



2023 Gear Energy Ltd. Modern Slavery Report

Gear Energy Ltd. ("**we**", "**our**", "**Gear**" or the "**Corporation**") has created this report to meet our requirements pursuant to the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "**Modern Slavery Act**").

Forced labour and child labour (each as defined in the Modern Slavery Act and hereinafter together referred to as "**modern slavery**") are violations of fundamental human rights and are occurring across the globe. As a Canadian oil and gas company, we recognize the responsibility we have to ensure our operations and the supply chains that support our operations adhere to the highest ethical standards, which includes no use of modern slavery in our business or supply chain.

The Corporation is a reporting entity as defined in the Modern Slavery Act. This report covers the Corporation's activities during our previous financial year, being from January 1, 2023 to December 31, 2023.

The Corporation takes modern slavery and our reporting requirements very seriously and we are committed to ensuring that we adhere to such requirements. We will continue to evaluate and assess our processes with respect to modern slavery in our business over time to ensure we are meeting all applicable reporting requirements and other legislation relating to modern slavery.

Steps Taken during 2023

The Corporation first became aware of the Modern Slavery Act in 2024 after it came into force and subsequently engaged its legal counsel to assist in navigating the new reporting regime. As a result of the timing of becoming aware of the new reporting requirements, we did not take any steps in 2023 in relation to reducing the risks of modern slavery occurring in the Corporation's supply chain; however, we are not aware of any high-risk exposure to modern slavery associated with the Corporation's supply chain. We intend to continue to evaluate our reporting processes to ensure that our reporting with respect to modern slavery meets the statutory requirements.

Structure, Activities and Supply Chains

- **Structure:** Gear is a corporation incorporated under the *Business Corporations Act* (Alberta) whose common shares are listed on the Toronto Stock Exchange under the symbol "GXE". Gear has one wholly-owned subsidiary, Steppe Petroleum (USA) Inc. ("**Steppe (USA)**"), which is a corporation incorporated under the laws of the State of Delaware. Steppe (USA) does not hold any material assets or carry on any business and as such would not be considered a reporting entity under Modern Slavery Act. As at December 31, 2023, Gear had 30 employees with 20 staff in the Calgary office and 10 employees located in Gear's operating areas in Alberta and Saskatchewan. Gear also has a number of contract operators in the field. For additional information relating to the Corporation, see our annual information form for the year ended December 31, 2023 (the "**AIF**"), which is available on our website at <https://gearenergy.com/> or on SEDAR+ at <https://sedarplus.ca>.

- **Operations:** Gear is a Calgary, Alberta based junior Canadian crude oil and natural gas exploration and production company. All of the Corporation's oil and gas properties are located in Alberta, British Columbia and Saskatchewan. The Corporation currently has core holdings in central Alberta and west central and southeast Saskatchewan. The Corporation has a significant land position in Alberta and Saskatchewan and intends to continue to evaluate additional oil and gas assets in Alberta and Saskatchewan. In the year ended December 31, 2023, Gear's average annual production was 5,801 barrels of oil equivalent per day (consisting of 2,743 bbls/d of heavy crude oil, 1,952 bbls/d of light and medium crude oil, 283 bbls/d of natural gas liquids and 4,938 mcf/d of natural gas) For additional information about our operations, see the information under the headings "*Description of the Business*" and "Statement of Reserves Data and Other Oil and Gas Information" in the AIF.
- **Supply chains:** As a Canadian crude oil and natural gas exploration and production company, Gear is involved in the procurement process, which includes sourcing and purchasing raw materials and equipment from numerous entities and managing contractors. Materials range from drill pipe to water or sand. Services range from well site supervision to spraying of fields. Gear currently orders materials or engages in services with 1,780 vendors. Of those 1,780 vendors, 99% are Canadian entities. As a result, a majority of the entities that are part of Gear's supply chain would be required to comply with Canadian employment and human rights standards and laws.

Additional information regarding the corporate structure and operations of the Corporation can be found in the AIF, audited annual consolidated financial statements for the year ended December 31, 2023 and the related management's discussion and analysis, which are available on our website at <https://gearenergy.com/> or on SEDAR+ at <https://sedarplus.ca>.

Policies and Due Diligence

Policies

The Corporation does not have any current policies in place specifically related to mitigating risks related to modern slavery; however, the Corporation's Code of Business Conduct and Ethics (the "**Code**") requires all of our directors, officers, employees and contractors to have high standards of professional and ethical conduct. In addition, the Code requires compliance with all applicable laws, rules and regulations. Employees are also required to review and follow the Corporation's Employee Handbook (the "**Handbook**"). The Handbook establishes the baseline requirements for all employees, including issues surrounding safety and health, harassment, and overall values.

In addition to the Code, we have a Whistleblower Policy that is designed to encourage reporting of complaints and concerns relating to variety of matters including, among others, suspected violations of the Code. Under the Whistleblower Policy, Gear's employees, management, officers, directors, contractors, consultants, vendors and customers can report any concerns or complaints relating any suspect breached of any applicable laws, rules and regulations including the Modern Slavery Act and any other legislation relating to modern slavery.

The Corporation may in the future consider implementing additional policies designed to mitigate the risks of any actual or perceived modern slavery occurring in relation to its business or operations to the extent determined necessary.

Due Diligence

Given the timing of the implementation of the Modern Slavery Act, the Corporation has not historically undertaken any steps to conduct due diligence relating to mitigating the risks of modern slavery occurring in relation to its business or operations; however, we are not aware of any high-risk exposure to modern slavery associated with the Corporation's supply chain. We may in the future consider implementing additional procedures to ensure we are not unknowingly engaged in business with any entities involved in modern slavery.

Activity and Supply Chain Risks

The Corporation is not aware of any high-risk exposure to modern slavery associated with the Corporation's business or supply chain.

Remediation Measures

We are not aware of the existence of modern slavery in our business and the supply chains that support our operations and as such, we have not taken any measures to remediate the loss of income to the most vulnerable families from any of Corporation's actions.

Employee Training

The Corporation has ensured that all employees and contractors are aware of the new reporting requirements under the Modern Slavery Act by providing a memo describing the new legislation to all such employees and contractors.

Assessment of Effectiveness

The Corporation has not yet implemented any policies or processes to assess our effectiveness in ensuring that modern slavery is not used in the Corporation's business or supply chains.

Approval and Attestation of the Report

This report was approved by the Corporation's Board of Directors on May 9, 2024 pursuant to paragraph 11(4)(a) of the Modern Slavery Act and has been filed with the Minister of Public Safety and Emergency Preparedness.

In accordance with the requirements of the Modern Slavery Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in this report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest, on behalf of the Corporation, and with no personal liability, that the information in this report is true, accurate and complete in all material respects for the purposes of the Modern Slavery Act, for the reporting year listed above.

A handwritten signature in black ink, appearing to be 'KJ' followed by a long, horizontal, wavy line.

Kevin Johnson
President, Chief Executive Officer and a director
May 28, 2024

I have the authority to bind the Corporation.