



2021

Gear Energy 2021 ESG Report



ESG Introduction

Environmental, Social and Governance stewardship has always been a key element of the company's strategy. With this first ever ESG report, Gear intends to begin the process of tracking both the historical and future success in these important areas of our operations.

Environment

Gear has a track record of investing in the environment that started with the installation of a large-scale fuel system to capture vented natural gas in Wildmere back in 2010. Since then, Gear has continued to expand those fuel systems across many of the assets to both conserve and reduce vented natural gas on our major properties. Additionally, Gear has and continues to expand participation in programs designed to reduce methane emissions through a number of initiatives including replacing high bleed pneumatic controllers with low and zero bleed controllers, installing vapor recovery units to capture tank vent gas, installing instrument air instead of utilizing natural gas and utilizing electricity where possible. Most recently in Southeast Saskatchewan, Gear has completed a project with a third party to implement a significant flaring and emissions reduction system. Gear has submitted its initial emissions reduction five-year plan which has been approved by the Saskatchewan government.

In almost all areas, Gear has been accessing reservoirs using multi-well pad and multi-leg drilling designs, materially reducing the surface footprint required to access resources. Similarly, Gear has been implementing, optimizing, and expanding water flooding projects in multiple core areas. These water floods allow Gear to efficiently access incremental resources that would be left behind under primary recovery without expanding surface footprints.

Significant effort continues to be focused on reducing liabilities. Over the last three years, Gear has abandoned an average of 55 wells per year and the forecast for 2021 is to increase that amount to approximately 120 wells. At the end of 2021 Gear is forecasting to have abandoned almost five times as many wells as have been drilled over the same period.





Social

Health and safety have always been prioritized to ensure the well-being of all stakeholders while successfully growing the tangible value of Gear's assets. Safety for Gear's workforce including contractors is paramount. Gear hosts monthly safety meetings for its field staff to review all safety protocols. Over the last two years including to the end of the second quarter of 2021, Gear has had zero lost time injuries and zero recordable injuries.

Gear continues to adhere to government guidelines pertaining to COVID-19 and has mandated its employees to work from home unless a physical presence is required for operational effectiveness.



Gear provides material investment in and assistance to the communities where we operate. Gear also believes that its main objective is to generate value creation for its shareholders so that they can, if they so choose, provide a return to society as well. Additionally, Gear supports its employees as they regularly contribute both personal resources and time to enhancing communities through various corporate and employee initiatives.

Gear's outstanding teams operate in an environment of honesty, integrity and accountability. Related corporate policies and guidelines are included in the Code of Business Conduct & Ethics, The Whistleblower Policy, The Governance and Compensation Committee Mandate and the Mandate of the Board of Directors. All these documents are posted on the Gear website <https://gearenergy.com/governance/>. These documents, among others, outline Gear's commitment to multiple matters including compliance with all regulatory and environmental laws, valuing diversity and a commitment to providing equal opportunity in all aspects of employment, and oversight of all facets of the company's environmental, health and safety protocols.



Governance

Gear prides itself on high governance standards. These standards include:

Shareholder alignment to management and director compensation

Gear conducts an extensive annual compensation benchmarking analysis. Its management team has one of the lowest base salary structures amongst its peers and its incentive compensation structure is based on multiple factors including a proved developed reserves value creation formula as well as relative share price returns.

Full, clear, and truthful disclosure

Gear reports its quarterly information on a timely basis in a format that is full and clear. In addition, Gear publishes a monthly President's letter that attempts to deal with current matters that are pertinent to Gear and its business.

Board independence

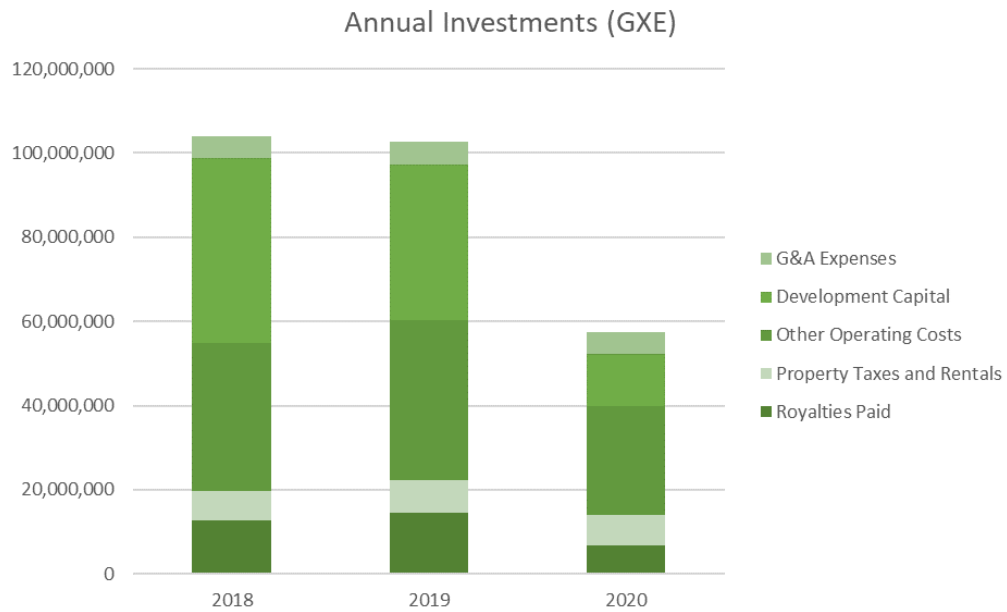
All of Gear's board members, with the exception of Ingram Gillmore, Chief Executive Officer, are independent. On an annual basis, an evaluation is completed for all directors.



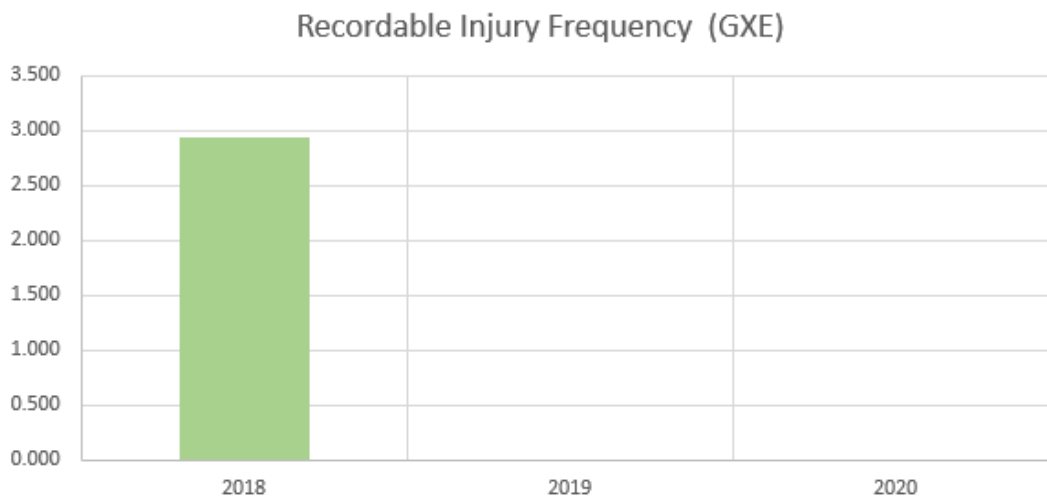
ESG Highlights

Reported 2020 data (compared to a baseline of 2019 data) delivered the following results:

- Invested over \$57 million in 2020 to the Canadian economy through payment of royalties, property taxes and rentals, other operating expenses, development capital and general and administrative expenses.
- Invested more than \$264 million over the last three years in the same categories.

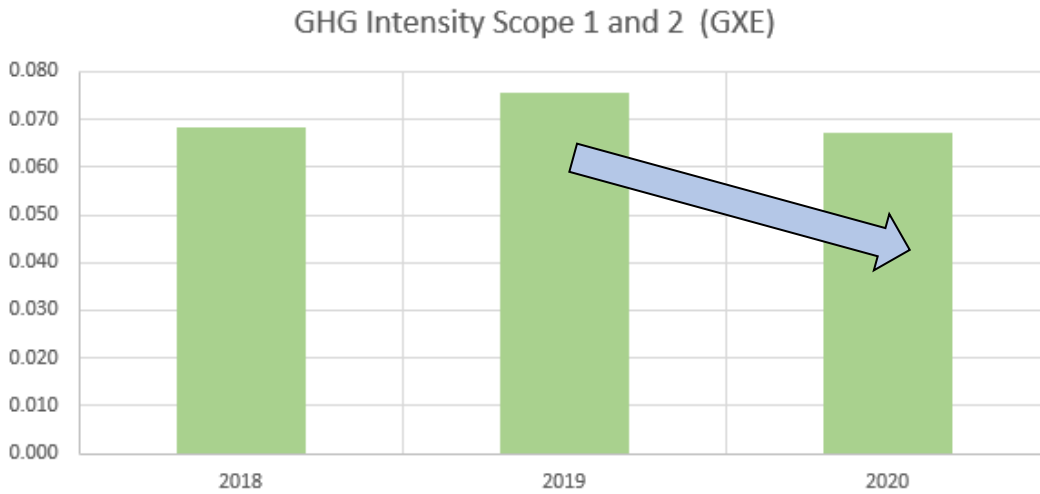


- Reported another year with zero recordable injury frequency. (RI's x worker hours/200,000 hours)

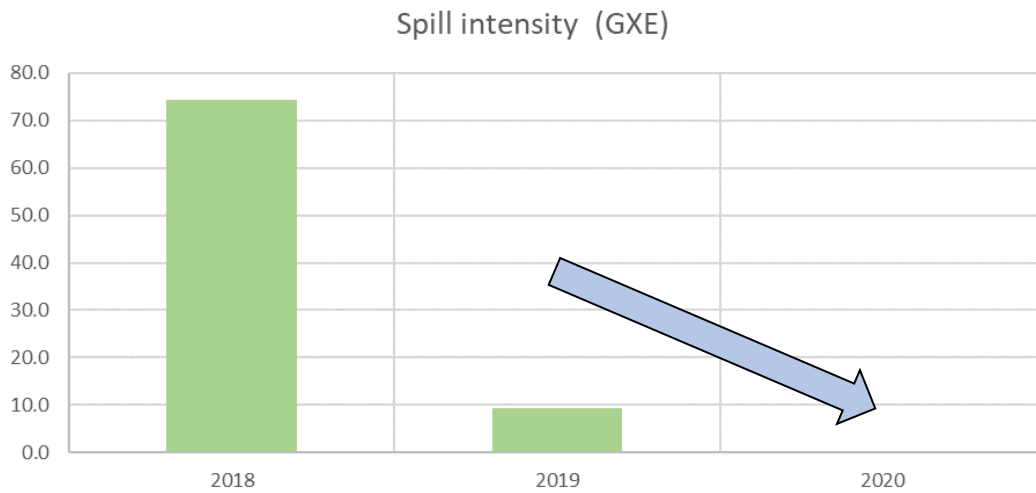


ESG Highlights Continued

- Reduced Scope 1 and Scope 2 greenhouse gas emission intensity by 11%. (Tonnes CO₂e/BOE)

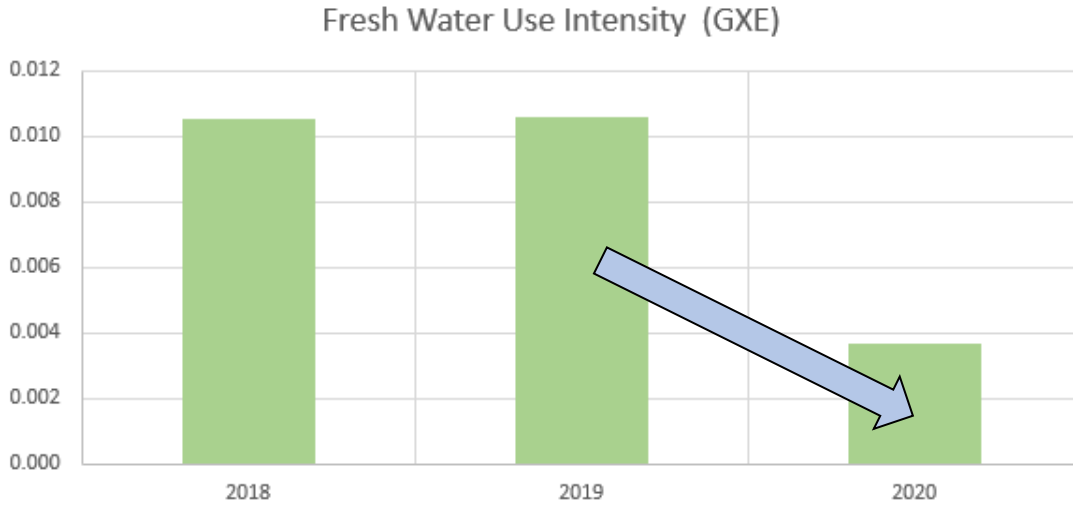


- Reported a 100% reduction in reportable spill intensity. (m³ spilled/MMboe produced)

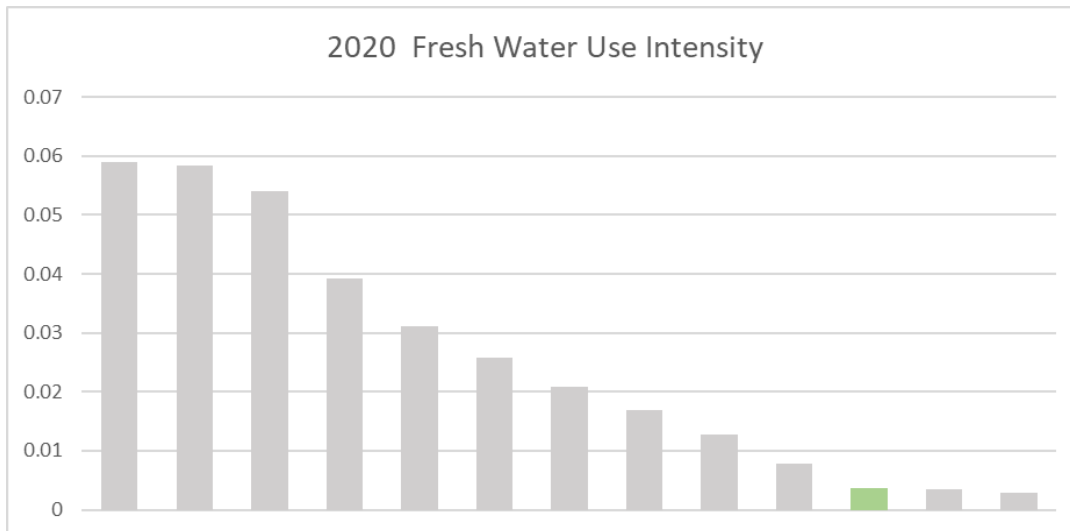


ESG Highlights Continued

- Reduced freshwater use intensity by 66%.
(m³/BOE)

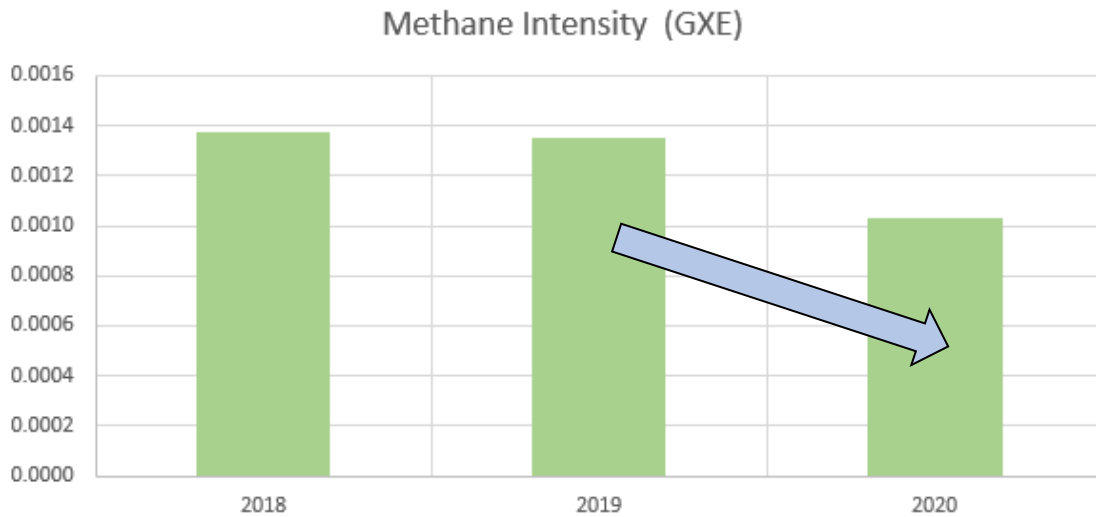


- Delivered top quartile fresh water use intensity compared to peers.
(GXE in green) (m³/BOE)

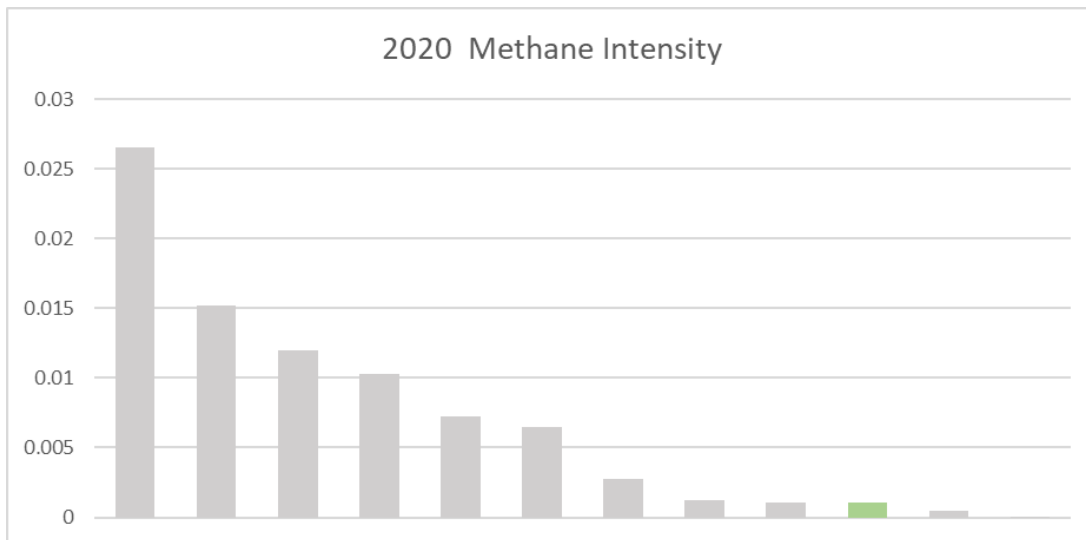


ESG Highlights Continued

- Reduced methane emission intensity by 24%.
(Tonnes CO₂e/BOE)



- Delivered top quartile methane emission intensity compared to peers.
(GXE in green) (Tonnes CO₂e/BOE)





Detailed Data

Measure	Units	2018	2019	2020
Production (Gross Operated)	BOE/d	7,178	7,040	5,451
Production	BOE	2,619,970	2,569,600	1,995,066
GHG Emissions (Flaring)	Tonnes CO2e	7,927	29,746	22,632
GHG Emissions (Fuel Combustion)	Tonnes CO2e	76,308	75,700	57,969
GHG Emissions (Venting)	Tonnes CO2e	86,807	80,703	46,640
GHG Emissions (Fugitive)	Tonnes CO2e	0	0	343
TOTAL Methane Emissions	Tonnes CO2e	3,609	3,478	2,057
TOTAL GHG Emissions Scope 1	Tonnes CO2e	171,042	186,149	127,584
TOTAL GHG Emissions Scope 1 and 2	Tonnes CO2e	179,214	193,956	133,866
GHG Intensity Scope 1	Tonnes CO2e/BOE	0.065	0.072	0.064
GHG Intensity Scope 1 and 2	Tonnes CO2e/BOE	0.068	0.075	0.067
Methane Intensity	Tonnes CO2e/BOE	0.001	0.001	0.001
TOTAL Fresh Water Use	m3	27,594	27,160	7,271
Fresh Water Use Intensity	m3/BOE	0.011	0.011	0.004
Reportable Spill Count	Count	4.0	8.0	0.0
Reportable Spill Volume	m3	195.0	24.0	0.0
Spill intensity	m3 spilled/MMboe produced	74.4	9.3	0.0
LTI Frequency	LTI's x worker hrs/200,000 hrs	0.0	0.0	0.0
Recordable Injury Frequency	RI's x worker hrs/200,000 hrs	2.9	0.0	0.0
Sales	\$	109,316,000	131,989,000	65,057,000
Royalties Paid	\$	12,858,000	14,513,000	6,812,000
Property Taxes and Rentals	\$	6,818,757	7,687,653	7,290,102
Operating Costs	\$	35,214,243	38,003,347	25,668,898
Development Capital	\$	43,859,000	36,989,000	12,441,000
G&A Expenses	\$	5,163,000	5,517,000	5,181,000
Permanent Employees		31	31	27
% Female		35%	35%	33%
% Voluntary Turnover		0%	0%	11%
Number of Independent Directors		6	6	6
% Female		17%	17%	17%

All Gear emissions data has been verified by a government recognized third party
Peer data comparisons includes ATH, ATU, BIR, BTE, CPG, CR, NVA, PEY, PIPE, POU, SDE, TVE, WCP