HEMISPHERE ENERGY INCREASES TERM LOAN AND PROVIDES DEVELOPMENT PLANS FOR Q1 2018

TSX-V: HME

Vancouver, British Columbia, February 1, 2018 – Hemisphere Energy Corporation (TSX-V: HME) ("Hemisphere" or the "Company") is pleased to announce an increase to its term loan and subsequent development plans for the first quarter of 2018.

Term Loan

Hemisphere has amended its credit agreement with its third-party lender in order to increase the commitment amount available to Hemisphere on its multi-draw, non-revolving term loan facility (the "Term Loan") by US$5.0 million, bringing the aggregate amount committed by the lender under the Term Loan to US$20.0 million. The Term Loan has a maximum aggregate principal commitment amount of up to US$35.0 million with a maturity date of September 15, 2022.

2018 Plans

During the first quarter of 2018, Hemisphere is continuing the momentum built from its successful fall drilling program to further develop its Atlee Buffalo oil assets. With the recent addition of a centralized oil facility to separate and re-inject produced water in the Upper Mannville G pool, the Company plans to drill three additional wells including one producer and two injectors. The producing well will be drilled into the thickest part of the pool in an area with recently added injection, and the two water injectors will provide pressure maintenance for a substantial drilling program of producers in the future.

Investor Relations

Hemisphere is participating in the World Outlook Financial Conference being held at the Westin Bayshore in Vancouver, British Columbia on February 2 and 3, 2018. Mr. Don Simmons, President and Chief Executive Officer, will be making a presentation on the Company at the VIP breakfast being held on February 3. For further information, including the conference agenda, please visit www.moneytalks.net/events/world-outlook-conference-2018. A copy of the Company's presentation will be available on the Company's website at www.hemisphereenergy.ca.

About Hemisphere Energy Corporation

Hemisphere Energy Corporation is a producing oil and gas company focused on developing conventional oil assets with low risk drilling opportunities. Hemisphere plans continual growth in production, reserves, and cash flow by focusing on existing assets with significant growth potential and executing strategic acquisitions. Hemisphere trades on the TSX Venture Exchange as a Tier 1 issuer under the symbol "HME".

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

This news release contains "forward-looking statements" that are based on Hemisphere's current expectations, estimates, forecasts and projections. The words "estimates", "projects", "expects", "intends", "believes", "plans", or their negatives or other comparable words and phrases are intended to identify forward-looking statements and include statements regarding Hemisphere's plans for its first quarter 2018 development drilling program and the timing thereof; the operational developments anticipated to result from the planned drilling program and other expectations, intentions, and plans that are not historical fact.

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: that Hemisphere will continue to conduct its operations in a manner consistent with past operations; 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 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; 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 information and 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 information or 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 information and 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 or information, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

Definitions and Abbreviations

US	*United States*

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.