



2022

Gear Energy 2022 ESG Report



ESG Introduction

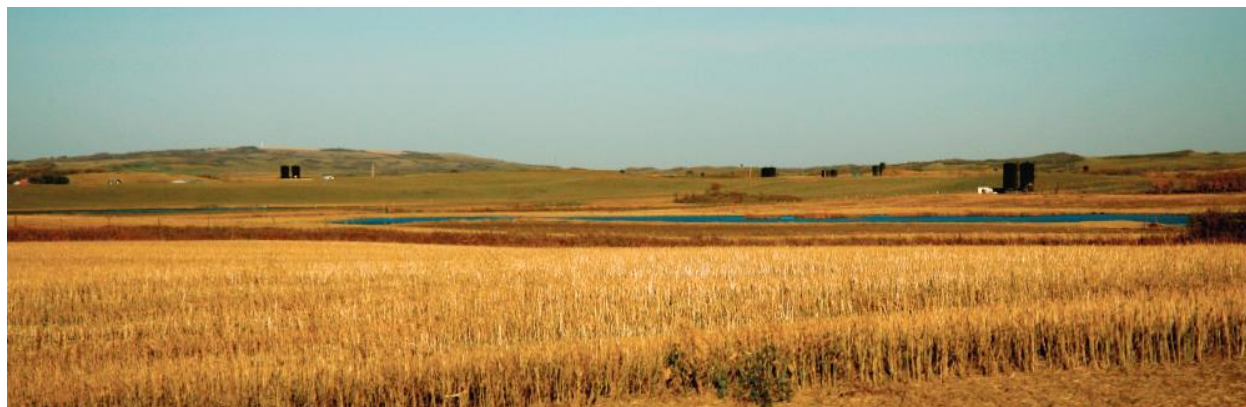
Environmental, Social and Governance stewardship has always been a key element of the company's strategy. With this ESG report, Gear intends to continue the process of tracking both the historical and future success in these important areas of our operations.

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 that time, 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 expanded 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 completed a project with a third party to implement a significant flaring and emissions reduction system.

In almost all areas, Gear has been accessing reservoirs using multi-well pad and multi-leg horizontal 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 the abandonment and reclamation of inactive wells. Over the last three years, Gear has abandoned an average of 82 wells per year and the forecast for 2022 is to increase that amount to over 150 wells. Through the course of 2022 Gear is forecasting to abandon over six times as many wells as will be 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, engages in significant training, utilizes standardized procedures and performs regular competency assessments. Over the last three years, including to the end of the third quarter of 2022, Gear has had zero lost time injuries and zero recordable injuries.



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, Compensation and Sustainability Committee Mandate and the Mandate of the Board of Directors. All these documents are posted on the Gear website at <https://gearenergy.com/governance/>. These documents, among others, including the Board and Management Diversity and Renewal Policy, 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 lower base salary structures amongst its peers and its incentive compensation structure is based on multiple performance 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, all directors participate in an annual evaluation process.

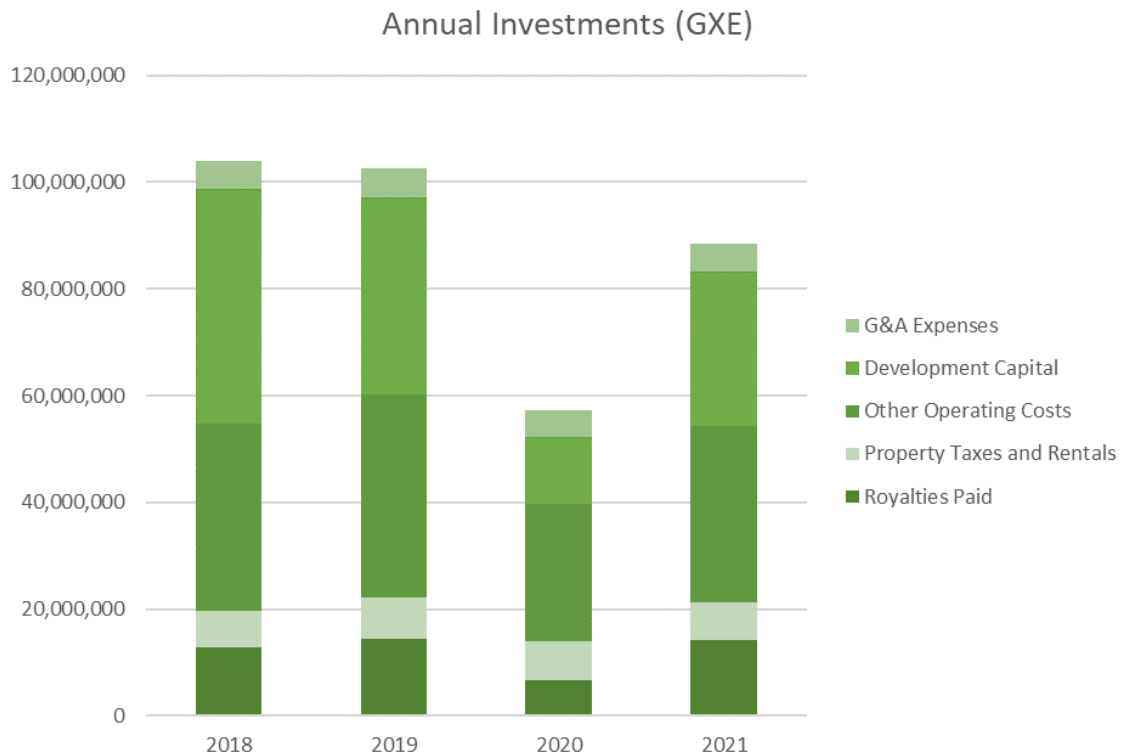




ESG Highlights

Reported 2021 data delivered the following results:

- Contributed over \$89 million in 2021 to the Canadian economy through payment of royalties, property taxes and rentals, other operating expenses, development capital and general and administrative expenses.
- Contributed more than \$350 million over the last four years in the same categories.

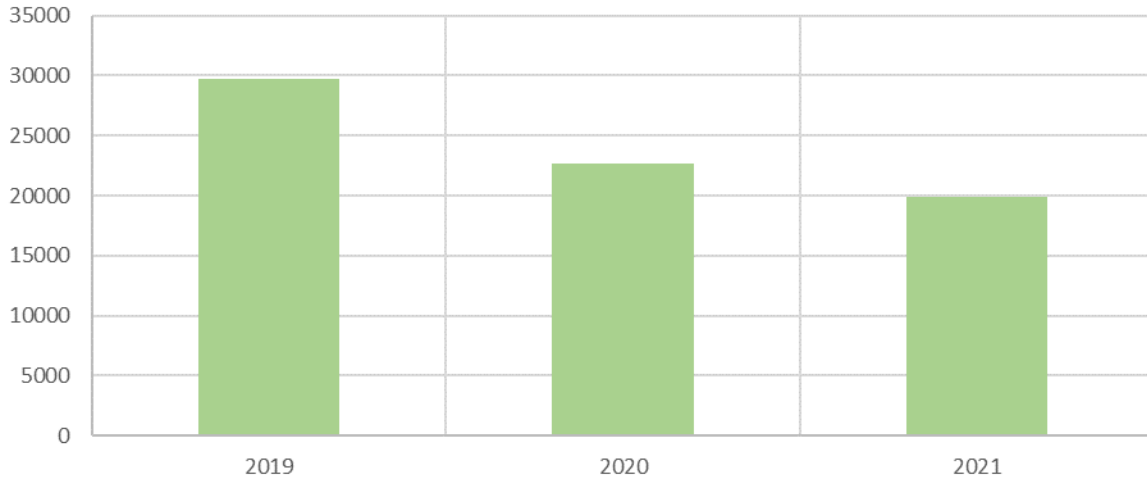


- Three years in a row with zero recordable injuries and zero lost time incidents.

ESG Highlights Continued

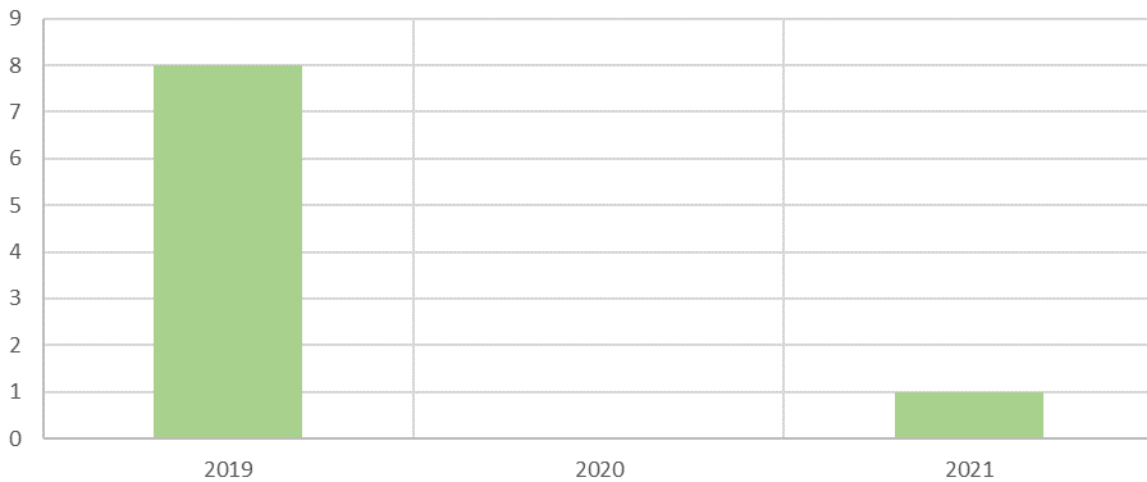
- Reduced flared gas emission by 33% since 2019. (Tonnes CO₂e)

GHG Emissions (Flaring) (GXE)



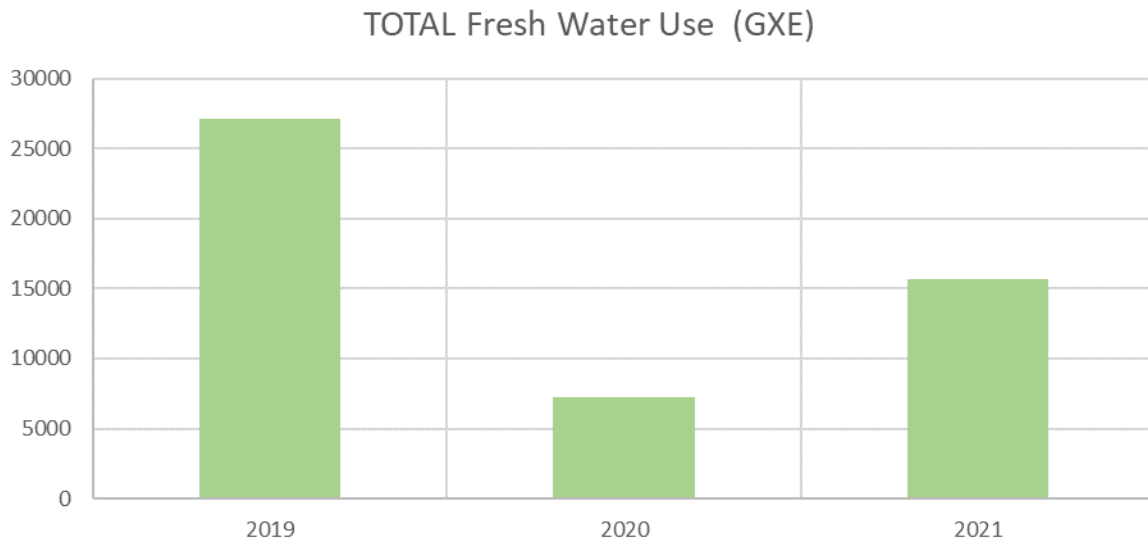
- Reported an 88% reduction in reported spill count since 2019.

Reportable Spill Count (GXE)

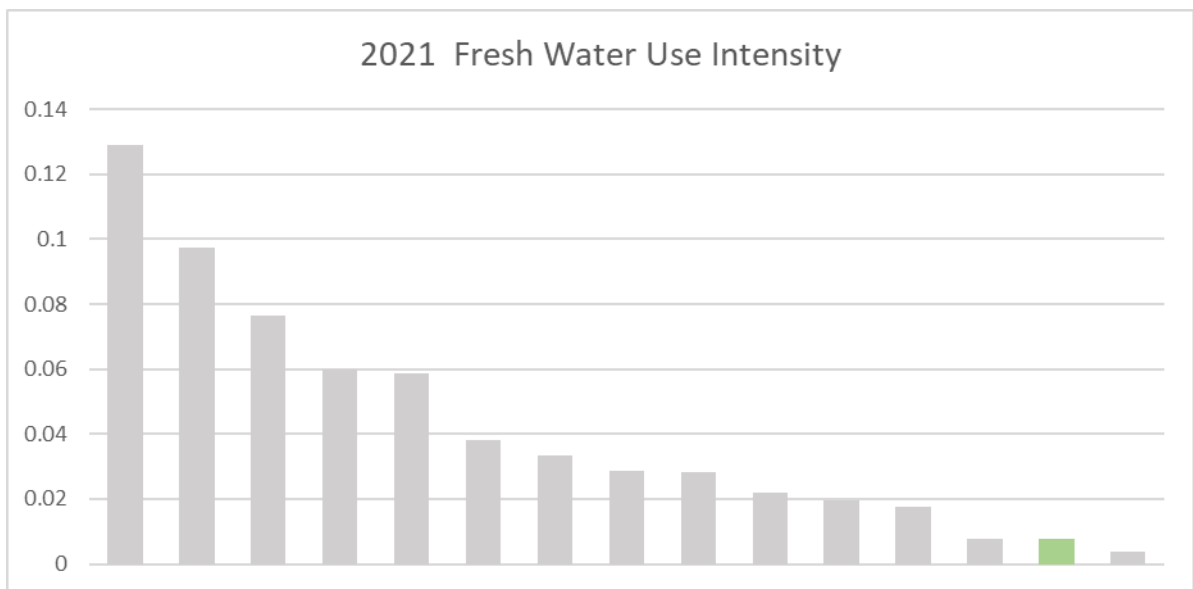


ESG Highlights Continued

- Reduced freshwater use by 42% since 2019. (m3)



- Delivered top quartile freshwater use intensity compared to peers. (m3/BOE) (GXE in Green)

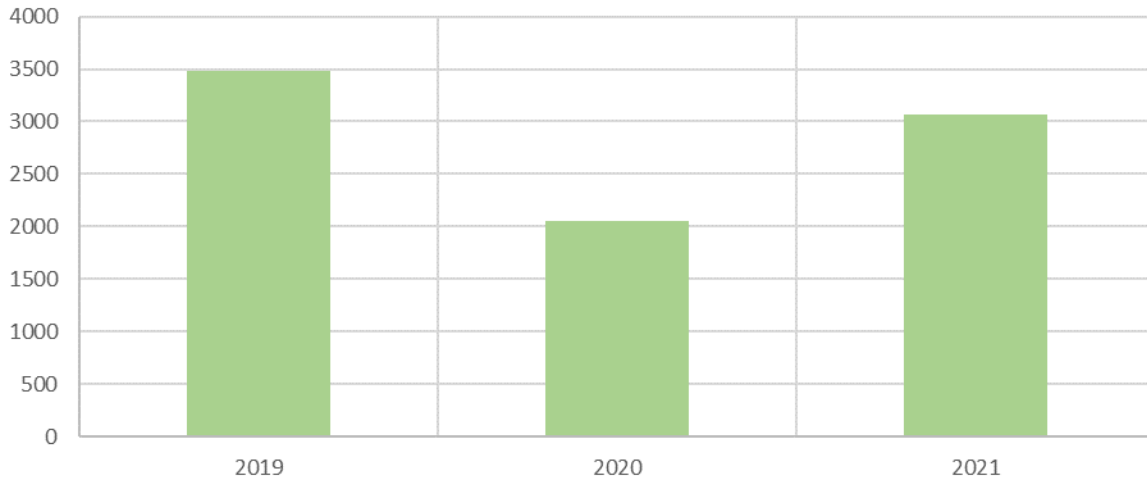




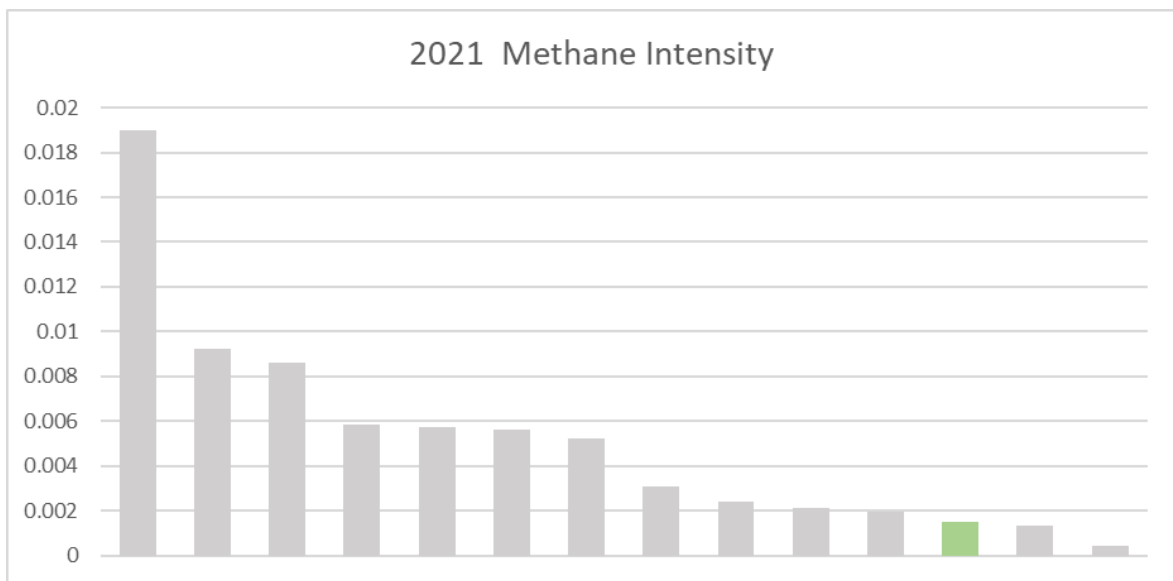
ESG Highlights Continued

- Reduced methane emission by 12% since 2019. (Tonnes CO2e)

TOTAL Methane Emissions (GXE)



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





Detailed Data

| Measure | Units | 2018 | 2019 | 2020 | 2021 |
|------------------------------------|--------------------------------|-------------|-------------|------------|-------------|
| Production (Gross Operated) | Boe/d | 6,770 | 6,962 | 5,298 | 5,676 |
| Production | BOE | 2,471,050 | 2,541,130 | 1,939,068 | 2,071,740 |
| GHG Emissions (Flaring) | Tonnes CO2e | 7,927 | 29,746 | 22,632 | 19,917 |
| GHG Emissions (Fuel Combustion) | Tonnes CO2e | 76,308 | 75,700 | 57,969 | 68,675 |
| GHG Emissions (Venting) | Tonnes CO2e | 86,807 | 80,703 | 46,640 | 70,614 |
| GHG Emissions (Fugitive) | Tonnes CO2e | 0 | 0 | 343 | 1,009 |
| TOTAL Methane Emissions | Tonnes CO2e | 3,609 | 3,478 | 2,057 | 3,062 |
| TOTAL GHG Emissions Scope 1 | Tonnes CO2e | 171,042 | 186,149 | 127,584 | 160,215 |
| TOTAL GHG Emissions Scope 1 and 2 | Tonnes CO2e | 179,214 | 193,956 | 133,866 | 161,948 |
| GHG Intensity Scope 1 | Tonnes CO2e/BOE | 0.069 | 0.073 | 0.066 | 0.077 |
| GHG Intensity Scope 1 and 2 | Tonnes CO2e/BOE | 0.073 | 0.076 | 0.069 | 0.078 |
| Methane Intensity | Tonnes CO2e/BOE | 0.001 | 0.001 | 0.001 | 0.001 |
| Oxides of Nitrogen (Nox) | Tonnes | 458 | 441 | 334 | 387 |
| Carbon Monoxide (CO) | Tonnes | 671 | 683 | 497 | 559 |
| Volatile Organic Compounds (VOC's) | Tonnes | 10 | 19 | 17 | 339 |
| Total Particulate Matter (PM) | Tonnes | 10 | 33 | 25 | 23 |
| TOTAL Fresh Water Use/Withdrawal | m3 | 27,594 | 27,160 | 7,271 | 15,652 |
| Fresh Water Use Intensity | m3/BOE | 0.011 | 0.011 | 0.004 | 0.008 |
| Wells Abandoned | Count | 44 | 77 | 46 | 123 |
| Reportable Spill Count | Count | 4.0 | 8.0 | 0.0 | 1.0 |
| Reportable Spill Volume | m3 | 195.0 | 24.0 | 0.0 | 21.5 |
| Spill intensity | m3 spilled/mmBOE produced | 74.4 | 9.3 | 0.0 | 10.4 |
| Hydrocarbon Spill Volume | m3 | 0.0 | 0.0 | 0.0 | 0.0 |
| LTI Frequency | LTI's x worker hrs/200,000 hrs | 0.0 | 0.0 | 0.0 | 0.0 |
| Recordable Injury Frequency | RI's x worker hrs/200,000 hrs | 2.9 | 0.0 | 0.0 | 0.0 |
| Fatalities | Count | 0.0 | 0.0 | 0.0 | 0.0 |
| Sales | \$ | 109,316,000 | 131,989,000 | 65,057,000 | 129,027,000 |
| Royalties Paid | \$ | 12,858,000 | 14,513,000 | 6,812,000 | 14,133,000 |
| Property Taxes and Rentals | \$ | 6,819,000 | 7,688,000 | 7,290,000 | 7,207,000 |
| Other Operating Costs | \$ | 35,214,000 | 38,003,000 | 25,669,000 | 33,046,000 |
| Development Capital | \$ | 43,859,000 | 36,989,000 | 12,441,000 | 28,884,000 |
| G&A Expenses | \$ | 5,163,000 | 5,517,000 | 5,181,000 | 5,332,000 |
| Permanent Employees | | 31 | 31 | 27 | 28 |
| % Female | | 35% | 35% | 33% | 36% |
| % Voluntary Turnover | | 0% | 0% | 11% | 0% |
| Number of Independent Directors | | 6 | 6 | 6 | 6 |
| % Female | | 17% | 17% | 17% | 17% |
| % Underrepresented Groups | | 33% | 33% | 33% | 33% |

All Gear emissions data has been verified by a government recognized third party
Peer data comparisons include ARX, ATH, BIR, BTE, CPG, CR, IPO, NVA, PEY, PIPE, POU, PPR, SDE and YGR