GEAR ENERGY

Monthly Update

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FROM THE DESK OF DUSTIN RESSLER, VP EXPLORATION

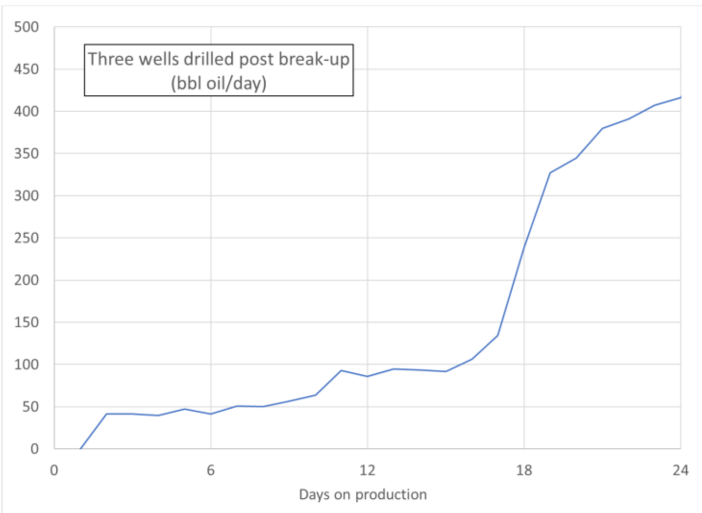
Gear is pleased to provide the following key operational and financial information for investors:

	Q3 22	Q4 22	2022 TD	Q1 23	Apr-23	May-23	Jun-23	Q2 23	Jul-23	2023 TD
WTI Benchmark Price ($US/bbl)	91.55	82.65	94.23	76.13	79.44	71.62	70.27	73.78	76.03	75.11
WCS Heavy Oil Differential ($US/bbl)	(19.89)	(25.42)	(18.16)	(24.76)	(15.96)	(15.38)	(13.85)	(15.06)	(11.91)	(18.77)
MSW Light Oil Differential (US$/bbl)	(2.05)	(1.61)	(1.78)	(2.86)	(1.29)	(4.30)	(3.28)	(2.96)	(2.40)	(2.84)
Funds from Operations ($MM)	22.5	18.7	93.8	13.0	6.9	5.1	5.0	17.1	6.5	36.6
Capital and Abandonment Expenditures ($MM)	17.7	20.3	56.8	18.4	1.4	2.9	4.0	8.3	4.8	31.5
Net Surplus (Debt) ($MM)	7.0	(2.2)	(2.2)	(15.3)	(12.4)	(12.8)	(14.3)	(14.3)	(15.3)	(15.3)
Production (boe/d)	5,727	5,755	5,739	5,952	6,011	5,790	5,423	5,742	5,509	5,797

Note: All items are based on estimates; actuals will vary from estimates due to accruals and adjustments. Such variances may be material.

As we approach the end of summer, it's a good opportunity to recap a busy couple of months and provide an exploration update.

Gear has drilled, completed and brought online three heavy oil wells so far post spring break-up. Two of these three wells are testing a new area for Gear at Soda Lake where offset operators have had good success targeting the Upper Mannville McLaren Formation with single leg lined horizontal wells. The other drill was a Cummings multi-lateral that continues our development in the Cummings J pool in Wildmere. The initial production results from these wells look quite promising as all three are currently producing above expectations at more than 400 barrels of oil per day combined.



As we move into the fall, Gear is also planning a two well program at Celtic targeting the same McLaren sand package as was successfully drilled in Soda Lake. Pending success, the Soda Lake and Celtic projects would prove up substantial inventory that could be a major component of the 2024 and future capital programs in areas that have minimal to no reserves currently booked.

Along with recent drilling activity, Gear was also active acquiring 7.5 sections of oilsands leases in the Cold Lake region of Alberta. As mentioned in previous corporate updates, we believe there are multiple stacked prospective pay zones over the majority of the acreage with competitor offsets de-risking a number of them. In total Gear has identified six potential target zones which have the potential to contain large undeveloped oil in place. Evaluation of these blocks is ongoing, and we plan to initiate capital activity here starting in 2024.

The Cold Lake/Bonnyville oilsands region is seeing a dramatic rise in interest as Gear, and other heavy oil peers focus on bypassed upper and mid Mannville targets that are amenable to multilateral development. Another area operator recently touted a successful Waseca exploration well with initial production of 165 barrels of oil per day at Cold Lake.

A significant part of our exploration efforts go in to managing our undeveloped well inventory so we have a line of sight on what our future capital programs will look like. We have a talented technical team that excels at finding new plays/resources and prioritizing which opportunities to deploy capital towards. The majority of new opportunities are acquired via Crown land sale, freehold lease acquisitions or third-party farm ins.

It is significant to note that through these recent land acquisitions, Gear increased our undeveloped acreage by six per cent over Q1. This expands upon the already extensive inventory of available opportunities that the team hope will add high impact drillable plays to the mix for many years to come.

Although there are efforts being applied to develop inventory across the entire Gear portfolio, our heavy oil undeveloped prospect inventory is currently the most extensive. Including the recent Q2 crown land acquisitions, we have identified 21 distinct prospects stretching from Killam to Cold Lake in both Alberta and Saskatchewan.

The highest ranked of these 21 are the two McLaren prospects mentioned earlier that are a part of our 2023 drill program. Other high priority ideas include Waseca, Sparky and GP multilateral opportunities in the oilsands region where we currently own over 32 sections of Mannville rights. Of note, only six of these 21 prospects are currently included in our quoted future development inventory and none of them are included in reserve evaluations yet.

The top prospects are always being prioritized for our internal future capital programs, but it is worthy to note that the bottom few ideas are plays which we are always attempting to capture value by either selling or using to target future royalty considerations. The goal of continually optimizing the prospect list means adding high impact ideas for near term development while moving others down the list where we can still realize value or participate in the upside via royalties.

There are always new opportunities to chase on the horizon and we are also active looking at future potential in our central Alberta and SE Saskatchewan assets. For now, the team is excited to unlock some of the large resources we have acquired to date and to continually optimize and capture value from all of our existing opportunities.

Certain information in this monthly update is forward-looking within the meaning of certain securities laws, and is subject to important risks, uncertainties and assumptions. This forward-looking information may include, among other things, estimated production, expected funds from operations and profit from certain assets of Gear, expectations of commodity prices and price differentials, demand for oil, capital expenditure budgets and estimates, royalty rates, operating costs, credit/debt requirements, and drilling inventory and locations. Readers should not rely on such forward-looking information to make investment decisions as the results or events anticipated or predicted in such forward-looking information may differ materially from actual results or events as a result of a number of factors including based on the risk factors as set forth in Gear's most recent annual information form (the "**AIF**"), which is available on this website and at www.sedar.com. Gear has based the forward-looking information on a number of assumptions including the assumptions identified in such monthly updates, which may not be realized. It has also assumed that the risk factors discussed in the AIF will not cause such forward-looking information to differ materially from actual results or events. The forward-looking information in this monthly update describes the expectations of management of Gear as of the respective dates of this monthly update and Gear does not assume any obligation to publicly update or revise them to reflect new events or circumstances, except as may be required pursuant to applicable laws. Readers should not rely on the views of management of Gear as set out in this monthly update to make investment decisions with respect to Gear or other companies in the oil and gas industry and should instead consult with their own investment advisors.

This monthly update may include certain key performance indicators to analyze financial and operating performance such as funds from operations, funds from operations per debt adjusted share, production per day per thousand debt adjusted shares, operating netbacks, corporate netbacks and net debt, which do not have any standardized meaning prescribed by Canadian generally accepted accounting principles ("**GAAP**") and therefore may not be comparable with the calculation of similar measures for other entities. For additional information on these non-GAAP measures, see Gear's most recent management's discussion and analysis which is available on Gear's website at www.gearenergy.com and at www.sedar.com.

Barrel of oil equivalent ("boe") used in the monthly updates have been based on a conversion ratio of 1 barrel of oil to 6 thousand cubic feet of natural gas. A boe may be misleading, particularly if used in isolation, as such conversion ratio is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.