

FORM 62-103F1

Required Disclosure under the Early Warning Requirements

Item 1 – Security and Reporting Issuer

- 1.1 *State the designation of securities to which this report relates and the name and address of the head office of the issuer of the securities.*

This report relates to the issuance of common shares (the "**Common Shares**") of Hemisphere Energy Corporation (the "**Issuer**").

The Issuer's address is as follows:

Hemisphere Energy Corporation
Suite 501, 905 West Pender Street
Vancouver, BC V6C 1L6

- 1.2 *State the name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.*

Not applicable.

Item 2 – Identity of the Acquiror

- 2.1 *State the name and address of the acquiror.*

Cibolo Energy HME, LLC ("**Cibolo HME**")
Suite 230, 1455 West Loop South
Houston, TX 77027

Cibolo HME is a limited liability corporation formed under the laws of the State of Delaware.

- 2.2 *State the date of the transaction or other occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence.*

On September 29, 2021, Cibolo HME acquired 2,299,851 Common Shares of the Issuer through the exercise of 3,437,500 warrants of the Issuer (the "**Warrants**") at an exercise price equivalent to \$0.28 per Common Share, in accordance with the terms of the warrant certificate dated September 15, 2017, by and between the Issuer and Cibolo HME (the "**Warrant Certificate**").

- 2.3 *State the names of any joint actors.*

Cibolo Energy Partners I, L.P. (together with Cibolo HME, "**Cibolo**")

Item 3 – Interest in Securities of the Reporting Issuer

- 3.1 *State the designation and number or principal amount of securities acquired or disposed of that triggered the requirement to file the report and the change in the acquiror's security holding percentage in the class of securities.*

In connection with the exercise of the Warrants, Cibolo acquired an aggregate of 2,299,851 Common Shares representing approximately 2.5% of the total number of Common Shares of the Issuer that Cibolo understands to be issued and outstanding on a non-diluted basis as of the date hereof.

- 3.2 *State whether the acquiror acquired or disposed ownership of, or acquired or ceased to have control over, the securities that triggered the requirement to file the report.*

Cibolo acquired 2,299,851 Common Shares in the capital of the Issuer pursuant to its exercise of 3,437,500 Warrants.

- 3.3 *If the transaction involved a securities lending arrangement, state that fact.*

Not applicable.

- 3.4 *State the designation and number or principal amount of securities and the acquiror's security holding percentage in the class of securities, immediately before and after the transaction or other occurrence that triggered the requirement to file this report.*

Immediately prior to the exercise of the Warrants, Cibolo collectively held 13,750,000 Warrants. As a result of the exercise, Cibolo will own and exercise control over 2,299,851 Common Shares of the Issuer representing approximately 2.5% of the issued and outstanding Common Shares of the Issuer on a non-diluted basis. Cibolo will also continue to hold 10,312,500 Warrants of the Issuer, representing approximately 10.2% of the issued and outstanding Common Shares of the Issuer if the remaining Warrants were exercised immediately for Common Shares.

- 3.5 *State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities referred to in Item 3.4 over which*

- (a) *the acquiror, either alone or together with any joint actors, has ownership and control,*

All securities referred to in paragraph 3.4 above are owned and controlled by Cibolo.

- (b) *the acquiror, either alone or together with any joint actors, has ownership but control is held by persons or companies other than the acquiror or any joint actor, and*

Not applicable.

- (c) *the acquiror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.*

Not applicable.

- 3.6 *If the acquiror or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the related financial instrument and its impact on the acquiror's securityholdings.*

Not applicable.

- 3.7 *If the acquiror or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement.*

Not applicable.

State if the securities lending arrangement is subject to the exception provided in section 5.7 of NI 62-104.

Not applicable.

- 3.8 *If the acquiror or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the acquiror's economic exposure to the security of the class of securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.*

Not applicable.

Item 4 – Consideration Paid

- 4.1 *State the value, in Canadian dollars, of any consideration paid or received per security and in total.*

The Warrants were exercised on a cashless exercise basis, at a deemed exercise price equal to \$0.28 per Common Share based on the Issuer's 30-day volume-weighted average price (VWAP) calculation, in accordance with the terms of the Warrant Certificate.

- 4.2 *In the case of a transaction or other occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, disclose the nature and value, in Canadian dollars, of the consideration paid or received by the acquiror.*

See Item 4.1 above.

- 4.3 *If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition.*

See Item 4.1 above.

Item 5 – Purpose of the Transaction

State the purpose or purposes of the acquiror and any joint actors for the acquisition or disposition of securities of the reporting issuer. Describe any plans or future intentions which the acquiror and any joint actors may have which relate to or would result in any of the following:

- (a) *the acquisition of additional securities of the reporting issuer, or the disposition of securities of the reporting issuer;*
- (b) *a corporate transaction, such as a merger, reorganization or liquidation, involving the reporting issuer or any of its subsidiaries;*
- (c) *a sale or transfer of a material amount of the assets of the reporting issuer or any of its subsidiaries;*
- (d) *a change in the board of directors or management of the reporting issuer, including any plans or intentions to change the number or term of directors or to fill any existing vacancy on the board;*
- (e) *a material change in the present capitalization or dividend policy of the reporting issuer;*
- (f) *a material change in the reporting issuer's business or corporate structure;*
- (g) *a change in the reporting issuer's charter, bylaws or similar instruments or another action which might impede the acquisition of control of the reporting issuer by any person or company;*
- (h) *a class of securities of the reporting issuer being delisted from, or ceasing to be authorized to be quoted on, a marketplace;*

- (i) *the issuer ceasing to be a reporting issuer in any jurisdiction of Canada;*
- (j) *a solicitation of proxies from securityholders;*
- (k) *an action similar to any of those enumerated above.*

The exercise of Warrants was made solely for investment purposes. Cibolo may from time to time acquire additional securities of the Issuer or dispose of Common Shares or may enter into derivative or other transactions with respect to such securities. Cibolo may from time to time increase or decrease its security holdings through market transactions, private agreements or otherwise, subject in each case to applicable securities laws.

Cibolo currently has no plans or intentions that relate to or would result in the matters listed in clauses (a) to (k) above.

Item 6 – Agreements, Arrangements, Commitments or Understandings With Respect to Securities of the Reporting Issuer

Describe the material terms of any agreements, arrangements, commitments or understandings between the acquiror and a joint actor and among those persons and any person with respect to securities of the class of securities to which this report relates, including but not limited to the transfer or the voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Include such information for any of the securities that are pledged or otherwise subject to a contingency, the occurrence of which would give another person voting power or investment power over such securities, except that disclosure of standard default and similar provisions contained in loan agreements need not be included.

Not applicable.

Item 7 – Change in material fact

If applicable, describe any change in a material fact set out in a previous report filed by the acquiror under the early warning requirements or Part 4 in respect of the reporting issuer's securities.

Not applicable.

Item 8 – Exemption

If the acquiror relies on an exemption from requirements in securities legislation applicable to formal bids for the transaction, state the exemption being relied on and describe the facts supporting that reliance.

Not applicable.

Item 9 – Certification

I, as the acquiror, certify, or I, as the agent filing the report on behalf of an acquiror, certify to the best of my knowledge, information and belief, that the statements made in this report are true and complete in every respect.

Dated this 5th day of October, 2021.

“Justin Teltschik”

[Authorized Signatory]

**Justin Teltschik
Cibolo Energy Partners
Managing Partner**