NEWS RELEASE

GEAR ENERGY LTD. ANNOUNCES SECOND QUARTER 2024 OPERATING RESULTS AND AUGUST MONTHLY DIVIDEND OF $0.005 PER SHARE

CALGARY, ALBERTA (July 31, 2024) Gear Energy Ltd. (“Gear” or the “Company”) (TSX:GXE) (OTCQX:GENGF) is pleased to provide the following second quarter operating results to shareholders. Gear’s Interim Consolidated Financial Statements and related Management’s Discussion and Analysis (“MD&A”) for the period ended June 30, 2024 are available for review on Gear’s website at www.gearenergy.com and on www.sedarplus.ca.

	Three months ended			Six months ended	
(Cdn$ thousands, except per share, share and per boe amounts)	**Jun 30, 2024**	Jun 30, 2023	Mar 31, 2024	**Jun 30, 2024**	Jun 30, 2023
FINANCIAL					
Funds from operations (1)	**20,182**	17,108	15,182	**35,364**	30,120
Per boe (1)	**39.46**	32.74	29.20	**34.28**	28.47
Per weighted average basic share (1)	**0.08**	0.07	0.06	**0.13**	0.12
Cash flows from operating activities	**17,212**	13,311	10,466	**27,678**	28,244
Per boe	**33.65**	25.47	20.13	**26.83**	26.69
Per weighted average basic share	**0.07**	0.05	0.04	**0.11**	0.11
Net income	**9,388**	5,550	2,581	**11,969**	7,540
Per weighted average basic share	**0.04**	0.02	0.01	**0.05**	0.03
Capital expenditures	**11,688**	7,370	7,600	**19,288**	25,362
Decommissioning liabilities settled- Gear	**1,290**	912	2,299	**3,589**	1,353
Decommissioning liabilities settled- Government (2)	**-**	-	-	**-**	37
Net debt (1)	**(9,111)**	(14,322)	(12,462)	**(9,111)**	(14,322)
Dividends declared and paid	**3,953**	7,849	3,935	**7,888**	15,675
Dividends declared and paid per share	**0.015**	0.030	0.015	**0.030**	0.060
Weighted average shares, basic (thousands)	**263,537**	261,629	262,399	**262,968**	261,249
Shares outstanding, end of period (thousands)	**263,584**	262,115	263,264	**263,584**	262,115
OPERATING					
Production					
Heavy oil (bbl/d)	**2,745**	2,698	2,633	**2,689**	2,716
Light and medium oil (bbl/d)	**1,855**	1,955	2,007	**1,931**	2,000
Natural gas liquids (bbl/d)	**307**	279	311	**309**	285
Natural gas (mcf/d)	**4,285**	4,860	4,579	**4,432**	5,072
Total (boe/d)	**5,621**	5,742	5,714	**5,668**	5,846
Average prices					
Heavy oil ($/bbl)	**88.20**	73.92	72.15	**80.33**	65.35
Light and medium oil ($/bbl)	**101.19**	89.63	87.16	**93.90**	90.67
Natural gas liquids ($/bbl)	**44.30**	40.74	51.67	**48.01**	45.80
Natural gas ($/mcf)	**1.05**	2.22	2.42	**1.76**	2.69
Netback ($/boe)					
Petroleum and natural gas sales	**79.68**	69.10	68.60	**74.09**	65.94
Royalties	**(10.11)**	(8.20)	(9.12)	**(9.61)**	(7.91)
Operating costs	**(20.87)**	(21.54)	(19.92)	**(20.39)**	(22.00)
Transportation costs	**(3.36)**	(3.75)	(3.57)	**(3.46)**	(4.01)
Operating netback (1)	**45.34**	35.61	35.99	**40.63**	32.02
Realized risk management (loss) gain	**(0.32)**	1.37	-	**(0.16)**	1.12
General and administrative	**(4.42)**	(3.12)	(5.60)	**(5.01)**	(3.75)
Interest and other	**(1.14)**	(1.12)	(1.19)	**(1.18)**	(0.92)

(1) Funds from operations (including per boe and per weighted average basic share), net debt and operating netback do not have any standardized meanings under Canadian generally accepted accounting principles ("GAAP") and therefore may not be comparable to similar measures presented by other entities. For additional information related to these measures, including a reconciliation to the nearest GAAP measures, where applicable, see "Non-GAAP and Other Financial Measures" in this press release.

(2) Decommissioning liabilities settled by the federal government’s Site Rehabilitation Program, which ended during the first half of 2023.

MESSAGE TO SHAREHOLDERS

With a new leadership team, Gear has taken a new strategic direction. Gear's vision is to be a leading junior oil and gas exploration and production company that is renowned for differentiated profitability, operational excellence and meaningful value creation for shareholders. Our mission is to maximize full cycle profits and deliver superior total shareholder returns by establishing dominant positions in our core operating areas. We are committed to simplifying and high grading the business that will allow us to build and leverage technical expertise, increase operational focus and create lasting strategic advantages. Our primary focus is developing and funding high-quality, internally generated organic growth opportunities.

Ultimately, we aim to position Gear as a high torque, pure organic growth company with a material inventory of low risk, top quartile oil and condensate development locations.

Gear will be focused on the following strategic priorities:

1. Building a talented and entrepreneurial team and foster a culture of accountability and continuous improvement
2. Execute strong capital programs that ensures disciplined capital allocation to the highest return projects
3. Establish improved operational efficiencies that increases the return on every shareholder dollar invested
4. Re-characterize existing assets by maximizing existing inventory and identifying new prospective opportunities

With this new direction, Gear has elected to redistribute capital spending towards the back end of the year and spilling into 2025. In doing so, we expect to pay down current net debt to near zero thereby creating a strong balance sheet for the future while maintaining the current monthly dividend. Meanwhile, the pause in investment will allow a thorough assessment and prioritization of the undeveloped opportunities currently owned by Gear as well as some new resource opportunities envisioned. We wish to ensure capital is invested into the very best ideas that are "oil price durable" and have repeatable follow-up activity. With this shift in capital expenditures, Gear plans on reducing the 2024 capital expenditures from $57 million to $40 million. Gear originally had planned to drill 22 gross (22 net) wells in 2024 and now plans to drill only 13 gross (13 net) wells while increasing the land and seismic budgets by approximately $4 million. This decision was driven by the commitment to maximize long-term shareholder value.

Concurrent with the reduction in capital expenditures and wells drilled, we are reducing our 2024 annual production guidance from 6,000 boe per day to a range of 5,400 to 5,600 boe per day. The revised guidance is a result of a reduced capital program and a voluntary shut-in of certain low netback gas wells due to the current low gas price environment.

Gear will constantly evaluate opportunities to invest shareholder capital, targeting superior long-term returns. As such, Gear may accordingly expand drilling later in 2024.

No changes are expected with Gear's monthly dividend at this time and based on current 2024 guidance figures and the forward outlook on pricing, Gear is forecasting its net debt to be near zero by the end of 2024.

QUARTERLY HIGHLIGHTS

- Funds from operations for the second quarter of 2024 were $20.2 million, an increase of 33 per cent from the first quarter of 2024 as a result of higher commodity prices. Commodity prices increased in the second quarter through higher WTI prices, lower heavy and light oil differentials arising from the commencement of the TransMountain Pipeline expansion and a weaker Canadian dollar relative to the US dollar. Gear's realized heavy oil price increased from C$72.15 per barrel to C$88.20 per barrel while realized light and medium oil price increased from C$87.16 per barrel to C$101.19 per barrel. Natural gas prices continue to struggle, with Gear's realized natural gas price averaging $1.05 per mcf. Fortunately, Gear's production is 87 per cent liquids.

- Gear continues to maintain a strong balance sheet, with a net debt to quarterly annualized funds from operations ratio of 0.1 times. Net debt decreased from $12.5 million on March 31, 2024 to $9.1 million on June 30, 2024. See "Non-GAAP and Other Financial Measures" in this press release.

- Production for the second quarter of 2024 was 5,621 boe per day, a 2 per cent decrease over the 5,714 boe per day reported in the first quarter of 2024 due to the shut-in of some of the Company's gas wells as well as some unexpected downtime (refer to "Operating" in the table above for a breakdown of production by product type). In July 2024, Gear completed a second natural gas tie-in of associated gas from an oil well in Killam, Alberta to alleviate third party gas take-away constraints that is expected to alleviate production issues in that area.

- Gear invested a total of $11.7 million of capital through the second quarter including the drilling of two medium oil wells in Killam, Alberta and two multi-lateral heavy oil wells in Wildmere, Alberta. Additionally, during the second quarter of 2024, Gear invested $1.4 million in pipelines and $0.8 million in land and seismic.

REVISED 2024 GUIDANCE

	2024 Revised Guidance	2024 Previous Guidance	2024 YTD Actuals
Annual production (boe/d)	**5,400 – 5,600**	6,000	5,668
Heavy oil weighting (%)	**49**	51	47
Light oil, medium oil and NGLs weighting (%)	**39**	37	40
Royalty rate (%)	**13**	12	13
Operating and transportation costs ($/boe)	**24.50**	24.70	23.85
General and administrative expense ($/boe)	**4.25**	3.20	5.01
Interest and other ($/boe)	**1.00**	0.50	1.18
Capital and abandonment expenditures ($ millions)	**40**	57	23

(1)

Details of Gear's 2024 capital and abandonment expenditures plans are as follows:

($ millions)	2024 Revised Guidance	2024 Previous Guidance
Drilling	**22.6**	40.0
Waterflood	**-**	5.3
Abandonment	**7.1**	6.3
Land and seismic	**7.0**	3.2
Field capital projects and other	**3.3**	2.2
Total	**40.0**	57.0

DIVIDEND

Gear confirms that the August 2024 monthly dividend of $0.005 per common share is to be paid on August 30, 2024, to shareholders of record on August 15, 2024. The dividend is designated as an "eligible dividend" for Canadian income tax purposes.

Forward-looking Information and Statements

This press release contains certain forward-looking information and statements within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends", "strategy" and similar expressions are intended to identify forward-looking information or statements. In particular, but without limiting the foregoing, this press release contains forward-looking information and statements pertaining to the following: Gear's operational strategy, plans, priorities and focus; Gear's objective to deliver superior total shareholder returns and its anticipated means of achieving such objective; Gear's intent to redistribute capital spending towards the back end of the year and into 2025; expectations that current net debt will be paid down to near zero; Gear's intent to do a thorough assessment and prioritization of the undeveloped opportunities currently owned by Gear as well as some new resource opportunities; Gear's intent to invest capital into the very best ideas that are "oil price durable" and have repeatable follow-up activity; expectations of the number of wells drilled in 2024 and the amount to be spent on land and seismic; expected 2024 average production; expectations that no changes are expected with Gear's monthly dividend; the anticipated benefits to be derived from Gear's second natural gas tie-in in Killam, Alberta; Gear's 2024 guidance, including its anticipated capital expenditures, annual average production, number of wells drilled, seismic budget, royalty rate, operating and transportation costs, general and administrative expense, interest and other and capital and abandonment expenditures; and the anticipated terms of Gear's August 2024 monthly dividend, including its expectation that it will be designated as an "eligible" dividend.

The forward-looking information and statements contained in this press release reflect several material factors and expectations and assumptions of Gear including, without limitation: that Gear will continue to conduct its operations in a manner consistent with past operations; the general continuance of current industry conditions; the continuance of existing (and in certain circumstances, the implementation of proposed) tax, royalty and regulatory regimes; the accuracy of the estimates of Gear's reserves and resource volumes; certain commodity price and other cost assumptions; the continued availability of adequate debt and equity financing and funds from operations to fund its planned expenditures; and that Gear's second natural gas tie-in in Killam, Alberta will alleviate third party gas take-away constraints and allow for an increase in production in that area. Gear believes the material factors, expectations and assumptions reflected in the forward-looking information and statements are reasonable but no assurance can be given that these factors, expectations and assumptions will prove to be correct.

To the extent that any forward-looking information contained herein may be considered a financial outlook, such information has been included to provide readers with an understanding of management's assumptions used for budgeting and developing future plans and readers are cautioned that the information may not be appropriate for other purposes. The forward-looking information and statements included in this press release are not guarantees of future performance and should not be unduly relied upon. Such information and statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information or statements including, without limitation: the impact of the Russian-Ukraine war on the global economy and commodity prices; the impacts of inflation and supply chain issues; pandemics, political events, natural disasters and terrorism, changes in commodity prices; changes in the demand for or supply of Gear's products; unanticipated operating results or production declines; changes in tax or environmental laws, royalty rates or other regulatory matters; changes in development plans of Gear or by third party operators of Gear's properties, increased debt levels or debt service requirements; inability to obtain debt or equity financing as necessary to fund operations, capital expenditures and any potential acquisitions; any ability for Gear to repay any of its indebtedness when due; inaccurate estimation of Gear's oil and gas reserve and resource volumes; limited, unfavorable or a lack of access to capital markets; increased costs; a lack of adequate insurance coverage; the impact of competitors; the risk that Gear may not deliver superior total shareholder returns; the risk that the pause in Gear's drilling activities may last longer than anticipated; the risk that Gear's net debt may be greater than anticipated; the risk that Gear's second natural gas tie-in in Killam, Alberta may not lead to the benefits anticipated; the risk that Gear's 2024 financial and operational results may not be consistent with its expectations; the risk that Gear's August 2024 monthly dividend may not be designated as an "eligible" dividend; and certain other risks detailed from time to time in Gear's public documents including in Gear's most current annual information form which is available on SEDAR+ at www.sedarplus.ca.

The amount of future cash dividends paid by Gear, if any, will be subject to the discretion of the Board of Directors of Gear and may vary depending on a variety of factors and conditions existing from time to time, including, among other things, funds from operations, fluctuations in commodity prices, production levels, capital expenditure requirements, debt service requirements and debt levels, operating costs, royalty burdens, foreign exchange rates and the satisfaction of the liquidity and solvency tests imposed by applicable corporate law for the declaration and payment of dividends. Depending on these and various other factors, many of which will be beyond the control of the Company, future cash dividends declared and paid by the Company may be increased, reduced or suspended entirely.

The forward-looking information and statements contained in this press release speak only as of the date of this press release, 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**.**

Non-GAAP and Other Financial Measures
This press release includes references to non-GAAP and other financial measures that Gear uses to analyze financial performance. These specified financial measures include non-GAAP financial measures, non-GAAP ratios, capital management measures and supplementary financial measures, and are not defined by IFRS and are therefore referred to as non-GAAP and other financial measures. Management believes that the non-GAAP and other financial measures used by the Company are key performance measures for Gear and provide investors with information that is commonly used by other oil and gas companies. These key performance indicators and benchmarks as presented do not have any standardized meaning prescribed by Canadian GAAP and therefore may not be comparable with the calculation of similar measures for other entities. These non-GAAP and other financial measures should not be considered an alternative to or more meaningful than their most directly comparable financial measure presented in the financial statements, as an indication of the Company's performance. Descriptions of the non-GAAP and other financial measures used by the Company as well as reconciliations to the most directly comparable GAAP measure for the three and six months ended June 30, 2024 and year ended December 31, 2023, where applicable, is provided below.

Funds from Operations
Funds from operations is a non-GAAP financial measure defined as cash flows from operating activities before changes in non-cash operating working capital and decommissioning liabilities settled. Gear evaluates its financial performance primarily on funds from operations and considers it a key measure for management and investors as it demonstrates the Company's ability to generate the funds from operations necessary to fund its capital program, settle decommissioning liabilities, repay debt, finance dividends and/or repurchase common shares under the Company's 2024 normal course issuer bid ("2024 NCIB"), if the Company chooses to do so.

Reconciliation of cash flows from operating activities to funds from operations:

	Three months ended			Six months ended	
($ thousands)	Jun 30, 2024	Jun 30, 2023	Mar 31, 2024	Jun 30, 2024	Jun 30, 2023
Cash flows from operating activities	**17,212**	13,311	10,466	**27,678**	28,244
Decommissioning liabilities settled (1)	**1,290**	912	2,299	**3,589**	1,353
Change in non-cash operating working capital	**1,680**	2,885	2,417	**4,097**	523
Funds from operations	**20,182**	17,108	15,182	**35,364**	30,120

(1) Decommissioning liabilities settled includes only expenditures made by Gear.

Funds from Operations per BOE
Funds from operations per boe is a non-GAAP ratio calculated as funds from operations, as defined and reconciled to cash flows from operating activities above, divided by sales production for the period. Gear considers this a useful non-GAAP ratio for management and investors as it evaluates financial performance on a per boe level, which enables better comparison to other oil and gas companies in demonstrating its ability to generate the funds from operations necessary to fund its capital program, settle decommissioning liabilities, repay debt, finance dividends and/or repurchase common shares under the Company's 2024 NCIB, if the Company chooses to do so.

Funds from Operations per Weighted Average Basic Share
Funds from operations per weighted average basic share is a non-GAAP ratio calculated as funds from operations, as defined and reconciled to cash flows from operating activities above, divided by the weighted average basic share amount. Gear considers this non-GAAP ratio a useful measure for management and investors as it demonstrates its ability to generate the funds from operations, on a per weighted average basic share basis, necessary to fund its capital program, settle decommissioning liabilities, repay debt, finance dividends and/or repurchase common shares under the Company's 2024 NCIB, if the Company chooses to do so.

Net (Debt) Surplus
Net (debt) surplus is a capital management measure defined as debt less current working capital items (excluding debt, risk management contracts and decommissioning liabilities). Gear believes net (debt) surplus provides management and investors with a measure that is a key indicator of its leverage and strength of its balance sheet. Changes in net (debt) surplus are primarily a result of funds from operations, capital and abandonment expenditures, equity issuances, dividends paid and equity repurchases pursuant to the 2024 NCIB, if the Company chooses to do so.

Reconciliation of debt to net debt:

Capital Structure and Liquidity ($ thousands)	Jun 30, 2024	Dec 31, 2023
Debt	**(15,133)**	(21,155)
Working capital surplus (1)	**6,022**	7,056
Net debt	**(9,111)**	(14,099)

(1) Excludes risk management contracts and decommissioning liabilities.

Net Debt to Quarterly Annualized Funds from Operations
Net debt to quarterly annualized funds from operations is a non-GAAP ratio and is defined as net debt, as defined and reconciled to debt above, divided by the annualized funds from operations, as defined and reconciled to cash flows from operating activities above, for the most recently completed quarter. Gear uses net debt to quarterly annualized funds from operations to analyze financial and operating performance. Gear considers this a key measure for management and investors as it demonstrates the Company's ability to pay off its debt and take on new debt, if necessary, using the most recent quarter's results. When the Company is in a net surplus position, the Company's net debt to annualized funds from operations is not applicable.

Operating Netback
Operating netbacks are non-GAAP ratios calculated based on the amount of revenues received on a per unit of production basis after royalties and operating costs. Management considers operating netback to be a key measure of operating performance and profitability on a per unit basis of production. Management believes that operating netback provides investors with information that is commonly used by other oil and gas companies. The measurement on a per boe basis assists management and investors with evaluating operating performance on a comparable basis.

Per BOE Figures
This press release represents various results on a per boe basis, including: cash flows from operating activities, petroleum and natural gas sales, royalties, operating costs, transportation costs, realized risk management (loss) gain, general and administrative and interest and other. These supplementary financial measures are determined by dividing the applicable financial figure as prescribed under IFRS by the Company's total sales volumes for the respective period.

Barrels of Oil Equivalent
Disclosure provided herein in respect of BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of six Mcf to one Bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Additionally, given that the value ratio based on the current price of crude oil, as compared to natural gas, is significantly different from the energy equivalency of 6:1; utilizing a conversion ratio of 6:1 may be misleading as an indication of value.

Oil & Gas Matters
References to heavy oil, light and medium oil, natural gas liquids and natural gas in this press release refer to the heavy crude oil, light crude oil and medium crude oil, natural gas liquids and conventional natural gas, respectively, product types as defined in National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities*.

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