

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

(Cdn\$ thousands)	September 30, 2024		December 31, 2023	
ASSETS				
Current assets				
Accounts receivable	\$	12,920	\$	12,412
Prepaid expenses		3,871		2,660
Inventory (Note 3)		6,352		6,791
Risk management contracts (Note 8)		347		-
		23,490		21,863
Deferred income tax asset		29,644		29,644
Property, plant and equipment (Note 4)		286,135		287,318
Total assets	\$	339,269	\$	338,825
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	\$	12,922	\$	14,807
Decommissioning liability (Note 6)		6,643		6,300
		19,565		21,107
Debt (Note 5)		15,370		21,155
Decommissioning liability (Note 6)		59,200		59,822
Total liabilities		94,135		102,084
SHAREHOLDERS' EQUITY				
Share capital (Note 7)		349,416		348,905
Contributed surplus		18,769		18,330
Deficit		(123,051)		(130,494)
Total shareholders' equity		245,134		236,741
Total liabilities and shareholders' equity	\$	339,269	\$	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 nine months ended September 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)	881	(900)	-	(19)
Share-based compensation (Note 7)	-	1,062	-	1,062
Dividends (Note 7)	-	-	(20,918)	(20,918)
Net income for the period	-	-	15,690	15,690
Balance at September 30, 2023	\$ 348,886	\$ 17,999	\$ (119,456)	\$ 247,429
Balance, beginning of period	\$ 348,905	\$ 18,330	\$ (130,494)	\$ 236,741
Stock option exercise (Note 7)	431	(347)	-	84
Share performance grant (Note 7)	80	-	-	80
Share-based compensation (Note 7)	-	786	-	786
Dividends (Note 7)	-	-	(11,842)	(11,842)
Net income for the period	-	-	19,285	19,285
Balance at September 30, 2024	\$ 349,416	\$ 18,769	\$ (123,051)	\$ 245,134

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 September 30		Nine Months Ended September 30	
(Cdn\$ thousands, except per share amounts)	2024	2023	2024	2023
REVENUE				
Petroleum and natural gas sales (Note 9)	\$ 38,817	\$ 41,409	\$ 115,245	\$ 111,190
Royalties	(5,630)	(4,941)	(15,542)	(13,317)
	33,187	36,468	99,703	97,873
Realized gain (loss) on risk management contracts	20	506	(142)	1,685
Unrealized gain (loss) on risk management contracts	925	(1,353)	347	(1,031)
	34,132	35,621	99,908	98,527
EXPENSES				
Operating	10,997	11,952	32,032	35,233
Transportation	1,676	1,661	5,249	5,900
General and administrative	1,788	1,750	6,959	5,716
Interest and financing charges	504	633	1,713	1,608
Depletion, depreciation and amortization (Note 3 and 4)	11,099	10,544	32,348	31,649
Accretion (Note 6)	556	555	1,534	1,666
Share-based compensation (Note 7)	196	376	786	1,062
Loss on foreign exchange	-	-	2	3
	26,816	27,471	80,623	82,837
Deferred income tax expense	-	-	-	-
Net income and comprehensive income	\$ 7,316	\$ 8,150	\$ 19,285	\$ 15,690
Net income per share, basic and diluted (Note 7)	\$ 0.03	\$ 0.03	\$ 0.07	\$ 0.06

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 September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	\$ 7,316	\$ 8,150	\$ 19,285	\$ 15,690
Add items not involving cash:				
Unrealized (gain) loss on risk management contracts	(925)	1,353	(347)	1,031
Depletion, depreciation and amortization	11,099	10,544	32,348	31,649
Accretion	556	555	1,534	1,666
Share-based compensation	196	376	786	1,062
Decommissioning liabilities settled (Note 6)	(1,204)	(2,202)	(4,793)	(3,555)
Change in non-cash working capital (Note 10)	713	(1,244)	(3,384)	(1,767)
	17,751	17,532	45,429	45,776
CASH FLOWS USED IN FINANCING ACTIVITIES				
Change in debt under credit facilities	237	(496)	(5,785)	13,871
Exercise of stock options (Note 7)	-	(2)	84	(19)
Share performance grant (Note 7)	-	-	80	-
Cash dividends (Note 7)	(3,954)	(5,243)	(11,842)	(20,918)
	(3,717)	(5,741)	(17,463)	(7,066)
CASH FLOWS USED IN INVESTING ACTIVITIES				
Property, plant and equipment expenditures (Note 4)	(8,986)	(12,008)	(28,274)	(37,370)
Disposition of petroleum and natural gas properties (Note 4)	-	(184)	-	(184)
Change in non-cash working capital (Note 10)	(5,048)	401	308	(1,156)
	(14,034)	(11,791)	(27,966)	(38,710)
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	\$ 504	\$ 633	\$ 1,713	\$ 1,608

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 nine months periods ended September 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 November 7, 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 September 30, 2024, Gear recorded oil inventory valued at its production cost of \$6.4 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 September 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	28,269	5	28,274
Change in decommissioning costs	2,980	-	2,980
Balance, September 30, 2024	992,988	1,596	994,584
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	32,365	72	32,437
Balance, September 30, 2024	706,903	1,546	708,449

Carrying amounts (\$ thousands)	Development and Production Assets	Administrative Assets	Total
As at December 31, 2023	287,201	117	287,318
As at September 30, 2024	286,085	50	286,135

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

5. DEBT

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

Facility (\$ thousands)	Classification	Borrowing base		Maturity date
		September 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 September 30, 2024 Gear had \$15.4 million drawn on the Credit Facilities (December 31, 2023 – \$21.2 million) and outstanding letters of credit of \$0.7 million (December 31, 2023 – \$0.9 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)	Nine months ended September 30, 2024	Year ended December 31, 2023
Balance, beginning of period	66,122	71,382
Change in estimated future costs	3,545	(1,562)
Change in discount and inflation rate estimates	(1,036)	2,570
Additions	471	624
Dispositions	-	(2,984)
Liabilities settled – Gear	(4,793)	(6,115)
Liabilities settled – Government assistance	-	(37)
Accretion	1,534	2,244
Balance, end of period	65,843	66,122
Expected to be incurred within one year	6,643	6,300
Expected to be incurred beyond one year	59,200	59,822

The undiscounted and unescalated amount of the expected cash flows required to settle the decommissioning liability is estimated to be \$77.4 million as at September 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 3.13 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 September 30, 2024 or December 31, 2023.

a) **Share Capital**

(thousands of shares and \$ thousands)	Nine months ended September 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	1,218	431	1,557	900
Share performance grant	121	80	-	-
Balance, end of period	263,589	\$ 349,416	262,250	\$ 348,905

For the nine months ended September 30, 2024, 2.0 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, 0.8 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 nine months 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 September 30, 2024 and December 31, 2023.

(thousands)	Nine months ended September 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	11,844	0.74	5,631	1.00
Exercised	(1,980)	0.31	(3,288)	0.54
Expired	(7,837)	1.13	(1,306)	1.41
Forfeited	(1,265)	1.11	(923)	1.02
Outstanding, end of period	17,732	0.88	16,970	1.05
Exercisable, end of period	-	\$ -	65	\$ 0.89

During the three and nine months ended September 30, 2024, Gear has recorded an expense of \$0.2 million and \$0.8 million (2023 – \$0.4 million and \$1.1 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:

	Nine months ended September 30, 2024	Year ended December 31, 2023
Risk free interest rate (%)	4.25	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 (%)	8.50	-

d) **Weighted average common shares**

(thousands, except per \$ share amounts)	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Basic	263,584	262,139	263,175	261,549
Diluted	263,584	263,599	263,180	263,173
Net income per share – basic and diluted	0.03	0.03	0.07	0.06

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
July 2, 2024	July 15, 2024	July 31, 2024		0.005	1,318
July 31, 2024	August 15, 2024	August 30, 2024		0.005	1,318
August 30, 2024	September 13, 2024	September 27, 2024		0.005	1,318
Total for the nine months ended September 30, 2024				0.045	\$ 11,842

During the three and nine months periods ended September 30, 2024, Gear declared \$4.0 million and \$11.8 million in dividends, respectively (for the year ended December 31, 2023 – \$24.9 million).

Subsequent to period end, on October 1, 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 October 15, 2024. The dividend was paid October 31, 2024.

Subsequent to period end, on November 1, 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 November 15, 2024. The dividend payment date is scheduled for November 29, 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 September 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 September 30, 2024:

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

As at September 30, 2024, the fair value associated with Gear's risk management contracts was an asset of \$0.3 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 asset during the period ended September 30, 2024 and year ended December 31, 2023:

(\$ thousands)	Nine months ended September 30, 2024	Year ended December 31, 2023
Balance, beginning of period	-	1,057
Unrealized gain (loss) on risk management contracts	347	(1,057)
Balance, end of period	347	-

(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 September 30, 2024 pertains to accrued revenue for September 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 five (December 31, 2023 – three) marketing companies. At September 30, 2024, 84 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 September 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 September 30, 2024, \$0.2 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 September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Heavy and medium oil ⁽¹⁾	26,851	26,381	73,193	67,577
Light oil ⁽¹⁾	10,540	12,882	36,508	36,632
Natural gas liquids	1,262	1,000	3,963	3,366
Natural gas	164	1,146	1,581	3,615
Total petroleum and natural gas sales	38,817	41,409	115,245	111,190

(1) Medium oil has been reclassified from light oil and included in the category "Heavy and medium oil" to conform with current period disclosure. For comparative purposes, this resulted in the reallocation of \$4.8 million (2023 – \$4.9 million) for the three months and \$11.9 million (2023 – \$14.0 million) for the nine months of medium oil sales from light oil to heavy oil.

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		Nine months ended	
	2024	September 30, 2023	2024	September 30, 2023
Accounts receivable	1,282	(4,275)	(508)	(3,559)
Prepaid expenses	267	113	(1,211)	(560)
Inventory	463	242	528	439
Accounts payable and accrued liabilities	(6,347)	3,077	(1,885)	757
Total	(4,335)	(843)	(3,076)	(2,923)
Operating Activities	713	(1,244)	(3,384)	(1,767)
Investing Activities	(5,048)	401	308	(1,156)
Total	(4,335)	(843)	(3,076)	(2,923)

11. COMMITMENTS AND CONTINGENCIES

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

(\$ thousands)	Payments due by period				
	2024	2025	2026	2027	Total
Office leases ⁽¹⁾	156	407	170	43	776
Service agreement	-	224	-	-	224
Total contractual obligations	156	631	170	43	1,000

(2) 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 adverse impact on Gear's financial position or results of operations.