

GEAR ENERGY LTD.
INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (unaudited)
As at

(Cdn\$ thousands)	June 30, 2024	December 31, 2023
ASSETS		
Current assets		
Accounts receivable	\$ 14,202	\$ 12,412
Prepaid expenses	4,138	2,660
Inventory (Note 3)	6,951	6,791
	25,291	21,863
Deferred income tax asset	29,644	29,644
Property, plant and equipment (Note 4)	287,260	287,318
Total assets	\$ 342,195	\$ 338,825
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 19,269	\$ 14,807
Risk management contracts (Note 8)	578	-
Decommissioning liability (Note 6)	6,657	6,300
	26,504	21,107
Debt (Note 5)	15,133	21,155
Decommissioning liability (Note 6)	58,982	59,822
Total liabilities	100,619	102,084
SHAREHOLDERS' EQUITY		
Share capital (Note 7)	349,396	348,905
Contributed surplus	18,593	18,330
Deficit	(126,413)	(130,494)
Total shareholders' equity	241,576	236,741
Total liabilities and shareholders' equity	\$ 342,195	\$ 338,825

See accompanying notes to the unaudited Interim Condensed Consolidated Financial Statements

GEAR ENERGY LTD.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (unaudited)
For the six months ended June 30
(Cdn\$ thousands)

		Share Capital	Contributed Surplus	Deficit	Total Equity
Balance, beginning of period	\$	348,005	\$ 17,837	\$ (114,228)	\$ 251,614
Stock option exercise (Note 7)		801	(818)	-	(17)
Share-based compensation (Note 7)		-	686	-	686
Dividends (Note 7)		-	-	(15,675)	(15,675)
Net income for the period		-	-	7,540	7,540
Balance at June 30, 2023	\$	348,806	\$ 17,705	\$ (122,363)	\$ 244,148
Balance, beginning of period	\$	348,905	\$ 18,330	\$ (130,494)	\$ 236,741
Stock option exercise (Note 7)		411	(327)	-	84
Share performance grant (Note 7)		80	-	-	80
Share-based compensation (Note 7)		-	590	-	590
Dividends (Note 7)		-	-	(7,888)	(7,888)
Net income for the period		-	-	11,969	11,969
Balance at June 30, 2024	\$	349,396	\$ 18,593	\$ (126,413)	\$ 241,576

See accompanying notes to the unaudited Interim Condensed Consolidated Financial Statements

GEAR ENERGY LTD.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME (unaudited)

	Three Months Ended June 30		Six Months Ended June 30	
(Cdn\$ thousands, except per share amounts)	2024	2023	2024	2023
REVENUE				
Petroleum and natural gas sales (Note 9)	\$ 40,758	\$ 36,106	\$ 76,428	\$ 69,781
Royalties	(5,171)	(4,285)	(9,912)	(8,376)
	35,587	31,821	66,516	61,405
Realized (loss) gain on risk management contracts	(162)	714	(162)	1,179
Unrealized gain (loss) on risk management contracts	458	(85)	(578)	322
	35,883	32,450	65,776	62,906
EXPENSES				
Operating	10,676	11,252	21,035	23,281
Transportation	1,717	1,960	3,573	4,239
General and administrative	2,260	1,631	5,171	3,966
Interest and financing charges	588	584	1,209	975
Depletion, depreciation and amortization (Note 3 and 4)	10,464	10,542	21,249	21,105
Accretion (Note 6)	479	570	978	1,111
Share-based compensation (Note 7)	309	361	590	686
Loss on foreign exchange	2	-	2	3
	26,495	26,900	53,807	55,366
Deferred income tax expense	-	-	-	-
Net income and comprehensive income	\$ 9,388	\$ 5,550	\$ 11,969	\$ 7,540
Net income per share, basic and diluted (Note 7)	\$ 0.04	\$ 0.02	\$ 0.05	\$ 0.03

See accompanying notes to the unaudited Interim Condensed Consolidated Financial Statements

GEAR ENERGY LTD.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

(Cdn\$ thousands)	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	\$ 9,388	\$ 5,550	\$ 11,969	\$ 7,540
Add items not involving cash:				
Unrealized (gain) loss on risk management contracts	(458)	85	578	(322)
Depletion, depreciation and amortization	10,464	10,542	21,249	21,105
Accretion	479	570	978	1,111
Share-based compensation	309	361	590	686
Decommissioning liabilities settled (Note 6)	(1,290)	(912)	(3,589)	(1,353)
Change in non-cash working capital (Note 10)	(1,680)	(2,885)	(4,097)	(523)
	17,212	13,311	27,678	28,244
CASH FLOWS USED IN FINANCING ACTIVITIES				
Change in debt under credit facilities	(7,034)	766	(6,022)	14,367
Exercise of stock options (Note 7)	(2)	(17)	84	(17)
Share performance grant (Note 7)	80	-	80	-
Cash dividends (Note 7)	(3,953)	(7,849)	(7,888)	(15,675)
	(10,909)	(7,100)	(13,746)	(1,325)
CASH FLOWS USED IN INVESTING ACTIVITIES				
Property, plant and equipment expenditures (Note 4)	(11,688)	(7,370)	(19,288)	(25,362)
Change in non-cash working capital (Note 10)	5,385	1,159	5,356	(1,557)
	(6,303)	(6,211)	(13,932)	(26,919)
INCREASE IN CASH AND CASH EQUIVALENTS	-	-	-	-
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	-	-	-	-
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ -	\$ -	\$ -	\$ -
The following are included in cash flows from operating activities:				
Interest paid in cash	\$ 588	\$ 584	\$ 1,209	\$ 975

See accompanying notes to the unaudited Interim Condensed Consolidated Financial Statements

GEAR ENERGY LTD.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)**

As at and for the three and six months periods ended June 30, 2024 and 2023

(all tabular amounts in Cdn\$ thousands, except as noted)

1. BASIS OF PREPARATION

The principal undertakings of Gear Energy Ltd. (the “Company” or “Gear”) are to carry on the business of acquiring, developing and holding interests in petroleum and natural gas properties and assets.

Gear’s principal place of business is located at 800, 205 – 5th Avenue SW, Calgary, Alberta T2P 2V7.

These unaudited interim condensed consolidated financial statements (the “financial statements”) have been prepared in accordance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting* using accounting policies aligned with International Financial Reporting Standards (“IFRS”). These financial statements are consistent with Gear’s consolidated financial statements as at and for the year ended December 31, 2023. The financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the Audited Consolidated Financial Statements for the year ended December 31, 2023, which have been prepared in accordance with IFRS.

The financial statements were authorized for issue by the Board of Directors on July 31, 2024.

2. CHANGES IN ACCOUNTING POLICIES

The International Accounting Standards Board (IASB) issued two amendments to IAS 1 *Presentation of Financial Statements*, effective January 1, 2024, related to the classification of liabilities as current and non-current. The Company does not believe these amendments have any impact on the Company’s financial statements or disclosures.

3. INVENTORY

As at June 30, 2024, Gear recorded oil inventory valued at its production cost of \$7.0 million (December 31, 2023 - \$6.8 million). Gear records changes in both the capital and operating components of inventory to the Interim Condensed Consolidated Statements of Income and Comprehensive Income.

As at June 30, 2024 and December 31, 2023, there were no indicators of impairment for inventory.

4. PROPERTY, PLANT AND EQUIPMENT AND IMPAIRMENT

The following table reconciles Gear’s property, plant and equipment:

Cost (\$ thousands)	Development and Production Assets	Administrative Assets	Total
Balance, December 31, 2022	933,942	1,571	935,513
Additions	48,101	20	48,121
Dispositions	(21,936)	-	(21,936)
Change in decommissioning costs	1,632	-	1,632
Balance, December 31, 2023	961,739	1,591	963,330
Additions	19,114	174	19,288
Change in decommissioning costs	2,128	-	2,128
Balance, June 30, 2024	982,981	1,765	984,746
Depletion, depreciation and amortization			
Balance, December 31, 2022	651,067	1,408	652,475
Depletion, depreciation and amortization	42,821	66	42,887
Dispositions	(19,350)	-	(19,350)
Balance, December 31, 2023	674,538	1,474	676,012
Depletion, depreciation and amortization	21,424	50	21,474
Balance, June 30, 2024	695,962	1,524	697,486

Carrying amounts (\$ thousands)	Development and Production Assets	Administrative Assets	Total
As at December 31, 2023	287,201	117	287,318
As at June 30, 2024	287,019	241	287,260

As at June 30, 2024 and December 31, 2023, no indicators of impairment were identified on the property, plant and equipment.

5. DEBT

At June 30, 2024, Gear had the following credit facilities (collectively, the "Credit Facilities"):

Facility (\$ thousands)	Classification	Borrowing base		Maturity date
		June 30, 2024	December 31, 2023	
Revolving term facility	Long term	40,000	40,000	May 31, 2026
Operating facility	Long term	10,000	10,000	May 31, 2026
Total		50,000	50,000	

At June 30, 2024 Gear had \$15.1 million drawn on the Credit Facilities (December 31, 2023 – \$21.2 million) and outstanding letters of credit of \$0.8 million (December 31, 2023 – \$0.9 million). Subsequent to June 30, 2024, these letters of credit were reduced to \$0.5 million. The Credit Facilities do not carry any financial covenants. Gear has an outstanding letter of credit with a counterparty separate from the Credit Facilities for \$0.8 million (December 31, 2023 – \$nil).

The total stamping fees on the Credit Facilities, depending on Gear's Debt to EBITDA ratio, range between 250 bps to 400 bps on Canadian bank prime borrowings and between 350 bps and 500 bps on US dollar denominated SOFR loans and Canadian dollar bankers' acceptances. The undrawn portion of the Credit Facilities is subject to a standby fee in the range of 87.5 bps to 125 bps.

The next borrowing base review is expected to be completed on or about November 30, 2024.

6. DECOMMISSIONING LIABILITY

(\$ thousands)	Six months ended	Year ended
	June 30, 2024	December 31, 2023
Balance, beginning of period	66,122	71,382
Change in estimated future costs	5,292	(1,562)
Change in discount and inflation rate estimates	(3,571)	2,570
Additions	407	624
Dispositions	-	(2,984)
Liabilities settled – Gear	(3,589)	(6,115)
Liabilities settled – Government assistance	-	(37)
Accretion	978	2,244
Balance, end of period	65,639	66,122
Expected to be incurred within one year	6,657	6,300
Expected to be incurred beyond one year	58,982	59,822

The undiscounted and unescalated amount of the expected cash flows required to settle the decommissioning liability is estimated to be \$80.3 million as at June 30, 2024 (December 31, 2023 – \$77.4 million). The liability for the expected cash flows, as reflected in the financial statements, has been inflated at 2.00 per cent (December 31, 2023 – 2.00 per cent) and discounted using a risk-free rate of 3.39 per cent (December 31, 2023 – 3.02 per cent). Abandonments are expected to occur between 2024 and 2051 and related costs will be funded mainly from cash provided by Gear's operating activities.

7. SHAREHOLDERS' EQUITY

Gear is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares, issuable in series. Holders of common shares are entitled to dividends if declared by the Board, one vote per share, and upon liquidation, dissolution or winding up of the Company, the remaining property and assets of Gear. There are no outstanding preferred shares as at June 30, 2024 or December 31, 2023.

a) **Share Capital**

(thousands of shares and \$ thousands)	Six months ended June 30, 2024		Year ended December 31, 2023	
	Shares	Amount	Shares	Amount
Balance, beginning of period	262,250	\$ 348,905	260,693	\$ 348,005
Stock option exercise	1,213	411	1,557	900
Share performance grant	121	80	-	-
Balance, end of period	263,584	\$ 349,396	262,250	\$ 348,905

For the six months ended June 30, 2024, 1.9 million stock options (December 31, 2023 – 3.3 million) were exercised for 1.2 million common shares (December 31, 2023 – 1.6 million). Of the total stock options exercised, 0.7 million stock options were exercised on a share-less basis (December 31, 2023 – 1.7 million).

b) **Normal Course Issuer Bid**

On February 21, 2024, the Board of Directors approved the filing of a 2024 Normal Course Issuer Bid ("2024 NCIB"). The Toronto Stock Exchange ("TSX") has approved Gear's 2024 NCIB to purchase, for cancellation, up to 24,171,076 of its outstanding common shares. Purchases under the 2024 NCIB may be made through the facilities of the TSX, commencing on February 26, 2024 and continuing until February 25, 2025, when the bid expires, or such earlier date on which Gear has either acquired the maximum number of common shares allowable under the 2024 NCIB or otherwise decides not to make any further repurchases under the 2024 NCIB.

Purchases are made on the open market through the TSX or alternative Canadian trading platforms at the prevailing market price of such common shares at the time of purchase. When the Company repurchases its own common shares, share capital is reduced by the average carrying value of the shares repurchased. When the carrying value exceeds the purchase price the excess is credited to contributed surplus or conversely the excess of the purchase price over the carrying value is recognized as a deduction from retained earnings. The Company did not repurchase common shares during the first half of 2024.

On May 4, 2022, Gear announced the approval of its 2022 Normal Course Issuer Bid ("2022 NCIB") by the TSX. The 2022 NCIB expired on May 8, 2023. The Company did not repurchase common shares during 2023.

c) **Stock Options**

Gear's stock option plan provides for the grant of options to purchase common shares of Gear to directors, officers, employees and consultants of Gear. Options under the option plan vest one third on each of the first, second and third anniversary dates of the date of grant and expire 30 business days after such vesting dates.

The following table summarizes Gear's stock option plan activity during the periods ended June 30, 2024 and December 31, 2023.

(thousands)	Six months ended June 30, 2024		Year ended December 31, 2023	
	Number of stock options	Weighted average exercise price	Number of stock options	Weighted average exercise price
Outstanding, beginning of period	16,970	\$ 1.05	16,856	\$ 0.99
Granted	11,379	0.74	5,631	1.00
Exercised	(1,866)	0.29	(3,288)	0.54
Expired	(7,212)	1.14	(1,306)	1.41
Forfeited	(1,265)	1.11	(923)	1.02
Outstanding, end of period	18,006	0.89	16,970	1.05
Exercisable, end of period	184	\$ 1.13	65	\$ 0.89

During the three and six months ended June 30, 2024, Gear has recorded an expense of \$0.3 million and \$0.6 million (2023 – \$0.4 million and \$0.7 million) respectively, to share-based compensation expense recognizing the stock option activity for the period based on the fair value of options issued, amortized using a graded vesting calculation.

The Black-Scholes option-pricing model was used to determine the fair value of stock options granted using the following assumptions:

	Six months ended June 30, 2024	Year ended December 31, 2023
Risk free interest rate (%)	4.29	3.99
Average expected life (years)	2.1	2.1
Average expected volatility (%)	16.1	21.0
Forfeiture rate (%)	10.0	10.0
Dividend yield (%)	8.46	-

d) **Weighted average common shares**

(thousands, except per \$ share amounts)	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Basic	263,537	261,629	262,968	261,249
Diluted	263,672	263,385	262,977	263,036
Net income per share – basic and diluted	0.04	0.02	0.05	0.03

When the impact is anti-dilutive, stock options are excluded from the calculation of diluted weighted average common shares.

e) **Dividends**

Declaration date	Record date	Payment date	Dividends per common share		Dividends (\$ thousands)
January 3, 2023	January 16, 2023	January 31, 2023	\$	0.010	\$ 2,607
February 1, 2023	February 15, 2023	February 28, 2023		0.010	2,607
March 1, 2023	March 15, 2023	March 31, 2023		0.010	2,612
April 3, 2023	April 14, 2023	April 28, 2023		0.010	2,616
May 1, 2023	May 15, 2023	May 31, 2023		0.010	2,616
June 1, 2023	June 15, 2023	June 30, 2023		0.010	2,617
July 4, 2023	July 14, 2023	July 31, 2023		0.010	2,621
July 26, 2023	August 15, 2023	August 31, 2023		0.005	1,311
September 1, 2023	September 15, 2023	September 29, 2023		0.005	1,311
October 2, 2023	October 16, 2023	October 31, 2023		0.005	1,311
November 1, 2023	November 15, 2023	November 30, 2023		0.005	1,311
December 1, 2023	December 15, 2023	December 29, 2023		0.005	1,311
Total for the year ended December 31, 2023				0.095	\$ 24,852

Declaration date	Record date	Payment date	Dividends per common share		Dividends (\$ thousands)
January 2, 2024	January 15, 2024	January 31, 2024	\$	0.005	\$ 1,311
February 1, 2024	February 15, 2024	February 29, 2024		0.005	1,311
March 4, 2024	March 15, 2024	March 29, 2024		0.005	1,312
April 1, 2024	April 15, 2024	April 30, 2024		0.005	1,318
May 1, 2024	May 15, 2024	May 31, 2024		0.005	1,318
June 3, 2024	June 14, 2024	June 28, 2024		0.005	1,318
Total for the six months ended June 30, 2024				0.030	\$ 7,888

During the three and six months periods ended June 30, 2024, Gear declared \$4.0 million and \$7.9 million in dividends, respectively (for the year ended December 31, 2023 – \$24.9 million).

Subsequent to period end, on July 2, 2024, Gear declared a monthly dividend of \$0.005 per common share, designated as an eligible dividend, payable in cash to shareholders of record on July 15, 2024. The dividend was paid July 31, 2024.

Subsequent to period end, on July 31, 2024, Gear declared a monthly dividend of \$0.005 per common share, designated as an eligible dividend, payable in cash to shareholders of record on August 15, 2024. The dividend payment date is scheduled for August 30, 2024.

8. FINANCIAL INSTRUMENTS

Classification and Measurement

Gear's financial instruments on the Interim Condensed Consolidated Balance Sheet are carried at amortized cost with the exception of risk management contracts, which are carried at fair value. As at June 30, 2024 and December 31, 2023, no significant differences existed between the carrying value of financial instruments and their estimated fair values.

All of Gear's risk management contracts are transacted in active markets. Gear classifies the fair value of these transactions according to the following hierarchy based on the amount of observable inputs used to value the instrument.

- Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, forward exchange rates, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.
- Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

Gear's cash is classified as Level 1 and risk management contracts are classified as Level 2. Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy level.

Market Risk Management

Gear is exposed to a number of different financial risks arising from normal course business exposures, as well as the Company's use of financial instruments. There have been no changes in the Company's objectives, policies or risks surrounding financial instruments.

(a) Commodity price and foreign currency exchange risk

Gear is subject to commodity price risk on the delivery of crude oil, and to a lesser extent, natural gas and natural gas liquids ("NGL"). These prices have a significant impact on the Company's financial condition and are subject to volatility as a result of a number of different external factors. North American crude oil, natural gas and NGL prices are based upon US dollar denominated commodity prices. As a result, the price received by Canadian producers is affected by the Canadian/US dollar exchange rate.

Gear uses or plans to use a variety of derivative instruments to reduce its exposure to fluctuations in commodity prices, foreign exchange rates, and interest rates. Gear has not designated its risk management contracts as effective hedges, and thus has not applied hedge accounting.

The following is a summary of all risk management contracts in place as at June 30, 2024:

Financial WTI Crude Oil Contracts								
Term	Contract	Currency	Volume	Sold Swap	Sold Call	Bought Put	Sold Put	
			bbl/d	\$/bbl	\$/bbl	\$/bbl	\$/bbl	\$/bbl
Jul 1, 2024	Dec 31, 2024	Three-way collar	CAD	1,000	-	110.00	95.00	85.00

As at June 30, 2024, the fair value associated with Gear's risk management contracts was a liability of \$0.6 million. There were no risk management contracts in place as at December 31, 2023.

The following table summarizes the change in the net risk management contracts (liability) asset during the period ended June 30, 2024 and year ended December 31, 2023:

(\$ thousands)	Six months ended June 30, 2024	Year ended December 31, 2023
Balance, beginning of period	-	1,057
Unrealized loss on risk management contracts	(578)	(1,057)
Balance, end of period	(578)	-

(b) *Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company believes that it has access to sufficient capital through internally generated cash flows and external sources (bank credit markets and equity financing, if required) to meet current spending forecasts.

Gear's Credit Facilities are periodically reviewed by its lenders through scheduled borrowing base reviews at which time the borrowing base of such facilities can be adjusted. In the event that the borrowing base is reduced below the amount drawn, Gear would have 30 days to eliminate the borrowing base shortfall by repaying the amount drawn in excess of the adjusted borrowing base. If this occurs, alternative external sources of funding will be necessary. After examining the economic factors that could cause liquidity risk, the Company believes it will have sufficient liquidity to support its operations and meet its financial obligations for at least twelve months. There can be no assurance that future borrowing base reviews will not result in a material reduction in the borrowing base, and that the necessary funds will be available to meet Gear's obligations as they become due. In addition, there can be no assurances that Gear's Credit Facilities will be extended beyond the May 31, 2026 maturity date. The next borrowing base review is expected to be completed on or about November 30, 2024.

All the accounts payable and accrued liabilities are due in less than one year.

(c) *Credit risk*

Gear is or may be exposed to third party credit risk through its contractual arrangements with its current or future joint venture partners, marketers of petroleum and natural gas and other parties. In the event such entities fail to meet their contractual obligations to Gear, such failures could have a material adverse effect. The Company manages the risk by reviewing the credit risk of these entities and by entering agreements only with parties that meet certain credit tests. The maximum credit risk that the Company is exposed to is the carrying value of accounts receivable and risk management contracts.

The majority of the credit exposure on accounts receivable at June 30, 2024 pertains to accrued revenue for June 2024 production volumes. Gear transacts with a number of oil and natural gas marketing companies. Marketing companies typically remit amounts to Gear by the 25th day of the month following production. A significant portion of Gear's accounts receivable is carried by three (December 31, 2023 – three) marketing companies. At June 30, 2024, 64 per cent (December 31, 2023 – 70 per cent) of the total outstanding accounts receivable pertains to these companies. Gear did not have any other customers from which it had outstanding accounts receivable greater than 10 per cent of the total outstanding balance at June 30, 2024.

When determining whether amounts that are past due are collectable, management assesses the credit worthiness and past payment history of the counterparty, as well as the nature of the past due amount. Gear considers all amounts greater than 90 days to be past due. At June 30, 2024, \$0.5 million (December 31, 2023 - \$0.3 million) of accounts receivable are past due with all amounts collectable.

9. PETROLEUM AND NATURAL GAS SALES

Gear sells its production pursuant to variable-price contracts. The transaction price for these contracts is based on commodity prices adjusted for quality and other factors. The contracts to sell the Company's crude oil, natural gas and natural gas liquids have varying terms not longer than one year. The following table provides a summary of Gear's revenue streams:

(\$ thousands)	Three months ended		Six months ended	
	2024	June 30, 2023	2024	June 30, 2023
Heavy oil	22,030	18,148	39,314	32,125
Light and medium oil	17,080	15,942	32,996	32,821
Natural gas liquids	1,239	1,035	2,701	2,366
Natural gas	409	981	1,417	2,469
Total petroleum and natural gas sales	40,758	36,106	76,428	69,781

10. SUPPLEMENTAL DISCLOSURES CASH FLOW INFORMATION

Cash Flow Statement Presentation

The following table provides a detailed breakdown of the changes in non-cash working capital:

(\$ thousands)	Three months ended		Six months ended	
	2024	June 30, 2023	2024	June 30, 2023
Accounts receivable	951	1,308	(1,790)	716
Prepaid expenses	(1,165)	(863)	(1,478)	(673)
Inventory	474	(133)	65	197
Accounts payable and accrued liabilities	3,445	(2,038)	4,462	(2,320)
Total	3,705	(1,726)	1,259	(2,080)
Operating Activities	(1,680)	(2,885)	(4,097)	(523)
Investing Activities	5,385	1,159	5,356	(1,557)
Total	3,705	(1,726)	1,259	(2,080)

11. COMMITMENTS AND CONTINGENCIES

The following is a summary of Gear's contractual obligations and commitments as at June 30, 2024:

(\$ thousands)	Payments due by period				
	2024	2025	2026	2027	Total
Office leases ⁽¹⁾	287	357	120	30	794
Service agreement	-	224	-	-	224
Total contractual obligations	287	581	120	30	1,018

(1) Includes base rent and estimated operating costs.

Gear enters into commitments for capital and decommissioning expenditures in advance of the expenditures being made. At a given point in time, it is estimated that Gear has committed to capital expenditures equal to approximately one quarter of its capital budget by means of giving the necessary authorizations to incur the expenditures in a future period.

Gear is involved in litigation and claims arising in the normal course of operations. Management is of the opinion that pending litigation will not have a material impact on Gear's financial position or results of operations.