growth until this time passes. As a junior company with extremely geographically focused and stable assets, we can more easily shut-in production if necessary, and restart it sooner than many bigger operators depending on constantly changing pricing and market outlook.

Hemisphere has an extensive hedge book through to June 30, 2021 currently valued at approximately \$8.9 million (as of April 22, 2020). We have always focused on maintaining exceptionally low-cost operations both in the field and in the office and will continue to look for additional efficiencies. Finally, Hemisphere has set itself apart from many other companies in the industry by having a very clean asset base with relatively few old or inactive wellbores, which can otherwise add significant fixed operational expenses and abandonment liabilities to the balance sheet. Taken together, these important factors will help Hemisphere weather the current storm of oil price volatility and come out the other side ready to move forward with growth.

The success that Hemisphere achieved in 2019 and the resilience we have shown thus far in 2020 is due to the commitment and perseverance of the entire Hemisphere team, which includes our operators in the field, consultants, contractors, and service companies we work closely with year after year. In the fall of 2019, we lost a close friend and colleague from our Hemisphere family, which has reminded us, in these times of uncertainty, to always enjoy the time, health, family, and friends that we have.

I want to thank everyone for their dedication and hard work, and I look forward to getting back to an oil price environment when we can all do what we love to do - explore and develop!

To all our shareholders, thank you for your continued confidence and support and please stay safe.

Best regards,

(Signed) "Don Simmons"
Don Simmons, P.Geol.
President & Chief Executive Officer
April 23, 2020

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, 2019, which can be found on SEDAR at www.sedar.com and is subject to the same cautionary statements as set out therein.