NEWS RELEASE

GEAR ENERGY LTD. ANNOUNCES A TRANSFORMATIVE TRANSACTION PROVIDING SHAREHOLDERS WITH LIQUIDITY AND RETAINED OWNERSHIP IN A NEW GROWTH FOCUSED OIL COMPANY AND MONTHLY DIVIDEND

CALGARY, Alberta (December 2, 2024) Gear Energy Ltd. ("**Gear**" or the "**Company**") (TSX:GXE) (OTCQX:GENGF), is pleased to announce that it has entered into an arrangement agreement (the "**Agreement**") with a large publicly traded company (the "**Purchaser**") pursuant to which the Purchaser will acquire all of the issued and outstanding common shares of Gear (the "**Gear Shares**"), excluding its Central Alberta, Southeast Saskatchewan, and Tucker Lake properties (collectively, the "**Newco Assets**") which will be transferred to a newly formed entity ("**Newco**"), for $110 million in cash, subject to adjustments as provided for in the Agreement (the "**Transaction**").

The Transaction will be accomplished by way of a statutory plan of arrangement under the *Business Corporations Act* (Alberta) (the "**Arrangement**"). Under the terms of the Arrangement, each holder of Gear Shares (each a "**Gear Shareholder**" and collectively, the "**Gear Shareholders**") will receive $0.607 in total consideration per Gear Share, consisting of, at such Gear Shareholder's election: (i) $0.607 in cash per Gear Share; (ii) 0.3035 common shares in Newco ("**Newco Shares**") per Gear Share; or (iii) a combination thereof, subject to proration and consideration caps set out in the Arrangement.

Under the Arrangement, Gear will transfer the Newco Assets to Newco with the remainder of its properties, consisting of its Lloydminster heavy and medium oil assets (other than the Tucker Lake property) (collectively, the "**Gear Assets**") remaining with Gear which will be acquired by the Purchaser. Newco will be led by the existing management team and board of directors of Gear.

Kevin Johnson, President and CEO of Gear, commented "I am pleased to announce the sale of Gear and its heavy oil assets in Lloydminster combined with the spinout and formation of Newco. This transaction results in both meaningful cash consideration to our shareholders and the creation of Newco, an organic growth-focused oil company positioned to unlock shareholder value from a high quality, opportunity rich asset base. At Gear, we are committed to identifying and pursuing strategies that maximize value for our shareholders, and this transaction is a direct result of that focus. We are confident that this transaction is in the best interests of Gear and our shareholders."

TRANSACTION DETAILS

Pursuant to the terms of the Arrangement, the Purchaser will acquire all of the issued and outstanding Gear Shares for cash consideration of approximately $110 million, subject to adjustments as provided for in the Agreement, and the Newco Assets will be transferred to Newco. The aggregate amount of cash payable to Gear Shareholders pursuant to the Transaction is expected to be $80 million. The balance of the cash consideration, after repayment of amounts outstanding under Gear's credit facilities, payment of transaction costs and adjustments pursuant to the Agreement, will be contributed to Newco for general working capital purposes.

The Transaction is expected to close in late January or February 2025, subject to the receipt of all shareholder, stock exchange, court and regulatory approvals and the satisfaction of other customary closing conditions.

The Transaction will require approval by at least 66 2/3% of the holders of Gear Shares represented in person or by proxy at a special meeting of Gear Shareholders to be called to consider the Arrangement which is expected to occur in late January or February 2025 (the "**Gear Meeting**").

Further details regarding the Arrangement, including details regarding Newco, will be included in Gear's management information circular and proxy statement (the “**Circular**”) to be mailed to Gear Shareholders and filed on SEDAR+ (www.sedarplus.ca) in connection with the Gear Meeting. A copy of the Agreement will also be available for viewing on SEDAR+. **All Gear Shareholders are urged to read the Circular once available as it will contain additional important information concerning the Transaction.**

STRATEGIC RATIONALE AND KEY HIGHLIGHTS

The board of directors (the "**Gear Board**") and management of Gear continuously review options available to the Company to ensure that shareholder value is being maximized and view the Transaction as advantageous for Gear Shareholders.

Key highlights of the Transaction include:

- **Meaningful Cash Consideration:** Gear Shareholders will have the opportunity to receive immediate cash consideration of up to $0.607 per Gear Share, subject to the proration and consideration caps set out in the Agreement.

- **Creation of Newco:** Through ownership of Newco, Gear Shareholders will have the opportunity to unlock significant value by accelerating organic growth and delineating the future potential of the Newco Assets.

BOARD OF DIRECTORS RECOMMENDATION AND SUPPORT AGREEMENTS

The Gear Board has unanimously: (i) determined that the Arrangement is in the best interests of Gear and the Gear Shareholders; (ii) determined that the Arrangement is fair to the Gear Shareholders; (iii) approved the Agreement and the transactions contemplated thereby; and (iv) recommends that the Gear Shareholders vote in favour of the Transaction at the Gear Meeting.

Each of the directors and officers of Gear holding in aggregate 8% of the Gear Shares have entered into support agreements with the Purchaser pursuant to which, among other things, such directors and officers have agreed to vote all of the Gear Shares they own or control in favour of the Transaction. The support agreements will be available on Gear's SEDAR+ profile at www.sedarplus.ca.

ATB Securities Inc. has provided a verbal opinion to the Gear Board that, as of the date thereof and subject to the assumptions, limitations and qualifications to be set forth in its written opinion, the consideration to be received by Gear Shareholders under the Arrangement is fair, from a financial point of view, to the Gear Shareholders.

GEAR ASSETS

Current production from the Gear Assets is approximately 3,700 boe/d (consisting of 3,400 bbl/d of heavy and medium crude oil, and 2,000 mcf/d of conventional natural gas), with a liquids weighting of 91%. The Gear Assets, which will remain with Gear and will be acquired by the Purchaser pursuant to the Arrangement, represent a more mature portion of Gear’s portfolio.

The Gear Assets also include facilities and gathering systems related to the oil and gas properties included in the acquisition of Gear by the Purchaser.

NEWCO STRATEGY

Newco is anticipated to be led by Kevin Johnson as President and CEO and Gear's current management team. Following closing of the Transaction, Newco will focus on the development of the Newco Assets, which have significant, fully funded growth potential.

Newco will retain 31% of Gear's production, equating to approximately 1,700 boe/d (consisting of 1,100 bbl/d of light crude oil, 200 bbl/d of NGLs and 2,000 mcf/d of conventional natural gas) with a liquids weighting of 80% and a deep inventory to grow production and cashflow. Key characteristics of the Newco Assets are summarized below:

- Central Alberta: Low decline, light oil production base supported by multiple Belly River waterfloods and stacked light oil growth opportunities analogous to local and regional industry drilling activity.

- Southeast Saskatchewan: Established light oil development in the Bakken/Torquay with waterflood potential and on-going evaluation of additional up-hole targets. In place gas conservation reduces the emissions footprint with increasing revenue through gas and NGL sales.

- Tucker Lake: 1,920 hectares of undeveloped, heavy oil rights in the Cold Lake oil sands region with up to six prospective zones mapped. Recent offset development of the Mannville Waseca sand highlights the upside potential of this asset.

Newco's 2025 capital program, which is expected to be finalized and communicated to shareholders in the Circular or by press release, will be fully funded, supported by internally generated cash flow and a $35 million new credit facility, to be provided by ATB Financial upon the closing of the Transaction.

ADVISORS

Peters & Co. Limited acted as lead financial advisor to Gear in connection with the Transaction. ATB Securities Inc. also acted as financial advisor to Gear in connection with the Transaction.

Burnet, Duckworth & Palmer LLP is acting as legal counsel to Gear on the Transaction.

DECEMBER 2024 MONTHLY DIVIDEND

Gear confirms that the December 2024 monthly dividend of $0.005 per Gear Share is to be paid on December 31, 2024, to Gear Shareholders of record on December 16, 2024. The dividend is designated as an "eligible dividend" for Canadian income tax purposes. Assuming completion of the Transaction, this will be Gear's final monthly dividend.

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FORWARD LOOKING INFORMATION

Certain information in this press release contains certain forward-looking statements, including within the meaning of applicable securities laws. These statements relate to future events or our future intentions or performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "future", "may", "could", "targeted", "should", "would", "suspect", "outlook", "believe", "anticipate", "estimate", "expect", "intend", "plan", "target", "potential" and similar words and expressions and include statements related to, among other things: Gear's position, focus and strategy; the Transaction, including the conditions thereof, the anticipated benefits to be derived therefrom and the anticipated timing thereof; the anticipated aggregate amount of cash that will be payable to Gear Shareholders pursuant to the Transaction and the expectation that the balance of the cash consideration will be contributed to Newco; the anticipated focus of Newco; the anticipated average daily production of the Newco Assets; expectations that the Newco Assets will have significant, fully funded growth potential and contain a deep inventory to grow production and cashflow; the expected characteristics of certain of the locations comprising the Newco assets; and expectations that Newco's 2025 capital program will be fully funded and supported by internally generated cash flow and a new credit facility to be established on the closing of the Transaction. Gear's actual decisions, activities, results, performance or achievement could differ materially from those expressed in, or implied by, such forward-looking statements and accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur or, if any of them do, what benefits that Gear will derive from them.

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; that the closing of the Arrangement will occur when anticipated and on the terms anticipated; the ability to meet the conditions to closing the Transaction and the receipt of all shareholder, exchange, court and regulatory approvals; the performance of Newco's business and the Newco Assets; and that Newco will establish a new credit facility upon the completion of the Transaction. 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. Readers are cautioned that the foregoing list of factors are not exhaustive.

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; 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 the Transaction may not close when anticipated, or at all, and may not result in the benefits anticipated; the risk that the aggregate amount of cash that will be payable to Gear Shareholders pursuant to the Transaction may be less than anticipated and that cash consideration may not be contributed to Newco; the risk that the Company may not satisfy all closing conditions or receive all necessary shareholder, exchange, court or regulatory approvals for the Transaction when anticipated, or at all; the risk that the Newco Assets may have lower levels of production than anticipated; the risk that Newco's financial and operating results may not be consistent with its expectations; the risk that the Newco Assets may not contain a deep inventory to grow production and cashflow; the risk that the characteristics of the Newco Assets may not be consistent *with the Company's expectations; the risk that that Newco's 2025 capital program may not be fully funded; the risk that Newco may not establish a credit facility when anticipated or on the terms anticipated; 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 forward-looking information and statements contained in this press release speak only as of the date of this press release. The Company 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 place undue importance on forward-looking information and should not rely upon this information as of any other date.

This press release contains information that may be considered a financial outlook under applicable securities laws about the Company's potential financial position, including, but not limited to: expectations that Newco's 2025 capital program will be fully funded and supported by internally generated cash flow and a new credit facility to be established on the closing of the Transaction; and the anticipated aggregate amount of cash that will be payable to Gear Shareholders pursuant to the Transaction and the expectation that the balance of the cash consideration will be contributed to Newco; all of which are subject to numerous assumptions, risk factors, limitations and qualifications, including those set forth in the above paragraphs. The actual results of operations of the Company and the resulting financial results will vary from the amounts set forth in this press release and such variations may be material. This information has been provided for illustration only and with respect to future periods are based on budgets and forecasts that are speculative and are subject to a variety of contingencies and may not be appropriate for other purposes. Accordingly, these estimates are not to be relied upon as indicative of future results. Except as required by applicable securities laws, the Company undertakes no obligation to update such financial outlook. The financial outlook contained in this press release was made as of the date of this press release and was provided for the purpose of providing further information about the Company's potential future business operations. Readers are cautioned that the financial outlook contained in this press release is not conclusive and is subject to change.

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 nine months ended September 30, 2024 and year ended December 31, 2023, where applicable, is provided below.

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.

OIL & GAS MATTERS

This press release contains a number of oil and gas metrics, including operating netbacks. These oil and gas metrics have been prepared by management and do not have standardized meanings or standard methods of calculation and therefore such measures may not be comparable to similar measures used by other companies and should not be used to make comparisons. Such metrics have been included herein to provide readers with additional measures to evaluate the Company's performance; however, such measures are not reliable indicators of the future performance of the Company and future performance may not compare to the performance in previous periods and therefore such metrics should not be unduly relied upon. Management uses these oil and gas metrics for its own performance measurements and to provide security holders with measures to compare the Company's operations over time. Readers are cautioned that the information provided by these metrics, or that can be derived from the metrics presented in this report, should not be relied upon for investment or other purposes. Refer to "Non-GAAP and Other Financial Measures" in this press release for the composition of operating netback.

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.

References to heavy and medium oil, light oil, NGLs and natural gas in this press release refer to the heavy crude oil, medium crude oil and light 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.