GEAR ENERGY

Monthly Update

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FROM THE DESK OF INGRAM GILLMORE, PRESIDENT & CEO

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

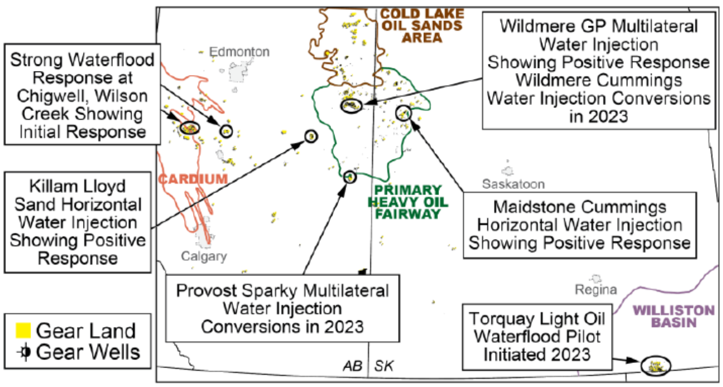
	Q3 22	Q4 22	2022 TD	Q1 23	Q2 23	Jul-23	Aug-23	Sep-23	Q3 23	2023 TD
WTI Benchmark Price ($US/bbl)	91.55	82.65	94.23	76.13	73.78	76.03	81.32	89.43	82.26	77.39
WCS Heavy Oil Differential ($US/bbl)	(19.89)	(25.42)	(18.16)	(24.76)	(15.06)	(11.91)	(11.19)	(15.58)	(12.89)	(17.57)
MSW Light Oil Differential (US$/bbl)	(2.05)	(1.61)	(1.78)	(2.86)	(2.96)	(2.40)	(0.80)	(2.30)	(1.83)	(2.55)
Funds from Operations ($MM)	22.5	18.7	93.8	13.0	17.1	6.5	6.6	7.9	21.0	51.1
Capital and Abandonment Expenditures ($MM)	17.7	20.3	56.8	18.4	8.3	4.8	5.0	4.8	14.6	41.3
Net Surplus (Debt) ($MM)	7.0	(2.2)	(2.2)	(15.3)	(14.3)	(15.3)	(15.0)	(13.3)	(13.3)	(13.3)
Production (boe/d)	5,727	5,755	5,739	5,952	5,742	5,509	5,408	5,620	5,511	5,733

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

In November of 2022 we provided a high level update on all the enhanced recovery water flood projects at Gear. At the time, approximately 11 per cent of Gear's total production was currently being supported by water flooding. Just in case you don't know what that means, essentially within various oil fields across the Gear portfolio we are injecting water back into the reservoir in an attempt to pressure up the adjacent producing wells and increase the ultimate oil recovered.

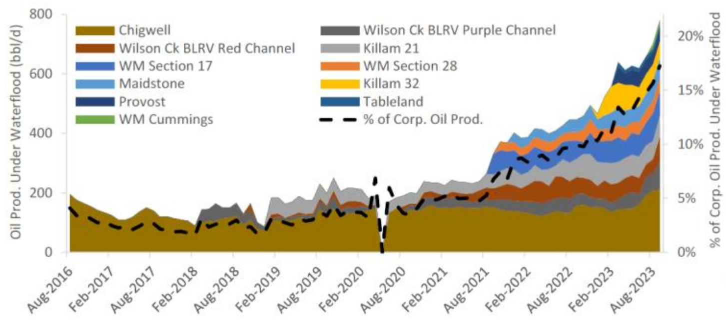
Now that we are almost a year later, and we officially have water going into all three of our core areas it seems like a good time to update the status of these projects.

A snapshot of Gear's core water floods are highlighted on the map below.



There is now water being injected into multiple Belly River light oil channels in Central Alberta, into the light oil Torquay formation in Southeast Saskatchewan, into the medium oil properties at Killam and Provost and into multiple heavy oil assets within the Lloydminster heavy oil fairway. This is quite an accomplishment, especially considering the fact that Gear essentially had nothing under water flood back in early 2016.

The next chart shows the historical and current production from all of these areas. The portion of each asset that is adjacent to the water injection is added to the chart as soon as injection starts. This demonstrates a compounding effect of increasing exposure of assets to flooding as well as the production inclines seen as they eventually respond. With approximately 800 bbl/d of oil currently coming from these key areas, over 17 per cent of total Gear oil production is now being pressure supported by water floods.



While achieving a competitive rate of return on the capital employed (which we regard as a critical measure), there are other benefits that come along with water floods. Over the last few years, Gear has demonstrated a gradual shallowing of the corporate decline profile as well as a steady increase in the annual measurement of the reserves life index. This ultimately should reduce the amount of capital required to keep production flat, thus increasing the amount of cash flow available to dedicate to other opportunities.

The current budget for 2023 includes an estimated $6.5 million of investments towards water flood expansions, almost all of which are now complete and fully operational. And although the 2024 budget has not yet been released, in light of the success to date, investors should not be surprised to see continued efforts and investment directed towards further expansion of these long-term sustainability focused 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.