

These materials are important and require your immediate attention. They require shareholders to make important decisions. If you are in doubt as to how to make such decisions, please contact your financial, legal, tax or other professional advisors.



NOTICE OF SPECIAL MEETINGS OF SHAREHOLDERS

to be held on February 3, 2025

and

NOTICE OF APPLICATION TO THE COURT OF KING'S BENCH OF ALBERTA

and

INFORMATION CIRCULAR OF GEAR ENERGY LTD.

with respect to a

PROPOSED PLAN OF ARRANGEMENT

involving

GEAR ENERGY LTD.

-and-

LOTUS CREEK EXPLORATION INC. (FORMERLY, 2640847 ALBERTA LTD.)

- and -

CENOVUS ENERGY INC.

- and -

THE SECURITYHOLDERS OF GEAR ENERGY LTD.

The Board of Directors of Gear Energy Ltd. unanimously recommends that Shareholders of Gear Energy Ltd. vote FOR the Plan of Arrangement described in this Information Circular. No securities regulatory authority has expressed an opinion about, or passed upon the fairness or merits of the transaction described in this document, the securities being offered pursuant to such transaction or the adequacy of the information contained in this document and it is an offense to claim otherwise.

December 30, 2024

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LETTER TO GEAR SHAREHOLDERS

December 30, 2024

Dear Gear Shareholders:

You are invited to attend a special meeting (the "**Gear Meeting**") of holders (the "**Gear Shareholders**") of common shares ("**Gear Shares**") of Gear Energy Ltd. ("**Gear**") to be held at 2400, 525 - 8th Avenue S.W, Calgary, Alberta, on February 3, 2025 at 10:00a.m. (Calgary time).

At the Gear Meeting, you will be asked to consider, and, if thought advisable, approve, among other things, a proposed plan of arrangement (the "**Arrangement**") involving Gear, Cenovus Energy Inc. ("**Cenovus**"), Lotus Creek Exploration Inc. (formerly, 2640847 Alberta Ltd.) ("**Newco**") and the securityholders of Gear. The Arrangement will ultimately result, through a series of transactions, in Gear Shareholders transferring each of their Gear Shares to Cenovus for, at the election of Gear Shareholders (other than registered Gear Shareholders who properly exercise their dissent rights as set out in the Information Circular (as defined herein)), cash consideration or ultimately common shares of Newco ("**Newco Shares**") or a combination thereof (subject to rounding and proration based on the consideration caps set out in the Plan of Arrangement (as defined herein) and rounding).

The Arrangement

The terms of the Arrangement are the result of arms-length negotiations between representatives of Gear and Cenovus and their respective advisors. On December 1, 2024, Gear and Cenovus agreed to the strategic acquisition of Gear, including all of Gear's heavy oil assets (other than its Tucker Lake property), by Cenovus and entered into the arrangement agreement with Newco (the "**Arrangement Agreement**"). A copy of the Arrangement Agreement is attached as Appendix C to the information circular dated December 30, 2024, which accompanies this letter (the "**Information Circular**").

The Arrangement Agreement provides for the implementation of the Arrangement pursuant to a plan of arrangement (the "**Plan of Arrangement**") (a copy of which is attached as Schedule "A" to the Arrangement Agreement, which is attached as Appendix C to the Information Circular) pursuant to which, subject to satisfaction of certain conditions, Cenovus will acquire Gear, including all of Gear's heavy oil assets (other than its Tucker Lake property), for \$110,000,000 in cash (subject to adjustments) and all of Gear's other property and assets, which includes its light oil assets in Central Alberta, Southeast Saskatchewan and Tucker Lake (the "**Newco Assets**"), will be conveyed to Newco. Upon completion of the Arrangement, Gear will become a privately held wholly-owned subsidiary of Cenovus and Newco will carry on its business with the Newco Assets. Pursuant to the Arrangement, Gear Shareholders (other than shareholders who properly exercise their dissent rights as set out in the Information Circular) will receive \$0.607 in total consideration per Gear Share, consisting of, at the election of Gear Shareholders: (i) \$0.607 in cash per Gear Share; (ii) ultimately 0.3035 of a Newco Share per Gear Share; or (iii) a combination thereof, subject to rounding and proration based on the consideration caps set out in the Plan of Arrangement. The maximum aggregate amount of cash consideration distributable to Gear Shareholders pursuant to the Arrangement is \$80,000,000 and 40,000,000 Newco Shares will be transferred to Gear Shareholders in the aggregate pursuant to the Arrangement.

A portion of the remaining cash consideration payable by Cenovus pursuant to the Arrangement will be used to fully repay all amounts outstanding under Gear's credit facility at the effective time of the Arrangement (after payment of all of Gear's transaction costs) with the remainder (which is estimated to be approximately \$20,000,000) being contributed to Newco by Cenovus to fund its exploration and development activities (and other oil and gas activities) as well as for general corporate purposes, subject to adjustment as set out in the Arrangement Agreement.

Pursuant to the Arrangement, the Newco Assets will be conveyed to Newco, a new junior oil and gas exploration and production company to be led by substantially the existing management team of Gear, which, following completion of the Arrangement, will be wholly-owned by former Gear Shareholders. The key characteristics of the Newco Assets are summarized below:

- *Central Alberta*: Up to six stacked, oil charged, prospective sands at depths less than 1,500 metres. Successful offsetting and regional competitor results in the Belly River delivering 90 day light oil initial production rates between 195 to 680 barrels per day.
- *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 natural gas liquid sales.
- *Tucker Lake*: 1,920 hectares of undeveloped, heavy oil rights in the Tucker Lake area located in the Cold Lake oil sands region in Alberta with up to six prospective zones mapped. Recent offset development of the Mannville Waseca sand highlights the upside potential of this asset.

The board of directors of Newco will consist of the existing members of Gear's current board of directors (the "**Gear Board**"). Newco's business strategy will be to provide Newco shareholders with attractive long-term returns that provide production and cash flow growth by exploiting the Newco Assets in a financially disciplined manner with the potential to acquire additional long-life oil and gas assets of a similar nature over time. See "*The Arrangement – Asset Conveyance Agreement*" in the Information Circular and "*Acquisition of the Newco Assets – Asset Conveyance Agreement*" in Appendix E – *Information Concerning Newco* to the Information Circular.

The current production associated with the Newco Assets is approximately 1,700 boe/d (consisting of 1,100 bbl/d of light crude oil, 300 bbl/d of natural gas liquids and 1,900 mcf/d of conventional natural gas) for the month of November 2024, with a liquids weighting of 80% and a deep inventory to grow production and cashflow. See Appendix E – *Information Concerning Newco* to the Information Circular.

Newco has applied to list the Newco Shares on the TSX Venture Exchange ("**TSXV**"). Listing will be subject to Newco meeting and fulfilling all listing requirements of the TSXV. There is no assurance that Newco will meet the listing requirements of the TSXV, however if listing approval is ultimately obtained, trading in the Newco Shares is expected to commence shortly after the delisting of the Gear Shares from the Toronto Stock Exchange. It is a condition of the Arrangement that the TSXV shall have conditionally approved the listing of the Newco Shares. As at the date of this Information Circular, the TSXV has not conditionally approved the listing of the Newco Shares.

Completion of the Arrangement is subject to a number of conditions which remain to be satisfied as of the date of this Information Circular, and as more particularly set forth in the Arrangement Agreement including, among other things, approval of the Arrangement Resolution (as defined below) by Gear Shareholders at the Gear Meeting, the receipt of regulatory approvals and the granting of the final order by the Court of King's Bench of Alberta (the "**Court**").

Subject to the satisfaction or waiver of all remaining conditions, Gear and Cenovus expect the effective date will occur on or about February 5, 2025.

For additional details, see "*The Arrangement*" in the Information Circular which accompanies this letter. Capitalized terms used in this letter and not defined have the meaning given to such terms in the Information Circular.

Board Recommendation

Throughout Gear's history, management and the Gear Board have regularly and continually reviewed business opportunities and strategic alternatives available to Gear that may enhance shareholder value. As part of this regular and continuing process, the Gear Board frequently has management present to the Gear Board on a variety of matters including market conditions, various strategic alternatives that may be available to Gear relative to the current status quo business of Gear and potential parties that may be interested in pursuing a transaction with Gear. The Arrangement

is the result of management and the Gear Board continuously reviewing Gear's asset portfolio and strategy and discussing potential alternatives to implement a growth focus strategy underpinned by its Central Alberta assets.

The Gear Board considered the Arrangement and unanimously determined that the Arrangement is in the best interests of Gear and the Gear Shareholders and, based upon, among other things, the Fairness Opinion (as defined below), has unanimously determined that the Arrangement is fair to the Gear Shareholders. Accordingly, the Gear Board has unanimously approved the Arrangement Agreement and the transactions contemplated thereby and unanimously recommends that Gear Shareholders vote FOR the Arrangement Resolution.

ATB Securities Inc. provided the Gear Board with an opinion that, subject to the assumptions, limitations and qualifications and other matters stated in such opinion, as of December 1, 2024, the consideration to be received by the Gear Shareholders under the Arrangement is fair, from a financial point of view, to the Gear Shareholders (the "Fairness Opinion").

Approval Requirement and Conditions

The number of votes required to pass the resolution to approve the Arrangement (the "**Arrangement Resolution**") shall be not less than 66 $\frac{2}{3}$ % of the aggregate votes cast by the Gear Shareholders, either in person or by proxy at the Gear Meeting.

It is anticipated that the Arrangement will be completed on or about February 5, 2025, if the requisite Gear Shareholder approval, Court, governmental and regulatory approvals are obtained and subject to the satisfaction or waiver of the other conditions to completion of the Arrangement contained in the Arrangement Agreement.

All of the directors and officers of Gear, who own or exercise control or direction over an aggregate of approximately 8% of the Gear Shares (as of the date of the Information Circular), have agreed to support and vote in favour of the Arrangement.

In addition, Gear Shareholders will also be asked at the Gear Meeting to consider ordinary resolutions approving the proposed share option plan of Newco and the proposed shareholder protection rights plan agreement of Newco. See "*Other Matters of Special Business Relating to Newco*" in the Information Circular.

Further Information

The Information Circular contains a detailed description of the Arrangement, as well as detailed information regarding Gear and Newco. Please give this material your careful consideration and, if you require assistance, consult your financial, legal, tax or other professional advisors.

Whether or not you are able to attend the Gear Meeting, we urge you to complete the applicable form of proxy and return it to Gear's transfer agent, Odyssey Trust Company: (a) by mail using the enclosed return envelope or one addressed to Odyssey Trust Company, Traders Bank Building 702, 67 Yonge Street Toronto, ON M5E 1J8 Attention: Proxy Department; (b) by hand delivery to Odyssey Trust Company, Traders Bank Building 702, 67 Yonge Street Toronto, ON M5E 1J8 Attention: Proxy Department; (c) by e-mail at proxy@odysseytrust.com; or (d) through the internet at <https://vote.odysseytrust.com> and by entering the 12-digit alpha numeric control number noted on the proxy form and following the instructions on the screen. See "*Information Concerning the Gear Meeting – Voting by Internet*". In order to be valid and acted upon at the Gear Meeting, forms of proxy must be received by Odyssey Trust Company not less than 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the time set for the Gear Meeting or any adjournment(s) or postponement(s) thereof. Gear reserves the right to accept late proxies and to waive the proxy cutoff, with or without notice. Gear Shareholders who hold their Gear Shares through an intermediary/broker or who otherwise do not hold their Gear Shares in their own name wishing to vote their Gear Shares at the Gear Meeting must provide instructions to the intermediary/broker through which they hold their Gear Shares in sufficient time prior to the holding of the Gear Meeting.

Procedure for Receipt of Consideration

Under the terms of the Arrangement Agreement, Gear Shareholders (other than registered Gear Shareholders who properly exercise their dissent rights as set out in the Information Circular) will receive \$0.607 in total consideration per Gear Share, consisting of, at the election of Gear Shareholders: (i) \$0.607 in cash per Gear Share; (ii) ultimately 0.3035 of a Newco Share per Gear Share; or (iii) a combination thereof, subject to rounding and proration based on the consideration caps set out in the Plan of Arrangement. As such, enclosed with the Information Circular is a letter of transmittal and election form containing instructions on how to exchange your Gear Shares. You will not actually receive your cash consideration or ultimate Newco Shares or a combination thereof until the Arrangement is completed and you have returned your properly completed documents, including the letter of transmittal and election form and certificate(s) representing your Gear Shares. **Failure to complete a letter of transmittal and election form prior to the election deadline as set forth in the Information Circular will result in a deemed election of consideration comprised of 50% Newco Shares and 50% cash for such Gear Shareholder's Gear Shares, subject to rounding and proration based on the consideration caps set out in the Plan of Arrangement.**

If you hold your Gear Shares through a broker or other nominee, you will need to provide instructions to your broker or other nominee to complete the letter of transmittal and election form. Additional copies of the letter of transmittal and election form are available by contacting Odyssey Trust Company at the numbers listed thereon. The letter of transmittal and election form is also available under Gear's SEDAR+ profile at www.sedarplus.ca.

On behalf of Gear, I would like to thank all Gear Shareholders for their ongoing support as we work towards completion of this important transaction. We look forward to receiving your support at the Gear Meeting.

Yours very truly,

(signed) "*Kevin Johnson*"
Kevin Johnson
President & Chief Executive Officer
Gear Energy Ltd.



NOTICE OF SPECIAL MEETING OF SHAREHOLDERS OF GEAR ENERGY LTD.

NOTICE IS HEREBY GIVEN that, pursuant to an order (the "**Interim Order**") of the Court of King's Bench of Alberta (the "**Court**") dated December 18, 2024, a special meeting (the "**Gear Meeting**") of holders (the "**Gear Shareholders**") of common shares ("**Gear Shares**") of Gear Energy Ltd. ("**Gear**" or the "**Corporation**") will be held at 2400, 525-8th Avenue S.W., Calgary, Alberta, on February 3, 2025 at 10:00 a.m. (Calgary time) for the following purposes:

1. to consider pursuant to the Interim Order (as such Interim Order may be amended, varied, modified, supplemented or varied) and, if thought advisable, to pass, with or without variation, a special resolution (the "**Arrangement Resolution**"), the full text of which is set forth in Appendix A to the accompanying information circular of Gear dated December 30, 2024 (the "**Information Circular**") to approve a plan of arrangement (the "**Arrangement**") under Section 193 of the *Business Corporations Act* (Alberta) ("**ABCA**") involving Gear, Cenovus Energy Inc., Lotus Creek Exploration Inc. (formerly, 2640847 Alberta Ltd.) ("**Newco**") and the securityholders of Gear, all as more particularly described in the Information Circular;
2. to consider and, if thought advisable, to pass, with or without variation, an ordinary resolution, the full text of which is set forth under the heading "*Other Matters of Special Business Relating to Newco – Newco Share Option Plan*" in the Information Circular (the "**Newco Share Option Plan Resolution**"), to approve a share option plan for Newco substantially in the form attached as Appendix F to the Information Circular (the "**Newco Share Option Plan**"), all as more particularly described in the Information Circular;
3. to consider and, if thought advisable, to pass, with or without variation, an ordinary resolution, the full text of which is set forth under the heading "*Other Matters of Special Business Relating to Newco – Newco Rights Plan*" in the Information Circular (the "**Newco Rights Plan Resolution**"), to approve a shareholder protection rights plan agreement for Newco substantially in the form filed on Gear's SEDAR+ profile at www.sedarplus.ca (the "**Newco Rights Plan**"), all as more particularly described in the Information Circular; and
4. to transact such further and other business as may properly be brought before the Gear Meeting or any adjournment or postponement thereof.

The Arrangement Resolution must be approved by not less than 66 ⅔% of the votes cast by Gear Shareholders, either in person or by proxy, at the Gear Meeting and each of the Newco Share Option Plan Resolution and the Newco Rights Plan Resolution must be approved by a majority of the votes cast by Gear Shareholders, in person or by proxy, at the Gear Meeting. The completion of the Arrangement is not conditional upon approval of the Newco Share Option Plan Resolution or the Newco Rights Plan Resolution. The Arrangement is described in the Information Circular, which forms part of this Notice and capitalized words used but not defined herein have the meanings ascribed to them in the Information Circular.

Voting at the Gear Meeting

The Gear Board has set the close of business on December 30, 2024 (the "**Record Date**") as the record date for determining Gear Shareholders who are entitled to receive notice of the Gear Meeting. Each Gear Share entitled to be voted at the Gear Meeting will entitle the holder to one vote at the Gear Meeting in respect of the Arrangement Resolution and any other matter to be considered at the Gear Meeting, including the Newco Share Option Plan Resolution and the Newco Rights Plan Resolution. Gear Shareholders whose names have been entered in the

applicable register of Gear Shares on the close of business on the Record Date will be entitled to receive notice of and to vote at the Gear Meeting.

If a Gear Shareholder transfers Gear Shares after the Record Date and the transferee of those Gear Shares, having produced properly endorsed certificates evidencing such Gear Shares or having otherwise established that the transferee owns such Gear Shares, demands, at least 10 days before the Gear Meeting, that the transferee's name be included in the list of the Gear Shareholders entitled to vote at the Gear Meeting, such transferee shall be entitled to vote such Gear Shares at the Gear Meeting.

The persons named in the enclosed form of proxy are directors and/or officers of Gear. Each Gear Shareholder has the right to appoint a proxyholder other than such persons, who need not be a Gear Shareholder, to attend and to act for such Gear Shareholder and on such Gear Shareholder's behalf at the Gear Meeting. To exercise such right, the names of the nominees of management should be crossed out and the name of the Gear Shareholder's appointee should be legibly printed in the blank space provided, or if voting through the internet, the name of the Gear Shareholder's appointee should be included in the applicable field. Non-registered (beneficial) Gear Shareholders who wish to vote at the Gear Meeting will be required to appoint themselves as proxyholder in advance of the Gear Meeting by writing their own name in the space provided on the voting instruction form provided by their intermediary, generally being a bank, trust company, securities broker, trustee or other institution. In all cases, Gear Shareholders must carefully follow the instructions set out in their applicable proxy or voting instruction forms.

The Corporation encourages Gear Shareholders to vote their Gear Shares prior to the Gear Meeting by following the instructions set out in the form of proxy or voting instruction form received by such Gear Shareholders. It is important that your Gear Shares be represented at the Gear Meeting. Whether or not you are able to attend the Gear Meeting, we urge you to complete the applicable form of proxy and return it to Gear's transfer agent, Odyssey Trust Company: (a) by mail using the enclosed return envelope or one addressed to Odyssey Trust Company, Traders Bank Building 702, 67 Yonge Street Toronto, ON M5E 1J8 Attention: Proxy Department; (b) by hand delivery to Odyssey Trust Company, Traders Bank Building 702, 67 Yonge Street Toronto, ON M5E 1J8 Attention: Proxy Department; (c) by e-mail at proxy@odysseytrust.com; or (d) through the internet at <https://vote.odysseytrust.com> and by entering the 12-digit alpha numeric control number noted on the proxy form and following the instructions on the screen. See "*Information Concerning the Gear Meeting – Voting by Internet*". In order to be valid and acted upon at the Gear Meeting, forms of proxy must be received by Odyssey Trust Company not less than 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the time set for the Gear Meeting or any adjournment(s) or postponement(s) thereof. Gear reserves the right to accept late proxies and to waive the proxy cutoff, with or without notice. Gear Shareholders who hold their Gear Shares through an intermediary/broker or who otherwise do not hold their Gear Shares in their own name wishing to vote their Gear Shares at the Gear Meeting must provide instructions to the intermediary/broker through which they hold their Gear Shares in sufficient time prior to the holding of the Gear Meeting.

The instrument appointing a proxy shall be in writing and shall be executed by the Gear Shareholder or the Gear Shareholder's attorney authorized in writing or, if the Gear Shareholder is a corporation, by an officer or attorney thereof duly authorized. **The proxyholder has discretion under the accompanying form of proxy in respect of amendments or variations to matters identified in this Notice and in respect to other matters which may properly come before the Gear Meeting, or any adjournment thereof. As of the date hereof, management of Gear knows of no amendments, variations or other matters to come before the Gear Meeting other than the matters set forth in this Notice.**

It is the intention of the persons named in the enclosed form of proxy, if not expressly directed to the contrary in such form of proxy, to vote in favour of the Arrangement Resolution and the other matters to be considered at the Gear Meeting as identified in this Notice, including the Newco Share Option Plan Resolution and the Newco Rights Plan Resolution.

In the event of a strike, lockout or other work stoppage involving postal employees, all documents required to be delivered by a Gear Shareholder should be delivered to Odyssey Trust Company by e-mail at proxy@odysseytrust.com.

Dissent Rights

Pursuant to the Interim Order, registered Gear Shareholders have the right to dissent with respect to the Arrangement Resolution and, if the Arrangement becomes effective, to be paid the fair value of their Gear Shares in accordance with the provisions of Section 191 of the ABCA, as modified by the Interim Order and as set out in the plan of arrangement (the "**Plan of Arrangement**", a copy of which is attached as Schedule "A" to the Arrangement Agreement, which is attached as Appendix C to the Information Circular). A registered Gear Shareholder wishing to exercise rights of dissent with respect to the Arrangement must send to Gear a written objection to the Arrangement Resolution, which written objection must be received by Gear c/o its counsel Burnet, Duckworth & Palmer LLP, 2400, 525-8th Avenue SW, Calgary, Alberta, T2P 1G1, Attention: Ryan Algar, by 5:00 p.m. (Calgary time) on January 27, 2025 (or 5:00 p.m. (Calgary time) on the Business Day that is five (5) Business Days prior to the date of the Gear Meeting if it is not held on February 3, 2025). A Gear Shareholder's right to dissent is more particularly described in the Information Circular and a copy of the Interim Order and the text of Section 191 of the ABCA are set forth in Appendices B and G, respectively, to the Information Circular.

Failure to strictly comply with the requirements set forth in Section 191 of the ABCA, as modified by the Interim Order and as set out in the Plan of Arrangement, may result in the loss of any right of dissent. Persons who are beneficial owners of Gear Shares registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent should be aware that only the registered Gear Shareholders are entitled to dissent. Accordingly, a beneficial owner of Gear Shares desiring to exercise this right must make arrangements for the Gear Shares beneficially owned by such Gear Shareholder to be registered in the Gear Shareholder's name prior to the time the written objection to the Arrangement Resolution is required to be received by Gear or, alternatively, make arrangements for the registered holder of such Gear Shares to dissent on the Gear Shareholder's behalf. It is strongly suggested that any Gear Shareholder wishing to dissent seek independent legal advice, as the failure to comply strictly with the provisions of the ABCA, as modified by the Interim Order, may prejudice such Gear Shareholder's right to dissent.

DATED at Calgary, Alberta, this 30th day of December, 2024.

**BY ORDER OF THE BOARD OF DIRECTORS
OF GEAR ENERGY LTD.**

(signed) "*Kevin Johnson*"
Kevin Johnson
President & Chief Executive Officer
Gear Energy Ltd.

**IN THE COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE OF CALGARY**

**IN THE MATTER OF SECTION 193 OF THE *BUSINESS
CORPORATIONS ACT*, R.S.A. 2000, c. B-9, AS AMENDED**

**AND IN THE MATTER OF A PROPOSED PLAN OF ARRANGEMENT
INVOLVING GEAR ENERGY LTD., CENOVUS ENERGY INC., 2640847
ALBERTA LTD. AND THE SECURITYHOLDERS OF GEAR ENERGY
LTD.**

NOTICE OF APPLICATION

NOTICE IS HEREBY GIVEN that an originating application (the "**Application**") has been filed with the Court of King's Bench of Alberta, Judicial Centre of Calgary (the "**Court**") on behalf of Gear Energy Ltd. ("**Gear**") with respect to a proposed plan of arrangement (the "**Arrangement**") under Section 193 of the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended (the "**ABCA**"), involving Gear, Cenovus Energy Inc. ("**Cenovus**"), 2640847 Alberta Ltd. ("**Newco**") and the securityholders of Gear, which Arrangement is described in greater detail in the management information circular and proxy statement of Gear dated December 30, 2024 accompanying this Notice of Application. At the hearing of the Application, Gear intends to seek an order:

1. declaring that the terms and conditions of the Arrangement, and the procedures relating thereto, are fair and reasonable to the persons affected from a substantive and procedural point of view;
2. approving the Arrangement pursuant to the provisions of Section 193 of the ABCA;
3. a declaration that registered holders of common shares ("**Gear Shares**") of Gear (the "**Gear Shareholders**") shall have the right to dissent in respect of the Arrangement pursuant to Section 191 of the ABCA, as modified by the interim order of the Court dated December 18, 2024 (the "**Interim Order**") and as set out in the plan of arrangement implementing the Arrangement (a copy of which is attached as Schedule "A" to the Arrangement Agreement, which is attached as Appendix C to the information circular of Gear dated December 30, 2024);
4. a declaration that the Arrangement will, upon the filing of Articles of Arrangement and the issuance of a Certificate of Arrangement or other proof of filing of Articles of Arrangement pursuant to the provisions of Section 193 of the ABCA, become effective in accordance with its terms and will be binding on and after the effective time of the Arrangement; and
5. such other and further orders, declarations and directions as the Court may deem just.

The Court has been advised that its final order approving the Arrangement, if granted, will constitute the basis for an exemption from the registration requirements of the *United States Securities Act of 1933*, as amended, pursuant to Section 3(a)(10) thereof, with respect to the issuance of common shares of Newco, the issuance of new common shares of Gear and the issuance of the Cenovus Notes to Gear Shareholders pursuant to the Arrangement.

AND NOTICE IS FURTHER GIVEN that the said Application is directed to be heard before a Justice of the Court, at the Calgary Courts Centre, 601 – 5th Street, S.W., Calgary, Alberta Canada, or via video conference if necessary, on February 4, 2025 at 11:00 a.m. (Calgary time) or as soon thereafter as counsel may be heard. **Any Gear Shareholder or any other interested party desiring to appear at the hearing is required to file with the Court of King's Bench of Alberta, Judicial District of Calgary, and serve upon Gear at or before 5:00 p.m. (Calgary time) on January 27, 2025 (or 5:00 p.m. (Calgary time) on the Business Day that is five (5) Business Days prior to the date of the special meeting of Gear Shareholders to consider the Arrangement (the "Gear Meeting") if it is not held on February 3, 2025), a notice of intention to appear, including the interested party's address for service (or alternatively, a facsimile number for service by facsimile or an email address for service by electronic mail), indicating whether such interested party intends to support or oppose the application or make**

submissions at the application, together with a summary of the position such interested party intends to advocate before the Court, and any evidence or materials which are to be presented to the Court. Service on Gear is to be effected by delivery to the solicitors for Gear at the address below.

AND NOTICE IS FURTHER GIVEN that, at the hearing and subject to the foregoing, Gear Shareholders, holders of share options of Gear, all counterparties to the contacts relating to the assets to be assumed by Newco, all creditors of Gear and any other interested persons will be entitled to make representations as to, and the Court will be requested to consider, the fairness of the Arrangement. If any Gear Shareholder or any other interested party does not attend, either in person or by counsel, at that time, the Court may approve the Arrangement as presented, or may approve it subject to such terms and conditions as the Court shall deem fit, without any further notice.

AND NOTICE IS FURTHER GIVEN that no further notice of the Application will be given by Gear and that in the event the hearing of the Application is adjourned, only those persons who have appeared before the Court for the application at the hearing shall be served with notice of the adjourned date.

AND NOTICE IS FURTHER GIVEN that the Court, by the Interim Order, has given directions as to the calling and holding of the Gear Meeting for the purpose of such holders voting upon, amongst other things, the special resolution to approve the Arrangement, as to giving of notice of such Gear Meeting and the Application, for the manner of conducting the vote in respect of such Gear Meeting and has directed that registered Gear Shareholders shall have the right to dissent with respect to the Arrangement in accordance with the provisions of Section 191 of the ABCA, as modified by the Interim Order.

AND NOTICE IS FURTHER GIVEN that a copy of the said Application and other documents in the proceedings will be furnished to any Gear Shareholder or other interested party requesting the same by the under-mentioned solicitors for Gear upon written request delivered to such solicitors as follows:

Burnet, Duckworth & Palmer LLP
2400, 525 – 8th Avenue S.W.
Calgary, Alberta T2P 1G1
Facsimile: (403) 260-0332

Attention: Ryan Algar

DATED at the City of Calgary, in the Province of Alberta, this 30th day of December, 2024.

**BY ORDER OF THE BOARD OF DIRECTORS
OF GEAR ENERGY LTD.**

(signed) "*Kevin Johnson*"
Kevin Johnson
President & Chief Executive Officer
Gear Energy Ltd.

GENERAL INFORMATION

Introduction

This Information Circular is furnished in connection with the solicitation of proxies by and on behalf of the management of Gear for use at the Gear Meeting and any adjournments thereof. No Person has been authorized to give any information or make any representation in connection with the Arrangement or any other matters to be considered at the Gear Meeting, including the Newco Share Option Plan Resolution and the Newco Rights Plan Resolution, other than those contained in this Information Circular and, if given or made, any such information or representation must not be relied upon as having been authorized. Information contained or otherwise accessed through Gear's website, or any website, other than those documents expressly incorporated by reference herein and filed on SEDAR+, does not constitute part of this Information Circular.

This Information Circular does not constitute an offer to sell or a solicitation of an offer to purchase any securities or the solicitation of a proxy by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or solicitation of an offer or a proxy solicitation. Neither the delivery of this Information Circular nor any distribution of the securities referred to in this Information Circular will, under any circumstances, create an implication that there has been no change in the information set forth herein since the date as of which such information is given in this Information Circular.

All summaries of, and references to, the Arrangement Agreement, the Plan of Arrangement, the Fairness Opinion, the Interim Order, the Newco Share Option Plan and the Newco Rights Plan in this Information Circular are qualified in their entirety by: (i) in the case of the Arrangement Agreement, the complete text of the Arrangement Agreement, a copy of which is attached as Appendix C to this Information Circular; (ii) in the case of the Plan of Arrangement, the complete text of the Plan of Arrangement, a copy of which is attached as Schedule "A" to the Arrangement Agreement, which is attached as Appendix C to this Information Circular; (iii) in the case of the Fairness Opinion, the complete text of the Fairness Opinion, a copy of which is attached as Appendix D to this Information Circular; (iv) in the case of the Interim Order, the complete text of the Interim Order, a copy of which is attached as Appendix B to this Information Circular; (v) in the case of the Newco Share Option Plan, the complete text of the Newco Share Option Plan, a copy of which is attached as Appendix F to this Information Circular; and (vi) in the case of the Newco Rights Plan, the complete text of the Newco Rights Plan, a copy of which is filed on Gear's SEDAR+ profile at www.sedarplus.ca. **You are urged to carefully read the full text of these documents.**

All capitalized terms used in this Information Circular (including Appendix E – *Information Concerning Newco*) but not otherwise defined herein have the meanings set forth under "**Glossary of Terms**". The terms and abbreviations used in the Appendices to this Information Circular, other than Appendix E – *Information Concerning Newco*, are defined separately therein. Information contained in this Information Circular is given as of December 30, 2024 unless otherwise specifically stated.

No securities regulatory authority has expressed an opinion about, or passed upon the fairness or merits of the transaction described in this document, the securities being offered pursuant to such transaction, or the adequacy of the information contained in this document and it is an offense to claim otherwise.

Exchange Rate Information

All dollar amounts set forth in this Information Circular, including the Appendices hereto, are expressed in Canadian dollars, except where otherwise indicated. References to "Canadian dollars", "CDN\$" or "\$" are to the currency of Canada and references to "U.S. dollars" or "US\$" are to the currency of the United States.

The following table sets forth: (i) the rates of exchange for Canadian dollars, expressed in United States dollars, in effect at the end of each of the periods indicated; and (ii) the high, low and average exchange rates during each such periods, in each case based on these rates published on the Bank of Canada's website as being in effect at approximately noon on each trading day (the "**Bank of Canada noon rate**").

	September 27,	Year Ended December 31,		
	2024 ⁽¹⁾	2023	2022	2021
Rate at end of Period	US\$0.7408	US\$0.7561	US\$0.7383	US\$0.7888
Average rate during Period	US\$0.7408	US\$0.7562	US\$0.7692	US\$0.7980
High	US\$0.7408	US\$0.7573	US\$0.8031	US\$0.8306
Low	US\$0.7408	US\$0.7543	US\$0.7217	US\$0.7727

On December 30, 2024, the Bank of Canada noon rate for \$1.00 Canadian was US\$0.6955.

Note:

- (1) The last Business Day in the month of September was September 27, 2024.

Forward-looking Statements

Certain statements contained in this Information Circular and in the documents incorporated by reference herein constitute forward-looking statements within the meaning of Applicable Securities Laws (collectively, "**forward-looking statements**"). These statements relate to future events or future 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 "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "forecast", "potential", "targeting", "intend", "could", "would", "might", "should", "believe" and similar expressions or the negative thereof.

These forward-looking statements include statements with respect to: the proposed Arrangement and its expected terms, timing and completion, including receipt of required approvals, if any, satisfaction of other customary closing conditions and expected changes and appointments to the Newco executive team and Newco Board; production rates; the timing of the Gear Meeting, the Final Order and the Effective Date of the Arrangement; the terms of the Arrangement, including the anticipated closing date of the Arrangement; the stock exchange listing of securities issued under the Arrangement; the delisting of the Gear Shares from the TSX and the anticipated timing thereof; the listing of the Newco Shares on the TSXV and the anticipated timing thereof; anticipated production rates; the completion of the Arrangement, including the anticipated receipt of all regulatory and third party approvals for the Arrangement; the anticipated mailing date of the Information Circular and proxy materials in connection with the Gear Meeting; the treatment of Gear Shareholders under securities and tax laws; Newco's financial and operational position after giving effect to the Arrangement; the anticipated benefits to be derived from the Newco Share Option Plan and the Newco Rights Plan; and the perceived benefits of the Arrangement. There can be no assurance that the plan, intentions or expectations upon which these forward-looking statements are based will occur. Forward-looking statements are subject to risks, uncertainties and assumptions, including those discussed elsewhere in this Information Circular.

Although Gear believes that the expectations represented in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. Some of the risks which could affect future results and could cause results to differ materially from those expressed in the forward-looking statements contained herein include: risks inherent in the future prices for oil, NGLs and natural gas; risks relating to the impact of any outstanding indigenous and treaty rights claims on lands where Newco operates including the impact of the Blueberry Decision;

risks inherent in the United States to Canadian dollar exchange rates; risks inherent in the prices for services and government fiscal regimes and the risk that actual results will vary from the results forecasted and such variations may be material; Newco may fail to realize the anticipated benefits of the Arrangement; conditions to completion of the Arrangement or other matters may not be satisfied or waived which may result in the Arrangement or other matters not being completed; the timing of the Gear Meeting and Final Order and the anticipated Effective Date may be changed or delayed; and Gear will incur significant costs relating to the Arrangement regardless of whether the Arrangement is completed or not.

The information contained in this Information Circular, including the information set forth under "*Risk Factors*" and Appendix E – *Information Concerning Newco – Risk Factors*, identifies additional factors that could affect the operating results and performance of Newco. We urge you to carefully consider those factors.

Additionally, statements relating to "reserves" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated and can be profitably produced in the future.

Gear Shareholders are cautioned that statements with respect to future dividends are non-binding. The declaration and payment of future dividends by Newco, if at all, will be at the discretion of the Newco Board and will be determined based on Newco's financial results, balance sheet strength, cash and liquidity requirements, future prospects, crude oil and natural gas prices, and other factors deemed relevant by the Newco Board. The Newco Board reserves all discretion related to the declaration and payment of dividends. See "*Dividend Policy*" in Appendix E – *Information Concerning Newco* to this Information Circular.

This Information Circular also contains future oriented financial information and financial outlook ("**FOFI**") about Newco's prospective results of operations, including but not limited to: Newco's 2025 guidance and capital expenditures. The FOFI is based on various assumptions as to production levels, commodity prices and other assumptions and are provided for illustration only and are based on budgets and forecasts that have not been finalized and are subject to a variety of contingencies including prior years' results and numerous assumptions, risk factors, limitations and qualifications, including those set forth in the above paragraphs. The actual results of operations of Newco and financial results may vary from the amounts set forth in this Information Circular 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 Laws, neither Gear nor Newco undertakes any obligation to update such FOFI. The FOFI contained in this Information Circular was made as of the date of this Information Circular and was provided for the purpose of providing further information about Newco's potential future business operations. Readers are cautioned that the FOFI contained in this Information Circular is not conclusive and is subject to change.

With regard to the forward-looking statements in Gear's documents incorporated by reference herein, please refer to the forward-looking statements advisories in such documents in respect of the forward-looking statements contained therein, the assumptions upon which they are based and the risk factors in respect of such forward-looking statements. See also the information set forth under "*Advisories – Forward-Looking Statements*" in Appendix E – *Information Concerning Newco*.

The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this Information Circular are not exhaustive and are made as of the date of this Information Circular and Gear undertakes no obligation to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise, unless so required by Applicable Canadian Securities Laws.

Analogous Information

Certain information in this document may constitute "analogous information" as defined in NI 51-101, including, but not limited to, information relating to the areas in geographical proximity to prospective exploratory lands held or to be held by Gear or Newco. Management of Gear and Newco believe the information is relevant as it helps to define the lands' characteristics in which Gear or Newco may hold an interest. Gear and Newco are unable to confirm that the analogous information was prepared by a qualified reserves evaluator and is unable to confirm that the analogous

information was prepared in accordance with NI 51-101. Such information is not an estimate of the reserves or resources attributable to lands held by Gear or to be held by Newco and there is no certainty that the reserves data and economic information for the lands held by Gear or to be held by Newco will be similar to the information presented herein.

Initial Production Rates Advisory

Any reference in this Information Circular to initial production rates or short-term production rates are useful in confirming the presence of hydrocarbons, however such rates are not determination of the rates at which such wells will continue production and decline thereafter. Readers are cautioned not to place reliance on such rates in calculating the aggregate production of Newco.

Advice to Beneficial Shareholders of Gear

The information set forth in this section is of significant importance to many Gear Shareholders, as a substantial number of Gear Shareholders do not hold Gear Shares in their own name (the "Beneficial Shareholders"). Beneficial Shareholders should note that only proxies deposited by Gear Shareholders whose names appear on the records of Gear as the registered Gear Shareholders can be recognized and acted upon at the Gear Meeting. If Gear Shares are listed in an account statement provided to a Gear Shareholder by a broker, then in almost all cases, those Gear Shares will not be registered in the Gear Shareholder's name on the records of Gear. Such Gear Shares will more likely be registered under the name of the Gear Shareholder's broker or an agent of that broker. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for their clients. Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Gear Shares are communicated to the appropriate persons. If you are a Beneficial Shareholder and receive these materials through your broker or through another intermediary, please complete the form of proxy or voting instruction form provided to you by your broker or other intermediary in accordance with the instructions provided therein.

For further information, see "*Information Concerning the Gear Meeting – Advice to Beneficial Gear Shareholders*".

Non-GAAP and Other Performance Measures

This Information Circular (including Appendices thereto) and the documents incorporated by reference herein use and refer to financial measures commonly used in the oil and gas industry, which do not have any standardized meaning prescribed by IFRS Accounting Standards. Please refer to the non-GAAP and other financial measures advisories in such documents for the definitions and descriptions of such terms.

Information for Gear Shareholders in the United States

The Newco Shares to be transferred and the Gear New Common Shares and Cenovus Notes issuable to Gear Shareholders in exchange for their Gear Shares pursuant to the Arrangement have not been and will not be registered under the U.S. Securities Act. Such securities will be issued or transferred to Gear Shareholders in reliance upon the exemption from the registration requirement of the U.S. Securities Act provided by Section 3(a)(10) thereof. Section 3(a)(10) of the U.S. Securities Act exempts the issuance of securities in exchange for one or more *bona fide* outstanding securities from the general requirement of registration where the terms and conditions of the issuance and exchange of such securities have been approved by a court authorized to grant the approval, after a hearing upon the fairness of the terms and conditions of the issuance and exchange at which all persons to whom the securities will be issued or transferred have the right to appear and receive timely notice thereof. The Court is authorized to conduct a hearing at which the fairness of the terms and conditions of the Arrangement will be considered. The Court issued the Interim Order and subject to the approval of the Arrangement by the Gear Shareholders, a hearing on the Arrangement will be held at which all Gear Shareholders are entitled to appear and be heard. The Final Order will constitute the basis for an exemption from the registration requirements of the U.S. Securities Act, pursuant to Section 3(a)(10) thereof, for the transfer of the Newco Shares and the Gear New Common Shares and Cenovus Notes issuable to the Gear Shareholders pursuant to the Arrangement. The Court has been advised of this effect of the Final Order. Additionally, the issuance of the Newco Shares, Gear New Common Shares and Cenovus Notes to Gear Shareholders in exchange

for Gear Shares pursuant to the Arrangement will be exempt from registration under the securities laws of the applicable states of the United States.

The solicitation of proxies by means of this Information Circular is not subject to the requirements of Section 14(a) of the U.S. Securities Exchange Act of 1934, as amended. Accordingly, this Information Circular has been prepared solely in accordance with disclosure requirements in Canada, and the solicitations and transactions contemplated in this Information Circular are made in the United States for securities of a Canadian issuer in accordance with Canadian corporate and securities laws. Gear Shareholders in the United States should be aware that such disclosure requirements are different from those of the United States applicable to registration statements under the U.S. Securities Act and proxy statements under the U.S. Securities Exchange Act of 1934, as amended. All financial statements and other financial information of Newco and relating to the Newco Assets included in this Information Circular have been prepared in accordance with Canadian dollars and GAAP and are subject to Canadian auditing and auditor independence standards, which differ from United States generally accepted accounting principles and United States auditing and auditor independence standards in certain material respects. Consequently, such financial statements and other financial information are not comparable in all respects to financial statements of United States companies prepared in accordance with United States generally accepted accounting principles and that are subject to United States auditing and auditor independence standards.

Data on oil and natural gas reserves and oil and natural gas operations, properties and production included in this Information Circular has been prepared in accordance with Canadian disclosure standards, which differ in certain material respects from the disclosure standards applicable to information included in reports and other materials filed with the SEC by issuers subject to SEC reporting and disclosure requirements. In particular, and without limiting the foregoing, the SEC generally permits United States reporting oil and natural gas companies, in their filings with the SEC, to disclose only proved, probable and possible reserves and production, net of royalties and interests of others. In addition, United States disclosure standards require that the reserves and related future net cash flows be estimated using prices and costs which are assumed not to change, but rather to remain constant, throughout the life of a property, except to the extent of certain fixed or presently determinable future prices or costs to which the issuer is legally bound by a contractual or other obligation to supply a physical product (including those for an extension period of a contract that is likely to be extended) whereas NI 51-101 requires disclosure of reserves and the related future net revenue estimated using forecast prices and costs. In addition, the United States disclosure standards require reserves to be "economically producible" whereas the requirement under Canadian disclosure standards is that extractive projects be "commercial". As a consequence, Newco's production volumes and reserve estimates included in this Information Circular are not comparable to those of United States domestic issuers subject to SEC reporting and disclosure requirements.

Canadian securities laws permit, among other things, the presentation of certain categories of resources and the disclosure of production on a gross basis before deducting royalties. Unless noted otherwise, all disclosures of reserves and resources in the Information Circular are made on a gross basis using forecast price and cost assumptions.

The Newco Shares to be transferred to Gear Shareholders will be freely transferable under United States federal securities laws, except by persons who are affiliates of Newco or were affiliates of Newco within 90 days prior to the completion of the Arrangement. Please see "*Arrangement – United States Securities Law Matters*".

Gear Shareholders subject to United States federal taxation should be aware that the Arrangement and the ownership and disposition of Newco Shares may have material tax consequences in both Canada and in the United States, including, without limitation, the possibility that the Arrangement is a taxable transaction, in whole or in part, for United States federal income tax purposes. This Information Circular does not address any United States federal income tax consequences applicable to Gear Shareholders. Gear Shareholders should consult their own tax advisors to determine the particular consequences to them of participating in the Arrangement and the ownership and disposition of the Newco Shares acquired pursuant to the Arrangement. See also "*Tax Considerations to Gear Shareholders - Certain Canadian Federal Income Tax Considerations - Taxation of Gear Shareholders Not Resident in Canada*".

The enforcement by Gear Shareholders of civil liabilities under the United States federal and state securities laws may be affected adversely by the fact that Gear, Newco and Cenovus are organized or incorporated, as applicable, under the laws of Alberta, Canada, that some or all of their officers and directors are residents of countries other than the

United States, that the experts named in this Information Circular are residents of countries other than the United States, and that all or a substantial portion of the assets of Gear, Newco and Cenovus and such persons are, or will be, located outside the United States. It may be difficult or impossible for Gear Shareholders to effect service of process within the United States upon Gear, Newco or Cenovus, their respective directors, officers and experts who are not residents of the United States or to realize against them upon judgments of courts of the United States predicated upon civil liability under United States federal and state securities laws. Additionally, there is doubt as to the enforceability in Canada against Gear, Newco and Cenovus or any of their respective directors, officers or experts who are not residents of the United States in original action or in actions for enforcement of judgments of United States courts, of liabilities predicated solely upon United States federal and state securities laws.

THE NEWCO SHARES TO BE TRANSFERRED AND THE GEAR NEW COMMON SHARES AND CENOVUS NOTES ISSUABLE PURSUANT TO THE ARRANGEMENT HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR THE SECURITIES REGULATORY AUTHORITY OF ANY STATE OF THE UNITED STATES, NOR HAS THE SEC OR ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OF THE UNITED STATES PASSED UPON THE ADEQUACY OR ACCURACY OF THIS INFORMATION CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

GLOSSARY OF TERMS

Unless the context otherwise requires, when used in this Information Circular, including the Summary Information and Appendix E – *Information Concerning Newco*, the following terms shall have the meanings set forth below. Further, capitalized terms used herein that are not defined in this Information Circular, including the Summary Information thereof, have the meanings given to them in the Arrangement Agreement, a copy of which is attached hereto as Appendix C. The terms and abbreviations used in the Appendices to this Information Circular, other than Appendix E, are defined separately therein.

"2023 Newco Reserves Report" means the portions of the independent reserves evaluation by Sproule of Gear's proved and proved plus probable reserves as at December 31, 2023 specifically related to the Newco Assets;

"2024 AGM Information Circular" means the management information circular dated March 14, 2024 in respect of the annual meeting of Gear Shareholders held on May 1, 2024;

"2024 Newco Reserves Report" means the independent reserves evaluation by Sproule of the Newco Assets' proved and proved plus probable reserves as at November 30, 2024;

"ABCA" means the Business Corporations Act, R.S.A. 2000, c. B-9;

"Aboriginal Group" means any "band" (as such term is defined in the Indian Act (Canada)), First Nation, tribal council or Métis group;

"Acquisition Proposal" means, other than the transactions contemplated by the Arrangement Agreement or as specifically set out in the Gear Disclosure Letter, any inquiry or the making of any proposal or offer by any Person, or group of Persons "acting jointly or in concert" (within the meaning of Multilateral Instrument 62-104 – *Takeover Bids and Issuer Bids*), other than Cenovus or any Person acting jointly or in concert with Cenovus, whether or not such proposal or offer is subject to due diligence or other conditions and whether such proposal or offer is made orally or in writing, which constitutes, or may reasonably be expected to lead to (in either case, whether in one transaction or a series of transactions):

- (i) any direct or indirect sale, issuance or acquisition of securities of Gear that, when taken together with any securities of Gear held by the proposed acquiror, and any Person acting jointly or in concert with such acquiror, and assuming the conversion of any convertible securities held by the proposed acquiror and any Person acting jointly or in concert with such acquiror, would constitute beneficial ownership of 20% or more of the outstanding voting securities of Gear or rights or interests therein;
- (ii) any direct or indirect acquisition or purchase (or any lease, long-term supply agreement or other arrangement having the same economic effect as an acquisition or purchase) of any of the assets of Gear representing 20% or more of the Assets on a consolidated basis, or assets of Gear contributing 20% or more of the annual revenue of Gear;
- (iii) an amalgamation, arrangement, merger, business combination, consolidation or similar transaction involving Gear or Newco;
- (iv) any direct or indirect take-over bid, issuer bid, exchange offer, recapitalization, liquidation, dissolution or similar transaction that, if consummated, could result in a Person, or any Persons acting jointly or in concert with such Person, owning or exercising control or direction over 20% or more of any class of voting or equity securities or any other equity interests (including securities convertible into or exercisable or exchangeable for equity securities of Gear); or
- (v) any other transaction, the consummation of which could reasonably be expected to impede, interfere with or delay the Arrangement, or prevent the completion of the Arrangement, or which could reasonably be expected to reduce the benefits to Cenovus of the Arrangement;

except that for the purpose of the definition of "**Superior Proposal**", the references in this definition of "**Acquisition Proposal**" to "20% or more of the outstanding voting securities" shall be deemed to be references to "100% or more of the outstanding voting securities" and the references to "20% or more of the Assets on a consolidated basis, or assets of Gear contributing 20% or more of the annual revenue of Gear" shall be deemed to be references to "100% or more of the Assets on a consolidated basis, or assets of Gear contributing 100% or more of the annual revenue of Gear";

"**Adjustment Amount**" has the meaning ascribed thereto in the Arrangement Agreement;

"**affiliate**" means any Person that is affiliated with another Person in accordance with meaning of the Securities Act;

"**Agreement Date**" means December 1, 2024;

"**Applicable Canadian Securities Laws**", in any context that refers to one or more Persons, means, collectively, and as the context may require, the securities laws or similar statutes of each of the provinces and territories of Canada, and the respective rules and regulations under such laws, together with applicable national, multilateral and local policy statements, instruments, notices, blanket orders, rulings and policies published and/or promulgated thereunder, as such may be amended from time to time prior to the Effective Date, and all rules, by-laws and regulations of the TSX, that apply to such Person or Persons or to the business, undertaking, property or securities of such Person or Persons;

"**Applicable Laws**" means, in any context that refers to one or more Persons, the Laws that apply to such Person or Persons or to the business, undertaking, property or securities of such Person or Persons, and includes any proposed amendments to such Laws publicly announced by a Governmental Authority on or prior to the Effective Date;

"**Arrangement**" means the arrangement, pursuant to Section 193 of the ABCA, on the terms set out in the Plan of Arrangement, as supplemented, modified or amended in accordance with the Plan of Arrangement or made at the direction of the Court in the Final Order;

"**Arrangement Agreement**" means the arrangement agreement among Cenovus, Gear and Newco dated December 1, 2024;

"**Arrangement Resolution**" means the special resolution in respect of the Arrangement to be considered by the Gear Shareholders at the Gear Meeting;

"**Articles of Arrangement**" means the articles of arrangement in respect of the Arrangement required under Subsection 193(4.1) of the ABCA to be filed with the Registrar after the Final Order has been granted, to give effect to the Arrangement;

"**Asset Conveyance Agreement**" means the asset conveyance agreement to be entered into among Cenovus, Gear and Newco to be dated as of the Effective Date in the form attached as Schedule "C" to the Arrangement Agreement, which is attached as Appendix C to this Information Circular;

"**Asset Conveyance**" means the conveyance by Gear of the Newco Assets to Newco in exchange for consideration of the issue of the Newco Shares (in such number as determined in accordance with the Asset Conveyance Agreement and the Plan of Arrangement) to Gear and the assumption of the Assumed Liabilities by Newco, all as set forth in the Asset Conveyance Agreement;

"**Assets**" means, collectively, the Excluded Assets and the Newco Assets;

"**Assumed Contracts**" has the meaning ascribed thereto in the Asset Conveyance Agreement;

"**Assumed Liabilities**" has the meaning ascribed thereto in the Asset Conveyance Agreement;

"**ATB Engagement Letter**" means the financial advisory engagement letter between Gear and ATB Securities dated November 6, 2024;

"**ATB Financial**" means ATB Financial;

"**ATB Securities**" means ATB Securities Inc.;

"**Books and Records**" means all current and historical books, records and data of Gear and its predecessors in hard copies, electronic or other format and including, without limitation, all accounting books and records, financial statements, records, reports, minute books, corporate books and records, Tax records (including, without limitation, the general ledger, trial balance and working papers for the 2016 to 2024 tax years), Tax Returns and Tax filings and assessments, and all other documents, files, data, information and correspondence relating to the business, financial position and Taxes of Gear and its predecessors;

"**Business Day**" means a day, other than a Saturday, Sunday or statutory holiday, when banks are generally open in the City of Calgary, in the Province of Alberta, for the transaction of commercial business;

"**Calgary Office Lease**" has the meaning ascribed thereto in the Arrangement Agreement;

"**Cash Consideration**" means the aggregate amount of \$110,000,000;

"**Cash Consideration Elected Amount**" means, in respect of any Gear Shareholder, an amount of cash, rounded to the nearest whole cent, equal to the product of: (i) such Gear Shareholder's Cash Consideration Shares; and (ii) the Cash Consideration per Share, provided that, in respect of any Gear Shareholder that has not deposited, on or before the Election Deadline, a duly completed Letter of Transmittal and Election Form in accordance with the requirements and instructions set out therein, such Gear Shareholder shall be deemed to have elected to receive the Cash Consideration per Share in respect of one-half (1/2) of such Gear Shareholder's Gear Shares (rounded down to the nearest whole Gear Share), subject to rounding and proration based on the Cash Maximum and Newco Share Maximum;

"**Cash Consideration per Share**" means \$0.607;

"**Cash Consideration Shares**" means, in respect of any Gear Shareholder, the number of Gear Shares in respect of which such Gear Shareholder has elected to receive the Cash Consideration per Share in such Gear Shareholder's Letter of Transmittal and Election Form;

"**Cash Maximum**" shall mean \$80,000,000 less the Dissenting Shareholder Amount;

"**Cenovus**" has the meaning ascribed thereto in the recitals;

"**Cenovus Contribution Amount**" has the meaning ascribed thereto in the Plan of Arrangement;

"**Cenovus Damages Event**" has the meaning ascribed thereto in the Arrangement Agreement;

"**Cenovus Note**" means a non-interest-bearing demand promissory note issued by Cenovus;

"**Cenovus Termination Fee**" has the meaning ascribed thereto in the Arrangement Agreement;

"**Certificate of Arrangement**" means the certificate or other proof of filing to be issued by the Registrar pursuant to Subsection 193(11) of the ABCA giving effect to the Arrangement;

"**Claims**" means any cause of action, action, account, lien of any kind whatsoever, claims, demands, lawsuits, audits, assessments, reassessments, unsatisfied judgments, penalties or awards, arbitrations or proceedings including any proceeding or investigation by a Governmental Authority or agency thereof arising from the matter;

"**Commissioner**" means the Commissioner of Competition appointed pursuant to Subsection 7(1) of the Competition Act or any other Person duly authorized to perform duties on behalf of the Commissioner;

"**Competition Act**" means the *Competition Act* (Canada), R.S.C. 1985, c. C-34;

"**Competition Act Approval**" means any of:

- (i) the Commissioner has issued an advance ruling certificate pursuant to section 102 of the Competition Act in respect of the transactions contemplated by the Arrangement Agreement;
- (ii) the Commissioner has advised the Parties that he does not intend to apply to the Competition Tribunal for an order under section 92 of the Competition Act in respect of the transactions contemplated by the Arrangement Agreement and has waived the requirement to notify under Part IX pursuant to paragraph 113(c) of the Competition Act; or
- (iii) notification of the transactions contemplated by the Arrangement Agreement pursuant to section 114 of the Competition Act has been given by both Parties and the applicable waiting period under subsection 123(1) of the Competition Act shall have expired or shall have been terminated under subsection 123(2) of the Competition Act;

"**Contract**" means any written or oral agreement, commitment, engagement, contract, franchise, licence, lease, obligation, undertaking or joint venture to which Gear is a party or by which it is bound or affected or to which any of the Assets are subject;

"**Conveyance**" means the conveyance of the Newco Assets to Newco on the terms and conditions contained in the Asset Conveyance Agreement;

"**Court**" means the Court of King's Bench of Alberta;

"**Depository**" means Odyssey Trust Company, or such Person as Gear may appoint to act as depository for the Gear Shares in relation to the Arrangement, with approval of Cenovus, acting reasonably;

"**Dissent Rights**" means the rights of dissent of the Arrangement described in the Plan of Arrangement;

"**Dissenting Shareholder**" means a registered Gear Shareholder who has duly and validly exercised its Dissent Rights with respect to the Arrangement Resolution pursuant to the Plan of Arrangement and the Interim Order and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights;

"**Dissenting Shareholder Amount**" means an amount equal to the product of: (i) the number of Gear Shares, if any, in respect of which Dissent Rights are validly exercised and which exercise remains valid immediately prior to the Effective Time; and (ii) \$0.607;

"**Dissenting Shares**" means the Gear Shares held by Dissenting Shareholders;

"**Economic Effective Date**" means January 1, 2025;

"**Effective Date**" means the date the Arrangement becomes effective under the ABCA, as contemplated the Arrangement Agreement;

"**Effective Time**" means the time on the Effective Date when the Arrangement becomes effective pursuant to the Plan of Arrangement;

"**Election Deadline**" means 4:30 p.m. (Calgary time) on the second (2nd) Business Day immediately prior to the date of the Gear Meeting or, if the Gear Meeting is adjourned, the adjourned meeting;

"**Employment Agreements**" means the executive employment agreements between Gear and each of the executive officers of Gear;

"Encumbrance" means, in the case of property or an asset, all mortgages, pledges, charges, liens, debentures, hypothecs, trust deeds, outstanding demands, burdens, capital leases, assignments by way of security, security interests, conditional sales contracts or other title retention agreements or similar interests or instruments charging, or creating a security interest in, or against title to, such property or assets, or any part thereof or interest therein, and any agreements, leases, options, easements, rights of way, restrictions, executions or other charges or encumbrances (including notices or other registrations in respect of any of the foregoing) (whether by Applicable Laws, contract or otherwise) against title to any of the property or asset, or any part thereof or interest therein or capable of becoming any of the foregoing;

"Environment" means the air, all layers of the atmosphere, surface water, underground water, any land or underground space, all living organisms and the interacting natural systems that include components of air, land, water, organic and inorganic matters and living organisms;

"Environmental Laws" means, with respect to any Person or its business, activities, property, assets or undertaking, all federal, provincial, territorial, state, municipal, local or foreign Laws of any Governmental Authority relating to the Environment or health and safety matters of the jurisdictions applicable to such Person or its business, activities, property, assets or undertaking, including, without limitation, legislation governing the use and storage of Hazardous Substances;

"Escrow Agent" means Burnet, Duckworth & Palmer LLP, or any replacement escrow agent as may be appointed under the Escrow Agreement;

"Escrow Agreement" means the escrow agreement to be entered into among Cenovus, Gear and Newco and the Escrow Agent on the Effective Date in the form attached as Schedule "D" to the Arrangement Agreement, which is attached as Appendix C to this Information Circular;

"Excluded Assets" has the meaning ascribed thereto in the Asset Conveyance Agreement;

"Excluded Liabilities" has the meaning ascribed thereto in the Asset Conveyance Agreement;

"Fairness Opinion" means the fairness opinion of the ATB Securities to the effect that, subject to the assumptions, limitations and qualifications and other matters stated in such opinion, as of December 1, 2024, the consideration to be received by the Gear Shareholders under the Arrangement is fair, from a financial point of view, to the Gear Shareholders;

"Final Order" means the order of the Court approving the Arrangement pursuant to Subsection 193(4) of the ABCA, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

"GAAP" means accounting principles generally accepted in Canada applicable to public companies at the relevant time and which incorporates IFRS Accounting Standards as adopted by the Canadian Accounting Standards Boards;

"Gear" or the **"Corporation"** means Gear Energy Ltd.;

"Gear AIF" means the annual information form of Gear for the year ended December 31, 2023 dated March 22, 2024;

"Gear Annual MD&A" means the management's discussion and analysis of Gear as at and for the years ended December 31, 2023 and 2022 dated February 21, 2024;

"Gear Board" means the board of directors of Gear;

"Gear Confidentiality Agreement" means the confidentiality agreement among Gear, by its agent Peters, and Cenovus dated August 9, 2024;

"Gear Credit Facility" means the \$50,000,000 credit facilities that Gear has established with a syndicate of lenders led by ATB Financial;

"Gear Disclosure Letter" means the disclosure letter dated the Agreement Date from Gear to Cenovus;

"Gear Employee Obligations" means the obligations of Gear to pay any amount to its officers, directors, employees or consultants pursuant to all employment, consulting services and change of control agreements, wages, overtime, vacation, holidays or holiday pay, termination, severance and retention plans or policies for severance, termination or bonus payments and any payments or compensation pursuant to any other incentive plans, Gear Employee Plans, resolutions of the Gear Board or otherwise in accordance with Applicable Laws;

"Gear Employee Plans" means all health, medical, dental, welfare, post-retirement benefits (medical, dental, vision care, drug or other), supplemental unemployment benefit, bonus, expense reimbursement, allowances, banked time off, flex days, paid days off, rights to company vehicles, profit sharing, option, insurance, incentive, incentive compensation, deferred compensation, share purchase, share based compensation, equity based compensation (whether payable in cash, securities or otherwise), disability, pension, retirement or supplemental retirement plan whether oral or written, formal or informal, funded or unfunded and each other material employee or director compensation or benefit plan, agreement or arrangement for the benefit of Gear Employees, independent contractors of Gear or current or former directors of Gear;

"Gear Employees" means all employees of Gear and any Gear Subsidiary, and each a **"Gear Employee"**;

"Gear Financial Statements" means, collectively, the audited annual financial statements of Gear as at and for the years ended December 31, 2023 and 2022, together with the notes thereto and the auditor's report thereon, and the unaudited interim financial statements of Gear as at and for three and nine month periods ended September 30, 2024, together with the notes thereto;

"Gear Group" means, collectively, Gear and the Gear Subsidiaries;

"Gear Interim MD&A" means the management's discussion and analysis of Gear for the three and nine months ended September 30, 2024 and 2023;

"Gear Meeting" means the special meeting of the Gear Shareholders to be held to consider and vote on the Arrangement Resolution and such other matters outlined in the Notice of Meeting in respect thereof, and any adjournments or postponements thereof;

"Gear New Common Shares" means the new common shares of Gear designated as "Class A Common Shares", which shares shall have the rights, privileges, restrictions and conditions attaching thereto as set forth in Schedule 1 to the Plan of Arrangement;

"Gear Option Plan" means the amended share option plan of Gear in effect as of the date of the Arrangement Agreement providing for the grant of Gear Options to directors, officers, employees and consultants of Gear;

"Gear Options" means the outstanding share options of Gear granted under the Gear Option Plan, whether or not vested, entitling the holders thereof to acquire Gear Shares;

"Gear Reserves Report" means the independent engineering evaluation of Gear's oil and natural gas reserves prepared by Sproule effective December 31, 2023 and dated February 8, 2024;

"Gear Shareholders" means the holders from time to time of Gear Shares;

"Gear Shares" means the common shares of Gear, as constituted on the Agreement Date;

"Gear Subsidiaries" means, collectively, Newco and Steppe Petroleum (USA) Inc.;

"Gear Transaction Costs" means, collectively, all costs and expenses incurred by Gear or Newco in connection with the transactions contemplated by the Arrangement Agreement, including all amounts paid or payable by Gear pursuant to Section 3.6(c) of the Arrangement Agreement, "run-off" directors' and officers' liability insurance costs, legal,

accounting, audit, engineering, financial advisory and printing costs, fees to obtain required regulatory approvals and consents and all other administrative or professional fees, costs and expenses of third parties incurred by Gear or Newco;

"Governmental Authority" means any: (i) domestic or foreign federal, territorial, provincial, state or local governmental, regulatory or administrative authority, department, court, agency, commission, board or tribunal or official; (ii) any subdivision, agency, agent or authority of any of the foregoing; or (iii) any quasi-governmental or private body, including any tribunal, commission, regulatory agency or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;

"Hazardous Substances" means any waste or other substance that is prohibited, listed, defined, designated or classified as dangerous, hazardous, radioactive, explosive or toxic or a pollutant or a contaminant under or pursuant to any applicable Environmental Laws, and specifically including petroleum and all derivatives thereof and synthetic substitutes therefor;

"Information Circular" means the Notice of Meeting and this management information circular, including all schedules, appendices and exhibits hereto;

"Interim Order" means the interim order of the Court dated December 18, 2024 concerning the Arrangement under Subsection 193(4) of the ABCA, containing declarations and directions with respect to the Arrangement, the holding of the Gear Meeting and the provision of notice to affected Persons, as such order may be affirmed, amended or modified by any court of competent jurisdiction, a copy of which is attached as Appendix B to this Information Circular;

"Laws" means any domestic or foreign, federal, state, provincial or local law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or other similar requirement enacted, adopted, promulgated or applied by a Governmental Authority, and any terms and conditions of any grant of approval, permission, authority or licence of any Governmental Authority;

"Letter of Transmittal and Election Form" means the letter of transmittal and election form enclosed with this Information Circular and sent to Gear Shareholders of record, pursuant to which registered Gear Shareholders are required to specify the amount of Cash Consideration per Share and the amount of Newco Share Consideration per Share, respective, that such Gear Shareholder has elected to receive pursuant to the Arrangement;

"Letters of Credit" has the meaning ascribed thereto in the Arrangement Agreement;

"Liabilities" means any and all liabilities and obligations, whether under common law, in equity, under Applicable Laws or otherwise, whether tortious, contractual, vicarious, statutory or otherwise, whether absolute or contingent, and whether based on fault, strict liability or otherwise;

"Lloyd Office Lease" has the meaning ascribed thereto in the Arrangement Agreement;

"Material Adverse Change" or **"Material Adverse Effect"** means any fact or state of facts, circumstance, change, effect, occurrence or event that, individually or in the aggregate, is or would reasonably be expected to be, material and adverse to the Excluded Assets or Excluded Liabilities of Gear, other than any fact or state of facts, circumstance, change, effect, occurrence or event relating to or resulting from:

- (i) any changes in general economic, financial, currency exchange, securities, credit or commodity prices in Canada or elsewhere;
- (ii) conditions affecting the oil and natural gas exploration, exploitation, development and production industry as a whole in the jurisdictions in which Gear operates its business;
- (iii) any decline in crude oil, natural gas or related hydrocarbon prices on a current or forward basis;

- (iv) any changes in Laws (including the Tax Act) or royalties;
- (v) any matter which has been disclosed in a filing made by Gear since January 1, 2023 and prior to the Agreement Date with any securities commission or similar regulatory authority in compliance, or intended compliance, with Applicable Canadian Securities Laws, which is available for public viewing on the SEDAR+ website at www.sedarplus.ca under Gear's profile;
- (vi) any changes in GAAP;
- (vii) the announcement of the execution of the Arrangement Agreement or the transactions contemplated thereby;
- (viii) the failure of the business conducted with the Excluded Assets to meet any internal or published projections, forecasts or estimates of revenues, earnings, cash flow or production of Petroleum Substances or natural gas (it being understood that the causes underlying such failure may be taken into account in determining whether a Material Adverse Effect has occurred);
- (ix) any changes in the trading price or trading volumes of the securities of Gear (it being understood that the causes underlying such change in trading price or trading volume may be taken into account in determining whether a Material Adverse Effect has occurred); or
- (x) any changes or effects arising from matters permitted or contemplated by the Arrangement Agreement or the Arrangement or consented to or approved in writing by Cenovus;
- (xi) provided, however, that the change or effect referred to in (i), (ii), (iii), (iv) or (vi) above does not primarily relate only to (or have the effect of primarily relating only to) the Excluded Assets or Excluded Liabilities or disproportionately affect the Excluded Assets or Excluded Liabilities, as the case may be, compared to other entities with similar assets or Liabilities operating in the oil and gas industry, in which case, the relevant exclusion from this definition of Material Adverse Change referred to in (i), (ii), (iii), (iv) or (vi) above will not be applicable;

"misrepresentation" has the meaning ascribed thereto in the Securities Act;

"MI 61-101" means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*;

"Newco" means Lotus Creek Exploration Inc. (formerly, 2640847 Alberta Ltd.);

"Newco Assets" means, collectively, the assets to be transferred from Gear to Newco pursuant to the Asset Conveyance Agreement;

"Newco Asset Value" means \$60,000,000;

"Newco Board" means the board of directors of Newco;

"Newco Options" mean the options granted pursuant to the Newco Share Option Plan;

"Newco Right" means a right to purchase one Newco Share, upon the terms and subject to the conditions set forth in the Newco Rights Plan;

"Newco Rights Plan" means the shareholder protection rights plan agreement between Newco and Odyssey Trust Company to be confirmed by Newco;

"Newco Rights Plan Resolution" means the ordinary resolution to approve the Newco Rights Plan, as more fully set out in this Information Circular under the heading "*Other Matters of Special Business Relating to Newco – Newco Rights Plan*";

"**Newco Share Consideration per Share**" means 0.3035 of a Newco Share;

"**Newco Share Consideration Shares**" means, in respect of any Gear Shareholder, the number of Gear Shares in respect of which such Gear Shareholder has elected to receive the Newco Share Consideration per Share in such Gear Shareholder's Letter of Transmittal and Election Form;

"**Newco Share Maximum**" means 40,000,000 Newco Shares;

"**Newco Share Option Plan**" means the share option plan to be adopted by Newco;

"**Newco Share Option Plan Resolution**" means the ordinary resolution to approve the Newco Share Option Plan, as more fully set out in this Information Circular under the heading "*Other Matters of Special Business Relating to Newco – Newco Share Option Plan*".

"**Newco Share Value**" means an amount equal to the Newco Value divided by the Newco Share Maximum;

"**Newco Shareholder**" means a holder of Newco Shares;

"**Newco Shares**" means the common shares of Newco as constituted on the Agreement Date;

"**Newco Value**" means the sum of the Newco Asset Value and the Cenovus Contribution Amount;

"**NI 51-101**" means National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities*;

"**NI 51-102**" means National Instrument 51-102 – *Continuous Disclosure Obligations*;

"**Option Surrender Agreement**" means the agreements to be entered into by Gear and each of the holders of Gear Options in a form satisfactory to Cenovus, acting reasonably, pursuant to which each such holder has agreed or shall agree to surrender such Gear Options in accordance with the provisions of Section 2.6 of the Arrangement Agreement and the Plan of Arrangement;

"**Outside Date**" means February 28, 2025 or such later day as may be agreed to by the Parties, acting reasonably;

"**Parties**" means Cenovus, Gear and Newco and "**Party**" means any of them;

"**Permitted Encumbrances**" means:

- (i) liens for taxes, assessments and governmental charges that are not due and payable or delinquent;
- (ii) liens incurred or created in the ordinary course of business as security in favour of a Person that is conducting the development or operation of the property to which such liens relate and that are not due and payable or delinquent;
- (iii) mechanics', builders', materialmen's or other similar liens in respect of services rendered or goods supplied for which payment is not yet due and payable or delinquent;
- (iv) easements, rights of way, servitudes and other similar rights in land, (including rights of way and servitudes for highways and other roads, railways, sewers, drains, gas and oil pipelines, gas and water mains, electric light, power, telephone, telegraph and cable television conduits, poles, wires and cables);
- (v) the right reserved to or vested in any municipality or Governmental Authority by the terms of any lease, licence, franchise, grant or permit or by any provision of Applicable Law, to terminate any such lease, licence, franchise, grant or permit or to require annual or other periodic payments as a condition of the continuance thereof;

- (vi) rights of general application reserved to or vested in any Governmental Authority to levy Taxes on Petroleum Substances or any of them or the income therefrom, or to control, limit or regulate production rates or the operation or use of any property;
- (vii) statutory exceptions to title and the reservations, limitations, provisos and conditions in any original grants from the Crown of any mines and minerals within, upon or under any lands;
- (viii) the terms and conditions of Title and Operating Documents governing the Excluded Assets or the Newco Assets, as applicable, provided that any Encumbrance created under or pursuant to any such Title and Operating Document will be a Permitted Encumbrance only if it also satisfies another proviso of this definition;
- (ix) contracts for the purchase, sale, handling, processing, transportation or storage of Petroleum Substances or for the contract operation of any of the Excluded Assets that are terminable without penalty on 31 days' or less notice;
- (x) all Encumbrances, obligations, duties, terms and conditions identified or set forth in a Schedule to the Asset Conveyance Agreement;
- (xi) any Encumbrances under a Party's existing credit facilities; and
- (xii) any Encumbrance listed in the Gear Disclosure Letter;

"Person" includes any individual, firm, partnership, joint venture, venture capital fund, association, trust, trustee, executor, administrator, legal personal representative, estate group, body corporate, corporation, unincorporated association or organization, Governmental Authority, syndicate or other entity, whether or not having legal status;

"Peters" means Peters and Co. Limited;

"Peters Engagement Letter" means the engagement agreement between Gear and Peters dated August 16, 2023 and amended on August 8, 2024;

"Petroleum Substances" has the meaning ascribed thereto in the Asset Conveyance Agreement;

"Plan of Arrangement" means the plan of arrangement attached as Schedule "A" to the Arrangement Agreement, which is attached as Appendix C to this Information Circular, as amended or supplemented from time to time in accordance with the terms thereof;

"Registrar" means the Registrar of Corporations for the Province of Alberta duly appointed under Section 263 of the ABCA;

"Regulatory Approvals" means, any consent, waiver, permit, exemption, review, order, decision or approval of, or any registration and filing with, any Governmental Authority, or the expiry, waiver or termination of any waiting period imposed by Law or a Governmental Authority, in each case required or advisable under Laws in connection with the Arrangement, including the Competition Act Approval, but excluding the Interim Order and the Final Order;

"Representatives" means any of the officers, directors, employees, advisors, representatives, agents and affiliates of Gear or the officers, directors, employees, advisors, representatives and agents of Gear's affiliates;

"SEC" means the United States Securities and Exchange Commission;

"Securities Act" means the Securities Act, R.S.A. 2000, c. S-4, as amended;

"Specific Conveyances" has the meaning ascribed thereto in the Asset Conveyance Agreement;

"**Sproule**" means Sproule Associates Limited independent oil and natural gas reservoir engineers of Calgary, Alberta;

"**subsidiary**" has the meaning ascribed thereto in the Securities Act;

"**Superior Proposal**" means an unsolicited written *bona fide* Acquisition Proposal which did not result from a breach of Section 3.5 of the Arrangement Agreement and the Gear Board determines in good faith: (A) that funds or other consideration necessary for the consummation of such Acquisition Proposal are available; (B) that the Acquisition Proposal is not subject to any due diligence or access condition other than to permit access to the books, records or senior officers of the Gear Group which is not more extensive than that which would customarily be provided for confirmatory due diligence purposes and which access shall not extend beyond the fifth calendar day after which such access is first afforded to the Person making such Acquisition Proposal; (C) that the Gear Board and any relevant committee thereof has determined in good faith (after receipt of advice from its financial advisor and outside legal counsel as reflected in the minutes of the Gear Board) is reasonably capable of completion with undue delay within the timelines and on the terms and conditions proposed, taking into account all legal, financial, regulatory and other aspects of such Acquisition Proposal and the Person or group of Persons making such Acquisition Proposal, taking into account all legal, financial, regulatory and other aspects of such Acquisition Proposal and the Person making such Acquisition Proposal; (D) that the Acquisition Proposal would if consummated in accordance with its terms (but not assuming away any risks of non-completion), result in a transaction financially superior for the Gear Shareholders than the transaction contemplated by the Arrangement Agreement (including taking into account any modifications to the Arrangement Agreement proposed by Cenovus as contemplated by Subsection 3.5(d) of the Arrangement Agreement); and (E) after receiving the advice of its outside legal counsel and financial advisors, as reflected in minutes of the Gear Board, that the taking of such action is necessary for the Gear Board in the discharge of its fiduciary duties under Applicable Laws;

"**Support Agreements**" means the support agreements, substantially in the form attached as Schedule "B" to the Arrangement Agreement, which is attached as Appendix C to this Information Circular, entered into between Cenovus and each of the directors and officers of Gear;

"**Tax**" or "**Taxes**" shall mean any and all taxes, duties, fees, excises, premiums, assessments, imposts, levies and other charges or assessments of any kind whatsoever however denominated, including any interest, penalties or other additions that may become payable in respect thereof, imposed by any Taxing Authority, whether computed on a separate, consolidated, unitary, combined or other basis, which taxes shall include, without limiting the generality of the foregoing, all income or profits taxes (including, but not limited to, federal income taxes and provincial income taxes), payroll and employee withholding taxes, employment insurance premiums, unemployment insurance, social insurance taxes, Canada Pension Plan contributions, sales and use taxes, value added taxes, ad valorem taxes, excise taxes, franchise taxes, gross receipts taxes, capital taxes, production taxes, recapture, withholding taxes, employee health taxes, surtaxes, customs, import and export taxes, business license taxes, occupation taxes, real and personal property taxes, stamp taxes, environmental taxes, transfer taxes, workers' compensation and other governmental charges, and other obligations of the same or of a similar nature to any of the foregoing, which the applicable Person is required to pay, withhold, remit or collect;

"**Tax Act**" means the *Income Tax Act* (Canada) R.S.C. 1985, c. 1 (5th Supp.);

"**Taxing Authority**" means any Governmental Authority responsible for the imposition of any Tax (domestic or foreign);

"**Tax Returns**" means any report, return, statement, claim for refund, election, declaration or other information (including withholding tax returns and reports and information returns and reports) with respect to any Tax required to be filed or actually filed with a Taxing Authority, including any schedule or attachment thereto, and including any amendment thereof, and where relevant, any statement required by a Taxing Authority be provided to a third party with respect to Taxes;

"**Title and Operating Documents**" has the meaning ascribed thereto in the Asset Conveyance Agreement;

"**TSX**" means the Toronto Stock Exchange;

"**TSXV**" means the TSX Venture Exchange; and

"**U.S. Securities Act**" means the *United States Securities Act of 1933*, as amended.

Certain terms and abbreviations used in this Information Circular but not defined or described are defined in NI 51-101 or the Canadian Oil and Gas Evaluation Handbook ("**COGE Handbook**") and, unless the context otherwise requires, have the same meanings herein as in NI 51-101 or the COGE Handbook, as applicable.

CONVENTIONS

Unless otherwise indicated, references herein to "\$" or "dollars" are to Canadian dollars. All financial information herein has been presented in Canadian dollars in accordance with GAAP.

ABBREVIATIONS

Crude Oil and Natural Gas Liquids

bbl one barrel
Bbl barrels

bbl/d barrels per day
Mbbbl thousand barrels
BOE barrels of oil equivalent of natural gas on the basis of 1 BOE for 6 Mcf of natural gas (unless otherwise indicated)

MBOE one thousand barrels of oil equivalent

MMBOE one million barrels of oil equivalent

BOE/d barrels of oil equivalent per day

NGL natural gas liquids

Stb standard stock tank barrel

Natural Gas

Mcf one thousand cubic feet
Mcfce one thousand cubic feet of natural gas equivalent on the basis of 6 Mcfe for 1 bbl of oil (unless otherwise indicated)

MMcf one million cubic feet

Bcf one billion cubic feet

Mcf/d one thousand cubic feet per day

MMcf/d one million cubic feet per day

GJ gigajoule

GJs/d gigajoules per day

Btu British thermal unit

MMbtu million British thermal units

BOEs or Mcfe may be misleading, particularly if used in isolation. A BOE or Mcfe 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. This conversion factor is an industry accepted norm and is not based on either energy content or current prices. 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 Mcf:1 bbl, utilizing a conversion on a 6 Mcf:1 bbl basis may be misleading as an indication of value.

Other

AECO Rockpoint Gas Storage Canada Ltd.'s natural gas storage facility located at Suffield, Alberta

API American Petroleum Institute

°API an indication of the specific gravity of crude oil measured on the API gravity scale

m³ cubic metres

\$000's thousands of dollars

WCS Western Canadian Select, the standard reference for heavy blended crude, price paid at Hardisty, Alberta

WTI West Texas Intermediate, the reference price paid in U.S. dollars at Cushing, Oklahoma for crude oil of standard grade

CONVERSIONS

The following table sets forth certain standard conversions between Standard Imperial Units and the International System of Units (or metric units).

To Convert From	To	Multiply By
Mcf	thousand cubic metres (" 10³m³ ")	0.0282
thousand cubic metres	Mcf	35.494
bbl	cubic metres (" m³ ")	0.159
cubic metres	bbl	6.290
feet	metres	0.305
metres	feet	3.281
miles	kilometres	1.609
kilometres	miles	0.621
acres	hectares	0.405
hectares	acres	2.471

SUMMARY INFORMATION

The following is a summary of certain information contained elsewhere in this Information Circular, including the Appendices hereto, and is qualified in its entirety by reference to the more detailed information contained or referred to elsewhere in this Information Circular or in the Appendices hereto. Terms with initial capital letters used in this summary are defined in the "*Glossary of Terms*".

The Gear Meeting

The Gear Meeting will be held at 2400, 525-8th Avenue S.W., Calgary, Alberta, on February 3, 2025 at 10:00 a.m. (Calgary time) for the purposes set forth in the accompanying Notice of Special Meeting of Shareholders of Gear Energy Ltd. The business of the Gear Meeting will be: (i) to consider and approve the Arrangement Resolution; (ii) to consider and approve the Newco Share Option Plan Resolution; (iii) to consider and approve the Newco Rights Plan Resolution; and (iv) to transact such further and other business as may properly be brought before the Gear Meeting or any adjournment or postponement thereof. See "*The Arrangement*", "*Other Matters of Special Business Relating to Newco*" and "*Information Concerning the Gear Meeting*".

The Gear Board has set the close of business on December 30, 2024 (the "**Record Date**") as the record date for determining Gear Shareholders who are entitled to receive notice of the Gear Meeting. Each Gear Share entitled to be voted at the Gear Meeting will entitle the holder to one vote at the Gear Meeting in respect of the Arrangement Resolution, the Newco Share Option Plan Resolution, the Newco Rights Plan Resolution and any other matter to be considered at the Gear Meeting. Gear Shareholders whose names have been entered in the applicable register of Gear Shares on the close of business on the Record Date will be entitled to receive notice of and to vote at the Gear Meeting.

The Arrangement

General

On December 1, 2024, Gear entered into the Arrangement Agreement with Cenovus and Newco. A copy of the Arrangement Agreement is attached as Appendix C to this Information Circular. The Arrangement Agreement provides for the implementation of the Plan of Arrangement (a copy of which is attached as Schedule "A" to the Arrangement Agreement) pursuant to which, among other things, Cenovus will acquire Gear, including all of Gear's heavy oil assets (other than its Tucker Lake property), for the Cash Consideration of \$110,000,000 (subject to adjustments) and all of Gear's other assets, including its light oil assets in Central Alberta, Southeast Saskatchewan and Tucker Lake, will be conveyed to Newco. Pursuant to the Arrangement, Gear Shareholders (other than Dissenting Shareholders) will receive \$0.607 in total consideration per Gear Share, consisting of, at the election of Gear Shareholders: (i) \$0.607 in cash per Gear Share; (ii) ultimately 0.3035 of a Newco Share per Gear Share; or (iii) a combination thereof, subject to rounding and proration based on the Cash Maximum and Newco Share Maximum. The maximum aggregate Cash Consideration per Share distributable to Gear Shareholders pursuant to the Arrangement is \$80,000,000 and 40,000,000 Newco Shares will be transferred to Gear Shareholders in the aggregate pursuant to the Arrangement. **Failure to complete a Letter of Transmittal and Election Form prior to the Election Deadline will result in a deemed election of consideration comprised of 50% Newco Share Consideration per Share and 50% Cash Consideration per Share for such Gear Shareholder's Gear Shares, subject to rounding and proration based on the Cash Maximum and Newco Share Maximum.**

The Arrangement will be implemented by way of a court-approved plan of arrangement under the ABCA pursuant to the terms of the Arrangement Agreement. Upon completion of the Arrangement, Gear will become a privately held wholly-owned subsidiary of Cenovus and Newco will carry on its business with the Newco Assets. A portion of the remaining Cash Consideration payable by Cenovus pursuant to the Arrangement will be used to fully repay all amounts outstanding under Gear Credit Facility at the Effective Time (after payment, or the assumption by Newco, of all Gear Transaction Costs) with the remainder (which is referred to as the Cenovus Contribution Amount and estimated to be approximately \$20,000,000) to be contributed to Newco to fund its exploration and development activities (and other oil and gas activities) as well as for general corporate purposes.

Pursuant to the Arrangement, Newco, a new junior oil and gas exploration and production company to be led by substantially the existing management team of Gear, will acquire Gear's Central Alberta, Southeast Saskatchewan, and Tucker Lake properties. The key characteristics of the Newco Assets are summarized below:

- *Central Alberta:* Up to six stacked, oil charged, prospective sands at depths less than 1,500 metres. Successful offsetting and regional competitor results in the Belly River delivering 90 day light oil initial production rates between 195 to 680 barrels per day.
- *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 Tucker Lake area located in the Cold Lake oil sands region in Alberta with up to six prospective zones mapped. Recent offset development of the Mannville Waseca sand highlights the upside potential of this asset.

The Arrangement will be implemented by way of a court-approved plan of arrangement under the ABCA pursuant to the terms of the Arrangement Agreement. See "*The Arrangement – Arrangement Mechanics*".

Arrangement Agreement

The Arrangement will be effected pursuant to the Arrangement Agreement. The Arrangement Agreement contains customary covenants, representations and warranties of and from each of Gear, Newco and Cenovus and various conditions precedent, both mutual and with respect to Gear, Newco and Cenovus, respectively.

This Information Circular contains a summary of certain provisions of the Arrangement Agreement and is qualified in its entirety by the full text of the Arrangement Agreement, a copy of which is attached as Appendix C and has been filed under Gear's profile on SEDAR+ at www.sedarplus.ca.

See "*The Arrangement – The Arrangement Agreement*".

Conditions to the Arrangement

The Arrangement Agreement contains certain customary representations and warranties of each of Gear and Cenovus relating to, among other things, the respective organization, capitalization, operations, compliance with laws and regulations and other matters, including their authority to enter into the Arrangement Agreement and to consummate the Arrangement. For the complete text of applicable provisions related to the foregoing, see Sections 4.1 and 4.2 of the Arrangement Agreement, which is attached to this Information Circular as Appendix C. In addition, pursuant to the Arrangement Agreement, each of the Parties has covenanted, among other things, to use reasonable commercial efforts to complete the Arrangement including satisfaction of the conditions thereto, including in the case of Gear, to maintain its business in the usual and ordinary course and to refrain from taking certain actions outside the ordinary course, including making certain expenditures in excess of certain limits and other actions during the interim period prior to completion of the Arrangement. For the complete text of the applicable provisions related to the foregoing, see Sections 3.1 and 3.2 of the Arrangement Agreement, which is attached to this Information Circular as Appendix C.

Termination of the Arrangement Agreement

The Arrangement Agreement may be terminated prior to the Effective Time by:

1. the mutual written agreement of the Parties;
2. either Cenovus or Gear if the Gear Shareholders fail to approve the Arrangement Resolution by the requisite vote at the Gear Meeting (including any adjournment or postponement thereof) in accordance with the Interim Order;

3. by either Cenovus or Gear, if the Effective Time shall not have occurred on or prior to the Outside Date, except that the right to terminate the Arrangement Agreement shall not be available to any Party whose failure to fulfill any of its obligations has been the cause of, or resulted in, the failure of the Effective Time to occur by such date;
4. by either Party as provided in Subsection 5.4(b) of the Arrangement Agreement, provided that the failure to satisfy the particular condition precedent being relied upon as a basis for termination of the Arrangement Agreement did not occur as a result of a breach by the Party seeking to rely on the condition precedent of any of its covenants or obligations under the Arrangement Agreement;
5. by Cenovus upon the occurrence of a Cenovus Damages Event, as provided in Section 6.1 of the Arrangement Agreement; or
6. by Gear upon the occurrence of a Cenovus Damages Event, as set out in Subsection 6.1(d) of the Arrangement Agreement, and the payment by Gear to Cenovus of the Cenovus Termination Fee, provided that Gear has complied with its obligations set out in Section 3.5 of the Arrangement Agreement.

See "*The Arrangement— The Arrangement Agreement – Termination of the Arrangement Agreement*".

Termination Fees

Pursuant to the Arrangement Agreement, Gear and Cenovus have agreed that, despite any other provision in the Arrangement Agreement relating to the payment of fees and expenses, including the payment of brokerage fees, if a Cenovus Damages Event occurs, Gear shall pay Cenovus the Cenovus Termination Fee of \$3,360,000 in accordance with Section 6.1 of the Arrangement Agreement.

Gear has acknowledged and agreed that the agreements contained in Section 6.1 of the Arrangement Agreement regarding the payment of the Cenovus Termination Fee are an integral part of the transactions contemplated by the Arrangement Agreement, and that without such agreements Cenovus would not enter into the Arrangement Agreement, and that any payment of the Cenovus Termination Fee as set out in Section 6.1 of the Arrangement Agreement is in consideration for the disposition of Cenovus's rights under the Arrangement Agreement which are a genuine pre-estimate of the damages, including opportunity costs, which Cenovus will suffer or incur as a result of the Cenovus Damages Event giving rise to such damages and resultant termination of the Arrangement Agreement, and are not penalties. Gear irrevocably waived any right it may have to raise as a defence that any such amounts are excessive or punitive. See "*The Arrangement– The Arrangement Agreement – Termination Fees*".

Non-Solicitation Provisions

In the Arrangement Agreement, Gear has agreed not to, among other things, directly or indirectly, do, or authorize or permit any of its Representatives to solicit, assist, initiate or knowingly facilitate, entertain or encourage any Acquisition Proposal, or engage in any communication regarding the making of any proposal or offer that constitutes or may constitute or may reasonably be expected to lead to an Acquisition Proposal, including, without limitation, by way of furnishing information or access to properties, facilities or books or records. Nonetheless, the Gear Board is permitted to consider and accept a Superior Proposal under certain conditions. Cenovus is entitled to at least a five (5) Business Day period within which it may make adjustments in the terms and conditions of the Arrangement Agreement and the Arrangement to enable Gear to proceed with the Arrangement as amended rather than the Superior Proposal. If Gear enters into an agreement regarding a Superior Proposal, Gear will be required to pay the Cenovus Termination Fee. See "*The Arrangement – The Arrangement Agreement – Non-Solicitation by Gear*" and "*The Arrangement – The Arrangement Agreement – Cenovus Termination Fee*".

Arrangement Steps

The Arrangement involves a number of steps which will be deemed to occur sequentially. See "*The Arrangement - Arrangement Mechanics – Arrangement Steps*".

Holders of issued and outstanding Gear Shares (other than Gear Shares held by Dissenting Shareholders and Cenovus, to the extent it holds any Gear Shares) will ultimately receive at such Gear Shareholder's election, in exchange for each Gear Share held, the Cash Consideration per Share or ultimately Newco Share Consideration per Share or a combination thereof (subject to rounding and proration based on the Cash Maximum and Newco Share Maximum) pursuant to a series of transactions as set out in the Plan of Arrangement, which includes the following steps:

- (a) each Gear Share held by a Dissenting Shareholder shall be transferred to, and acquired by, Cenovus (free and clear of any liens) and:
 - (i) such Dissenting Shareholder will cease to be a holder of the Gear Shares so transferred and acquired and to have any rights as a Gear Shareholder, other than the right to be paid the fair value for such Gear Shares by Cenovus in accordance with the Plan of Arrangement;
 - (ii) the name of such Dissenting Shareholder shall be removed from the central securities register of Gear Shareholders maintained by or on behalf of Gear as it relates to the Gear Shares so transferred and acquired; and
 - (iii) Cenovus shall be deemed to have been added to the central securities register of Gear Shareholders maintained by or on behalf of Gear as it relates to the Gear Shares so transferred and acquired;
- (b) the Option Surrender Agreements shall become effective and all Gear Options outstanding immediately prior to the Effective Date shall be, and shall be deemed to be, surrendered, terminated and cancelled in accordance with the Option Surrender Agreements;
- (c) the Gear Option Plan shall be terminated and neither Gear nor Cenovus shall have any further obligations or liability with respect to the Gear Option Plan;
- (d) the Asset Conveyance Agreement shall become effective;
- (e) each issued and outstanding Gear Share (other than those Gear Shares transferred to Cenovus pursuant to the Plan of Arrangement) shall be transferred to, and acquired by, Cenovus (free and clear of any liens), and each Person whose Gear Shares are so transferred to Cenovus shall be entitled to receive:
 - (i) subject the Plan of Arrangement, for each of such Person's Cash Consideration Shares, the Cash Consideration per Share; and
 - (ii) subject the Plan of Arrangement, for such Person's Newco Share Consideration Shares, a Cenovus Note having a principal amount (rounded to the nearest cent) equal to the product of (x): such Person's Newco Share Consideration Shares; and (y) the Newco Share Value;

and

 - (iii) such Person shall cease to be holder of the Gear Shares so transferred and acquired and to have any rights as a Gear Shareholder, other than the right to be paid the Cash Consideration Elected Amount, if any, and to receive the Newco Shares as full satisfaction of the Cenovus Note, if any, to which such Person is entitled in accordance with the Plan of Arrangement;
 - (iv) the name of such Person shall be removed from the central securities register of Gear Shareholders maintained by or on behalf of Gear as it relates to the Gear Shares so transferred and acquired; and
 - (v) Cenovus shall, and shall be deemed to be, the transferee of such Gear Shares (free and clear of any liens) and shall be added to the central securities register of Gear Shareholders maintained by or on behalf of Gear as it relates to the Gear Shares so transferred and acquired;
- (f) the articles of Gear will be amended to create an unlimited number of Gear New Common Shares;

(g) all Gear Shares held by Cenovus shall be transferred to Gear (free and clear of any liens), in exchange for:

- (i) an equal number of Gear New Common Shares; and
- (ii) all of the issued and outstanding Newco Shares,

and Gear will add to the stated capital account maintained in respect of the Gear New Common Shares an amount equal to the paid-up capital of the Gear Shares immediately prior to this step less the fair market value of the Newco Shares;

- (h) Cenovus shall transfer the Cenovus Contribution Amount to Newco as a contribution to the capital of Newco and Newco shall add such amount to the stated capital account maintained in respect of the Newco Shares;
- (i) the Escrow Agreement shall become effective; and
- (j) Cenovus shall transfer to each holder of a Cenovus Note, in full and final payment, settlement, satisfaction, extinguishment, and discharge of such Cenovus Note, that number of Newco Shares (rounded to the nearest whole Newco Share) as is equal to the principal amount of such Cenovus Note divided by the Newco Share Value.

See the section entitled "*The Arrangement – Procedure for Exchange of Share Certificates by Gear Shareholders - Proration*" below, for information on proration in the event that the elections made by Gear Shareholders cause the aggregate Cash Consideration per Share and/or Newco Share Consideration per Share to exceed the Cash Consideration Maximum or the Newco Share Maximum, respectively.

Upon completion of the Arrangement, former Gear Shareholders will hold all of the issued and outstanding Newco Shares.

The Arrangement Agreement is attached to this Information Circular as Appendix C. You are encouraged to read the Arrangement Agreement as it is the agreement that governs the Arrangement. See "*The Arrangement – The Arrangement Agreement*". The Plan of Arrangement is attached as Schedule "A" to the Arrangement Agreement. You are also encouraged to read the Plan of Arrangement in its entirety.

Asset Conveyance Agreement

Completion of the Arrangement is conditional upon Gear, Cenovus and Newco entering into the Asset Conveyance Agreement. Pursuant to the Asset Conveyance Agreement, Gear will transfer the Newco Assets to Newco at the Effective Time. The Newco Assets consist of Gear's entire right, title, estate and interest (whether contingent, legal or beneficial) in Gear's Central Alberta, Southeast Saskatchewan, and Tucker Lake properties.

As consideration for the transfer of the Newco Assets, Newco will provide to Gear consideration equal to the fair market value of the Newco Assets, being approximately \$60,000,000, payable by the issuance of 39,999,999 Newco Shares and through the assumption by Newco of the Assumed Liabilities (as defined in the Asset Conveyance Agreement). The Newco Shares will be distributed to Gear Shareholders who elect (or are deemed to have elected (including as a result of pro-rationing)) to receive Newco Shares pursuant to the Arrangement.

See "*The Arrangement – Asset Conveyance Agreement*" and "*Acquisition of the Newco Assets – Asset Conveyance Agreement*" in Appendix E – *Information Concerning Newco*.

The Parties

Gear Energy Ltd.

Gear is a Calgary, Alberta based junior Canadian crude oil and natural gas exploration and production company. All of the Corporation's oil and gas properties are located in Alberta, British Columbia and Saskatchewan. The Corporation

currently has core holdings in central Alberta and west central and southeast Saskatchewan. The Corporation has a significant land position in Alberta and Saskatchewan.

The head office of Gear is located at Suite 800, 205 – 5th Avenue S.W., Calgary, Alberta T2P 2V7 and its registered office is located at Suite 2400, 525 – 8th Avenue S.W., Calgary, Alberta T2P 1G1.

The Gear Shares trade on the TSX under the symbol "GXE".

See "*Information Concerning Gear*".

Lotus Creek Exploration Inc.

Newco was recently incorporated for the purposes of participating in the Arrangement and has not carried on any active business other than in connection with the Arrangement and related matters. On December 18, 2024, articles of amendment were filed to change the name of Newco from "2640847 Alberta Ltd." to "Lotus Creek Exploration Inc." As at the date hereof, Newco does not have any subsidiaries. Pursuant to the Asset Conveyance Agreement and the Plan of Arrangement, the Newco Assets will be transferred to Newco from Gear.

The head office of Newco is located at Suite 800, 205 – 5th Avenue S.W., Calgary, Alberta T2P 2V7 and its registered office is located at Suite 2400, 525 – 8th Avenue S.W., Calgary, Alberta T2P 1G1.

Newco has applied to list the Newco Shares on the TSXV. Listing will be subject to Newco meeting and fulfilling all listing requirements of the TSXV. There is no assurance that Newco will meet the listing requirements of the TSXV, however if listing approval is ultimately obtained, trading in the Newco Shares is expected to commence shortly after the delisting of the Gear Shares from the TSX. It is a condition of the completion of the Arrangement that the TSXV shall have conditionally approved the listing of the Newco Shares. As of the date of this Information Circular, the TSXV has not conditionally approved the listing of the Newco Shares.

See Appendix E – *Information Concerning Newco* and "*Other Matters of Special Business Relating to Newco*" included in this Information Circular.

Background to the Arrangement

The Arrangement is the result of extensive and considered arm's length negotiations between representatives of Cenovus and Gear. This Information Circular contains a summary of the events leading up to the execution and public announcement of the Arrangement Agreement. See "*The Arrangement – Background to the Arrangement*".

Reasons for and Benefits of the Arrangement

In arriving at its conclusion to recommend the Arrangement to Gear Shareholders, the Gear Board considered a number of financial, operational and other factors, including the financial metrics of the proposed transaction, the long-term prospects for growth of Gear on a stand-alone basis, the long-term prospects for growth of Newco and the benefits of providing liquidity to Gear Shareholders.

The Gear Board and management of Gear believe that the Arrangement provides a number of anticipated benefits including, without limitation, the following:

1. *Transitioning Corporate Strategy:* Through an internal review of Gear's asset portfolio and strategy, the Gear Board and management team determined that a growth focused strategy underpinned by Gear's central Alberta assets provided the greatest opportunity to maximize value for the Gear Shareholders. Transitioning to a growth focused strategy will require suspension of the monthly dividend and allocation of that capital to growth focused expenditures. Gear's heavy oil assets are not growth-oriented assets and would not contribute meaningfully to a growth focused program. Monetizing the heavy oil assets and retaining a portion of the Cash Consideration will put Newco in a much stronger position to pursue a strategy providing for a meaningful corporate growth rate.

2. *Highly Attractive Alternative:* Based on its assessment of the current market environment including information received as a result of the strategic repositioning process and advice from Peters, the Gear Board and management team are of the view that the Arrangement is a highly attractive alternative for Gear Shareholders. The Arrangement provides those Gear Shareholders seeking liquidity an opportunity to elect cash consideration and those Gear Shareholders seeking exposure to a growth focused strategy to elect for consideration in Newco Shares, or a combination thereof.
3. *Cash Consideration:* The Arrangement provides immediate liquidity for Gear Shareholders who receive cash consideration for their Gear Shares. Pursuant to the Arrangement, Gear Shareholders can elect to receive \$0.6070 in cash for each Gear Share held, subject to an aggregate cash maximum of \$80 million.
4. *Newco Share Consideration:* The Arrangement provides significant upside growth opportunities for Gear Shareholders who receive Newco Share consideration for their Gear Shares. Pursuant to the Arrangement, Gear Shareholders can elect to receive ultimately 0.3035 of a Newco Share for each Gear Share held, subject to an aggregate maximum transfer of 40,000,000 Newco Shares.
5. *Fairness Opinion:* In the opinion of ATB Securities, the consideration to be received by the Gear Shareholders pursuant to the Arrangement is fair from a financial point of view. A copy of the Fairness Opinion is attached as Appendix D to this Information Circular.
6. *Ability to Respond to Superior Proposals:* Under the Arrangement Agreement, the Gear Board retains the ability to consider and respond to Superior Proposals on the specific terms and conditions set forth in the Arrangement Agreement.

See "*The Arrangement – Recommendation of the Gear Board*" and "*The Arrangement – Anticipated Benefits of the Arrangement*".

Fairness Opinion

In deciding to approve the Arrangement, the Gear Board considered, among other things, the Fairness Opinion. ATB Securities provided the Gear Board with its opinion that, subject to the assumptions, limitations and qualifications and other matters stated in such opinion, as of December 1, 2024, the consideration to be received by the Gear Shareholders under the Arrangement is fair, from a financial point of view, to the Gear Shareholders.

See "*The Arrangement – Fairness Opinion*".

The full text of the Fairness Opinion, which sets forth a description of the procedures followed, matters considered, and limitations on the review undertaken, is attached as Appendix D to this Information Circular. The Gear Board strongly recommends that the Gear Shareholders read the Fairness Opinion carefully and in its entirety for a description of the procedures followed, matters considered, and limitations on the review undertaken. The Fairness Opinion addresses only the fairness from a financial point of view of the consideration to be received under the Arrangement to the Gear Shareholders. The Fairness Opinion was provided for the information and assistance of the Gear Board for their exclusive use only in connection with their consideration of the Arrangement. The descriptions of such Fairness Opinion in this Information Circular and the full text of the Fairness Opinion attached hereto do not constitute a recommendation as to how the Gear Shareholders should vote in respect of the Arrangement Resolution.

All summaries and references to the Fairness Opinion in this Information Circular are qualified in their entirety by reference to the full text of such Fairness Opinion.

Support Agreements

All of the directors and officers of Gear have entered into Support Agreements with Cenovus pursuant to which they have agreed, among other things, to support the Arrangement and vote their Gear Shares in favour of the Arrangement Resolution and against any resolution submitted by any person that is inconsistent with the Arrangement. As of the

date of this Information Circular, the directors and officers of Gear own, or exercise control or direction over, an aggregate of 21,174,642 Gear Shares representing approximately 8% of the Gear Shares. See "*The Arrangement – Support Agreements*".

Arrangements Respecting Gear Options

All of the holders of Gear Options outstanding immediately prior to the Effective Time shall enter into the Option Surrender Agreements with Gear, whereby each holder of Gear Options shall agree to surrender such Gear Options for nominal consideration in accordance with the provisions of the Arrangement Agreement and the Plan of Arrangement.

See "*The Arrangement – Gear Options*".

Recommendation of the Gear Board

The Gear Board has unanimously determined that the Arrangement is in the best interests of Gear and the Gear Shareholders and has unanimously determined that the Arrangement is fair to the Gear Shareholders. Accordingly, the Gear Board has unanimously approved the Arrangement Agreement and the transactions contemplated thereby and unanimously recommends that Gear Shareholders vote FOR the Arrangement Resolution.

Procedure for the Arrangement to Become Effective

Procedural Steps

The Arrangement is proposed to be carried out pursuant to Section 193 of the ABCA. The following procedural steps must be taken in order for the Arrangement to become effective:

1. the Arrangement must be approved by the Gear Shareholders in the manner set forth in the Interim Order;
2. the Court must grant the Final Order approving the Arrangement;
3. all conditions precedent to the Arrangement, as set forth in the Arrangement Agreement, including conditional TSX approval of the delisting of the Gear Shares, conditional TSXV approval of the listing of the Newco Shares and Competition Act Approval, must be satisfied or waived by the appropriate Party;
4. the Final Order and Articles of Arrangement in the form prescribed by the ABCA must be filed with the Registrar; and
5. the Certificate of Arrangement giving effect to the Arrangement must be issued.

There is no assurance that the conditions set out in the Arrangement Agreement will be satisfied or waived on a timely basis.

Gear Shareholder Approval

Pursuant to the Interim Order, the Arrangement Resolution must be approved by at least 66⅔% of the votes cast by the Gear Shareholders, either in person or by proxy, at the Gear Meeting. See "*The Arrangement – Shareholder Approval of the Arrangement*" and "*The Arrangement – Canadian Securities Law Matters*".

Court Approval

On December 18, 2024, Gear obtained the Interim Order providing for the calling and holding of the Gear Meeting and other procedural matters. The Interim Order is attached as Appendix B to this Information Circular.

Implementation of the Arrangement requires the satisfaction of several conditions and the approval of the Final Order by the Court. Subject to the terms of the Arrangement Agreement, if the Arrangement Resolution is approved by the requisite majorities of Gear Shareholders, Gear will make an application to the Court for the Final Order. The application for the Final Order approving the Arrangement is expected to be made on February 4, 2025 at 11:00 a.m. (Calgary time) at the Calgary Courts Centre, 601 - 5th Street S.W., Calgary, Alberta or via videoconference, if necessary. On the application, the Court will consider the fairness of the Arrangement. The Notice of Application for the Final Order accompanies this Information Circular. See "*The Arrangement – Court of Approval of the Arrangement and Completion of the Arrangement*".

Stock Exchange Delisting

The currently outstanding Gear Shares are listed for trading on the TSX under the symbol "GXE". On November 29, 2024, the last trading day prior to announcement of Arrangement, the closing price of the Gear Shares on the TSX was \$0.54. On December 27, 2024, the last trading day prior to the date of this Information Circular, the closing price of the Gear Shares on the TSX was \$0.48.

Following the completion of the Arrangement, it is expected that the Gear Shares will be delisted from the TSX and Gear will make an application to cease to be a reporting issuer under Applicable Canadian Securities Laws as soon as reasonably practicable thereafter. If such application is successful, Gear will no longer be subject to the ongoing disclosure and other obligations currently imposed upon it under such legislation. Gear anticipates that the Gear Shares will be delisted from the TSX as soon as practicable following the Effective Date.

Upon closing of the Arrangement, a press release with further details on the timing and consequences of delisting of the Gear Shares will be issued in accordance with the policies of the TSX once such details are confirmed.

See "*The Arrangement – Stock Exchange Delisting*".

Stock Exchange Listing

There is currently no market for the Newco Shares. Newco has applied to list the Newco Shares on the TSXV which listing will be subject to Newco meeting and fulfilling all listing requirements of the TSXV. There is no assurance that Newco will meet the listing requirements of the TSXV, however if listing approval is ultimately obtained, trading in the Newco Shares is expected to commence shortly after the delisting of the Gear Shares from the TSX under the symbol "LTC". It is a condition to the completion of the Arrangement that the TSXV shall have conditionally approved the listing of the Newco Shares. As of the date hereof, the TSXV has not conditionally approved the listing of the Newco Shares. While Newco anticipates meeting the TSXV's initial listing requirements of a Tier 1 Issuer and expects to be listed as such, listing of these securities will be subject to fulfilling all the minimum listing requirements of the TSXV. There are no assurances that the TSXV will list the Newco Shares. See "*The Arrangement – Stock Exchange Listing*".

Effective Time

The Arrangement will become effective upon filing with the Registrar the Articles of Arrangement and a copy of the Final Order, together with such other materials that may be required by the Registrar.

It is anticipated that the Arrangement will become effective on or about February 5, 2025 after the required Gear Shareholder, Court and regulatory approvals, including conditional TSX and TSXV approvals and Competition Act Approval, have been obtained and are final and all other conditions to closing have been satisfied or waived. It is not possible however to state with certainty when the Effective Date will occur. The Effective Date could be delayed for a number of reasons, including an objection before the Court in the hearing of the application for the Final Order. See "*The Arrangement – Timing*".

Procedure for Receipt of Consideration

Enclosed with this Information Circular is a Letter of Transmittal and Election Form, which, when properly completed and returned together with the original certificate(s) representing Gear Shares and all other required documents, will enable each registered Gear Shareholder to receive, at the election of Gear Shareholders, the Cash Consideration per Share or ultimately the Newco Share Consideration per Share or a combination thereof that such Gear Shareholder is entitled to receive under the Arrangement (subject to rounding and proration based on the Cash Maximum and Newco Share Maximum). **Failure to complete a Letter of Transmittal and Election Form prior to the Election Deadline will result in a deemed election of consideration comprised of 50% Newco Shares Consideration per Share and 50% Cash Consideration per Share for such Gear Shareholder's Gear Shares, subject to rounding and proration based on the Cash Maximum and Newco Share Maximum.**

Additional copies of the Letter of Transmittal and Election Form are available by contacting the Depository at the numbers listed thereon. The Letter of Transmittal and Election Form is also available under Gear's SEDAR+ profile at www.sedarplus.ca.

Any original certificate formerly representing Gear Shares that is not deposited, together with all other documents required under the Plan of Arrangement, on or before the last Business Day prior to the third anniversary of the Effective Date and any right or claim to receive the consideration that remains outstanding on such day shall cease to represent a claim by or interest of any former Gear Shareholder of any kind or nature against Gear or Cenovus. On such date, all consideration and other property to which such former Gear Shareholder was entitled shall be deemed to have been surrendered and forfeited to Cenovus for no consideration.

Beneficial Shareholders must contact their intermediary to make their elections for the Cash Consideration per Share or ultimately the Newco Share Consideration per Share or a combination thereof and to deposit their Gear Shares.

Dissent Rights

Under the Interim Order, a registered Gear Shareholder who fully complies with the dissent procedures in Section 191 of the ABCA, as modified by the Interim Order and the Plan of Arrangement, is entitled, if the Arrangement becomes effective, in addition to any other rights the holder may have, to dissent and to be paid by Cenovus the fair value of the Gear Shares held by the registered Gear Shareholders in respect of which the holder dissents, determined as of the close of business on the last Business Day before the day on which the Arrangement Resolution is approved by Gear Shareholders. **A registered Gear Shareholder may dissent only with respect to all of the Gear Shares held by such holder or on behalf of any one beneficial owner and registered in the Dissenting Gear Shareholder's name. Beneficial Shareholders who wish to dissent should be aware that only the registered owner of such Gear Shares is entitled to dissent. Accordingly, a Beneficial Shareholder desiring to exercise Dissent Rights must make arrangements for the Gear Shares beneficially owned by such Beneficial Shareholder to be registered in the name of such Beneficial Shareholder prior to the time written objection to the Arrangement Resolution is required to be received by the Corporation or, alternatively, make arrangements for the registered holder of such Gear Shares to dissent on behalf of the Beneficial Shareholder.**

A registered Gear Shareholder who wishes to dissent must provide a written objection which must be received by Gear c/o its counsel Burnet, Duckworth & Palmer LLP, 2400, 525-8th Avenue SW, Calgary, Alberta, T2P 1G1, Attention: Ryan Algar, by 5:00 p.m. (Calgary time) on January 27, 2025 (or 5:00 p.m. (Calgary time) on the Business Day that is five (5) Business Days prior to the date of the Gear Meeting if it is not held on February 3, 2025) and such holder must strictly comply with Section 191 of the ABCA as modified by the Interim Order and the Plan of Arrangement. A vote against the Arrangement Resolution, whether in person or by proxy, or an abstention shall not constitute a written objection to the Arrangement Resolution. The following Persons will not be entitled to exercise Dissent Rights: (i) Gear Shareholders who vote or have instructed a proxyholder to vote such Gear Shares in favour of the Arrangement Resolution; and (ii) holders of Gear Options. A Gear Shareholder may only exercise its Dissent Rights in respect of all, and not less than all of its Gear Shares.

It is important that registered Gear Shareholders who wish to dissent comply strictly with the dissent procedures described in this Information Circular and the Interim Order, which may be different from the statutory dissent procedures of the ABCA.

Beneficial Shareholders desiring to exercise Dissent Rights must make arrangements for such Gear Shares beneficially owned to be registered in such Beneficial Shareholder's name prior to the time the written objection to the Arrangement Resolution is required to be received by Gear, or alternatively, make arrangements for the registered holder of such Gear Shares to dissent on behalf of the Beneficial Shareholders. A registered Gear Shareholder may dissent only with respect to all of the Gear Shares held by such holder or on behalf of any one Beneficial Shareholder and registered in the Gear Shareholder's name. **It is suggested that any Gear Shareholder wishing to dissent seek their own legal advice, as the failure to strictly comply with the provisions of the ABCA, as modified by the Interim Order and Plan of Arrangement, may prejudice such Gear Shareholder's right to dissent.**

Dissenting Shareholders who validly exercise their right to dissent, and who: (i) are determined to be entitled to be paid the fair value of their Gear Shares, shall be deemed to have irrevocably transferred such Gear Shares as of the Effective Time without any further act or formality and free and clear of all liens, claims and encumbrances to Cenovus in exchange for the fair value of the Gear Shares; or (ii) are, for any reason (including, for clarity, any withdrawal by any Dissenting Shareholder of their dissent) determined not to be entitled to be paid the fair value for their Gear Shares, shall be deemed to have participated in the Arrangement on the same basis as a non-dissenting Gear Shareholder and such Gear Shares will be deemed to be exchanged for the consideration contemplated under the Arrangement that would be payable to a Gear Shareholder who does make an election within the prescribed time periods, but in no event shall Gear, Cenovus or any other Person be required to recognize such Gear Shareholders as Gear Shareholders after the Effective Time, and the names of such Gear Shareholders shall be removed from the applicable register of Gear Shares.

It is a mutual condition to the Parties' obligation to complete the Arrangement that Gear Shareholders holding no more than 5.0% of the outstanding Gear Shares shall have exercised Dissent Rights in relation to the Arrangement that have not been withdrawn as at the Effective Date.

See "*Dissent Rights*" in the Information Circular.

Certain Income Tax Consequences of the Arrangement

Canada

This Information Circular contains a summary of certain Canadian federal income tax considerations generally applicable to certain Gear Shareholders who, under the Arrangement, ultimately dispose of their Gear Shares. The following comments are qualified in their entirety by that summary. See the discussion under the section entitled "*Tax Considerations to Gear Shareholders – Certain Canadian Federal Income Tax Considerations*".

Gear Shareholders Resident in Canada

The disposition of Gear Shares for the Cash Consideration per Share or ultimately the Newco Share Consideration per Share or a combination thereof under the Arrangement by a Resident Holder will generally result in a capital gain (or capital loss) to such Resident Holder equal to the amount by which the Cash Consideration per Share or ultimately the Newco Share Consideration per Share or a combination thereof received, net of any reasonable costs of disposition, exceeds (or is exceeded by) the adjusted cost base to such Resident Holder of the Gear Shares.

Gear Shareholders Not Resident in Canada

Non-Resident Holders will generally not be subject to tax in Canada in respect of the disposition of their Gear Shares for Cash Consideration per Share or ultimately the Newco Share Consideration per Share or a combination thereof unless such Gear Shares constitute "taxable Canadian property" for purposes of the Tax Act.

Tax Consequences in Other Jurisdictions

Gear Shareholders who are resident in (or citizens of) jurisdictions other than Canada should consult their tax advisors with respect to the tax consequences of the Arrangement, including any associated filing requirements and the effects of owning and disposing of Newco Shares in such jurisdictions.

Other Matters of Special Business Relating to Newco

At the Gear Meeting, Gear Shareholders will be asked to consider and, if thought advisable, to pass, with or without variation, the Newco Share Option Plan Resolution, which will authorize the Newco Board to issue Newco Options to directors, officers, employees or certain service providers of Newco. To be adopted, the Newco Share Option Plan must be approved by at least a majority of the votes cast by Gear Shareholders, either by person or by proxy, at the Gear Meeting. No options have been granted under the Newco Share Option Plan and none will be granted until after the listing of Newco on the TSXV. A copy of the Newco Share Option Plan is set out in Appendix F to this Information Circular. See "*Other Matters of Special Business Relating to Newco – Newco Share Option Plan*" in this Information Circular and "*Newco Share Option Plan*" in Appendix E – *Information Concerning Newco*.

Gear Shareholders will also be asked to consider and, if thought advisable, to pass, with or without variation, the Newco Rights Plan Resolution approving the Newco Rights Plan, which is to ensure the fair and equal treatment of all of the Newco Shareholders in connection with any unsolicited take-over or attempt to acquire control of Newco by providing the Newco Board with sufficient opportunity to identify, develop and negotiate value-enhancing alternatives. To be adopted, the Newco Rights Plan must be approved by at least a majority of the votes cast by Gear Shareholders, either by person or by proxy, at the Gear Meeting. A copy of the Newco Rights Plan has been filed on Gear's SEDAR+ profile at www.sedarplus.ca under "Other" with this Information Circular. See "*Other Matters of Special Business Relating to Newco – Newco Rights Plan*" in this Information Circular and "*Newco Rights Plan*" in Appendix E – *Information Concerning Newco*.

Risk Factors

Upon the completion of the Arrangement, Gear Shareholders (other than Dissenting Shareholders) will receive the Cash Consideration per Share or ultimately the Newco Share Consideration per Share or a combination thereof in exchange for their Gear Shares. An investment in Newco will be subject to certain risks which may differ or be in addition to the risks applicable to an investment in Gear. For risk factors relating to an investment in Newco, see "*Risk Factors*" in Appendix E – *Information Concerning Newco*. In addition, there are a number of risks related specifically to the Arrangement, including the following:

- the Arrangement may be terminated;
- the value of Newco may be less than expected;
- the amount of cash contributed to Newco pursuant to the Arrangement may be less than anticipated which may negatively impact the value of the Newco Shares and Newco's ability to fund its operations;
- Gear will incur significant costs relating to the Arrangement, regardless of whether the Arrangement is completed or not completed;
- Gear may be required to pay the Cenovus Termination Fee;
- the conditions to completion of the Arrangement, including receiving all required securityholder, regulatory and third party approvals and Court approval may not be satisfied or waived which may result in the Arrangement not being completed;
- the Arrangement Agreement could be terminated by either Party under certain circumstances including by Cenovus as a result of a Material Adverse Effect;
- Cenovus and Gear may be the targets of legal claims, securities class actions, derivative lawsuits and other claims;
- the restrictions imposed on Gear under the Arrangement Agreement may have an adverse effect on the current or future operations, financial condition and prospects of Gear if the Arrangement is not completed;
- the Arrangement may not be completed if a threshold of Gear Shareholders exercise Dissent Rights;
- Newco may fail to realize the anticipated benefits of the Arrangement;

- the conditions to completion of the Arrangement, including receiving all required securityholder, regulatory and third party approvals and Court approval may not be satisfied or waived which may result in the Arrangement not being completed;
- the Newco Shares to be transferred to Gear Shareholders in connection with the Arrangement may not be listed and posted for trading on the TSXV in a timely manner, or at all;
- income tax laws may result in adverse circumstances for Gear Shareholders; and
- forward-looking information may prove inaccurate.

See "*Risk Factors*".

THE ARRANGEMENT

Background to the Arrangement

The terms of the Arrangement are the result of arm's length negotiations between Gear and Cenovus and their respective advisors. The following is a summary of the events leading up to the negotiation of the Arrangement Agreement and the key meetings, negotiations, discussions and actions between the Parties that preceded the execution and public announcement of the Arrangement Agreement.

Throughout Gear's history, management and the Gear Board have regularly and continually reviewed business opportunities and strategic alternatives available to Gear that may enhance shareholder value. As part of this regular and continuing process, the Gear Board frequently has management present to the Gear Board on a variety of matters including market conditions, various strategic alternatives that may be available to Gear relative to the current status quo business of Gear and potential parties that may be interested in pursuing a transaction with Gear.

In the summer of 2023, the Gear Board and Gear's management team developed a strategy to explore solutions to maximize value for shareholders. As a result, the Gear Board asked Peters to provide a presentation at a Gear Board meeting held on July 26, 2023 on a number of considerations relating to whether to commence a strategic repositioning process.

On August 2, 2023, the Gear Board established a special committee of independent directors (the "**Special Committee**") in order to facilitate and lead the process. The Special Committee was comprised of Wilson Wang (Chair), Scott Robinson and Bindu Wyma, all of whom are independent directors of Gear. The mandate of the Special Committee was to, among other matters, review and consider the strategic alternatives that may be available to Gear. In initiating the strategic repositioning process, the Gear Board, through the Special Committee, undertook a comprehensive review to identify and consider a broad range of alternatives to enhance shareholder value, including, among others, equity or debt financing transactions, recapitalization or restructuring transactions, business combinations, a corporate sale, the acquisition or disposition of assets, or any combination of potential alternatives. Gear formally engaged Peters on August 16, 2023 to act as a financial advisor with respect to a strategic repositioning process to evaluate the strategic alternatives that may be available to Gear.

To address its objectives and based on advice from Peters, Gear's management and the Gear Board determined that a broad public review of strategic alternatives would provide the best opportunity to maximize value for Gear Shareholders. As a result on September 27, 2023, Gear announced in a press release the commencement of the strategic repositioning process and the engagement of Peters as financial advisor.

Upon commencement of the strategic repositioning process, Gear and Peters prepared and made a corporate data room available for review by interested parties upon execution of a confidentiality agreement. In aggregate Peters approached approximately 50 third parties to determine their interest in considering a wide variety of potential transactions with Gear resulting in 26 parties entering into confidentiality agreements and reviewing confidential information relating to Gear in the data room. Cenovus participated in the strategic repositioning process, entered into a confidentiality agreement with Gear on October 5, 2023 and commenced its preliminary due diligence on Gear, including on the operations and assets of Gear.

Numerous meetings of the Special Committee and the Gear Board were held during the period from September 2023 through February 2024, at which directors were provided with updates from senior management of Gear and Peters concerning the public process, discussions with third parties, and the status of operations. At the majority of the meetings of the Special Committee and the Gear Board throughout this period members of management left for a portion of the meeting so that an in-camera session of the independent directors could be held to allow the independent directors to deliberate on certain matters in the absence of management.

On November 22, 2023, eleven (11) non-binding proposals were submitted, including a proposal from Cenovus, for various alternative transactions between such parties and Gear. On November 22, 2023 the entire Gear Board met with Gear management and Peters to assess the merits and terms of such proposals. The transactions proposed in the original Cenovus proposal (the "**Original Cenovus Proposal**") were similar to the transactions contemplated by the

Arrangement Agreement, in that Cenovus offered to buy all of the issued and outstanding Gear Shares together with Gear's heavy oil assets for cash consideration, with Gear spinning out its light and medium oil assets in Central Alberta, Southeast Saskatchewan and Tucker Lake to a newly formed entity. Following an in-camera session of the independent directors, the Gear Board determined that all of the proposals received, including the Original Cenovus Proposal, provided for inadequate consideration to Gear and/or the Gear Shareholders, as applicable. The Special Committee and the Gear Board directed Peters to go back to the interested parties who had submitted proposals, including Cenovus, to see if such parties were interested in increasing the consideration available for Gear and/or the Gear Shareholders, as applicable.

From November 22, 2023 through February 5, 2024 Peters and management of Gear continued to have discussions with the interested parties who had submitted proposals and certain other parties to determine whether such parties would be willing to submit a revised or new proposal that provided sufficient consideration to Gear and/or the Gear Shareholders such that the Special Committee and the Gear Board could determine that such proposal would be in the best interests of Gear to pursue. As no proposals were submitted that were acceptable to the Special Committee or the Gear Board, on February 5, 2024 the Gear Board held a meeting where the Gear Board determined to terminate the strategic repositioning process and dissolve the Special Committee. On February 6, 2024, Gear announced that the strategic repositioning process had been concluded without a specific transaction being pursued.

On March 6, 2024, Gear announced the retirement of Ingram Gillmore as the President and Chief Executive Officer of Gear and the appointment of Kevin Johnson as the new President and Chief Executive Officer of Gear. Both the retirement of Mr. Gillmore and the appointment of Mr. Johnson were effective on April 8, 2024. In April 2024, Steve Power was appointed to the role of Vice-President, Exploration.

After the appointment of the new members of the management team of Gear, Gear under the direction of Mr. Johnson initiated an internal review of Gear's asset portfolio and strategy. After completing the internal review, members of the Gear management team met with Peters to discuss potential alternatives to implement a growth focused strategy underpinned by its Central Alberta assets. Peters and Gear discussed potential strategies to sell its heavy oil assets to potential buyers including Cenovus or any other party (including parties that participated in the strategic repositioning process and new parties). At the meeting of the Gear Board held on July 31, 2024, management recommended that Gear pursue possible alternatives to divest of its heavy oil assets. Although no formal process was commenced, the Gear Board consented to management continuing to consider the possible divestiture of its heavy oil assets.

As a result, Peters, on behalf of Gear, approached Cenovus about entering into a new confidentiality agreement with Gear. On August 9, 2024, Gear and Cenovus entered into the Gear Confidentiality Agreement. Following the execution of the Gear Confidentiality Agreement, Gear began providing confidential information to Cenovus. Throughout the fall of 2024, Gear, through Peters, had a number of discussions with Cenovus relating to a potential transaction; however, no material developments occurred in the negotiations with Cenovus as the consideration being proposed by Cenovus in such discussions was not sufficient for Gear management to make a recommendation to the Gear Board to pursue a transaction with Cenovus.

Following further discussions in late October 2024 between Cenovus and Peters, on behalf of Gear, on November 1, 2024, Cenovus submitted a non-binding proposal letter (the "**Cenovus Proposal**") to Gear through Peters whereby Cenovus proposed to purchase all of the issued and outstanding Gear Shares together with Gear's heavy oil assets (excluding the Tucker Lake assets) with all of Gear's light and medium oil assets being transferred into Newco. The cash consideration offered in the Cenovus Proposal exceeded the consideration offered by Cenovus in the Original Cenovus Proposal.

At a meeting of the Gear Board held on November 2, 2024, management presented the Cenovus Proposal and recommended that Gear proceed with negotiating a transaction with Cenovus based on the terms set out in the Cenovus Proposal. At such meeting, the Gear Board authorized management to negotiate the terms of a non-binding letter of intent with exclusivity arrangements. As a result, on November 4, 2024 Gear and Cenovus entered into an exclusivity agreement providing for a period of time for Gear and Cenovus to exclusively negotiate the terms of definitive transaction agreements to implement the transactions contemplated by the Cenovus Proposal.

Following execution of the exclusivity agreement, Cenovus and its advisors conducted additional financial, technical and legal due diligence on Gear. Between November 4, 2024 and December 1, 2024, negotiations between the parties

regarding the drafting and content of the proposed Arrangement Agreement, Plan of Arrangement, Asset Conveyance Agreement and related documentation occurred. Throughout this period, members of management, Peters and Gear's legal counsel regularly consulted the members of the Gear Board to keep them apprised of the status of negotiations with Cenovus and to get direction with respect to material matters being negotiated between the parties. On November 6, 2024, Gear engaged ATB Securities as a financial advisor and to provide the Fairness Opinion with respect to the Arrangement.

On December 1, 2024, the Gear Board met to consider the draft Arrangement Agreement and the terms of the proposed arrangement of Gear and Cenovus that contemplated: (i) Cenovus acquiring all of the issued and outstanding Gear Shares, together with Gear's heavy oil assets (excluding the Newco Assets) in exchange for the Cash Consideration of \$110,000,000 (subject to adjustments); (ii) Gear transferring all of Gear's other assets to Newco and Newco assuming all of the liabilities of Gear (other than those liabilities relating to the heavy oil assets being retained by Gear); and (iii) Gear Shareholders being given an opportunity to elect to receive cash or Newco Shares in exchange for their Gear Shares (subject to rounding and proration based on the Cash Maximum and Newco Share Maximum). Peters provided an overview of the financial analyses prepared on Gear, Newco and the proposed consideration to be received by the Gear Shareholders pursuant to the Arrangement. In addition, ATB Securities delivered the verbal Fairness Opinion that the consideration to be received by the Gear Shareholders pursuant to the Arrangement is fair from a financial point of view. At this meeting Gear's legal counsel, Burnet, Duckworth & Palmer LLP, also provided advice as to the fiduciary duties of the Gear Board in the context of the proposed Arrangement Agreement and reviewed the terms of the proposed Arrangement Agreement, Plan of Arrangement, Asset Conveyance Agreement, Support Agreements, Escrow Agreement and certain ancillary documents. After holding an in-camera session without management of Gear present and after duly considering the financial aspects of the Arrangement, the potential impact on Gear, Gear Shareholders and other stakeholders (including Gear employees), legal and financial advice (including the verbal Fairness Opinion), the benefits and drawbacks of the Arrangement relative to other alternatives (including the status quo business plan) and other matters considered relevant, the Gear Board unanimously (i) determined that the Arrangement is in the best interests of Gear and the Gear Shareholders; (ii) determined the Arrangement is fair to the Gear Shareholders; (iii) approved the Arrangement Agreement and the transactions contemplated thereby; and (iv) recommended that Gear Shareholders vote in favour of the Arrangement.

Following the meeting of the Gear Board, the Parties together with their advisors finalized the negotiation of the Arrangement Agreement, the Plan of Arrangement, and other related agreements and on December 1, 2024 the Arrangement Agreement and Support Agreements were executed and delivered. Prior to the markets opening on Monday, December 2, 2024, Gear issued a news release announcing the proposed Arrangement.

On December 18, 2024, following receipt of the written Fairness Opinion, the Gear Board approved the contents and mailing of this Circular to Gear Shareholders, and ratified the recommendation to Gear Shareholders with respect to the Arrangement. On December 18, 2024 the Court granted the Interim Order as attached as Appendix C to this Information Circular.

Anticipated Benefits of the Arrangement

Following receipt of the Fairness Opinion from ATB Securities, advice and assistance from Peters and the advice of Burnet, Duckworth & Palmer LLP, Gear's legal counsel, the Gear Board carefully evaluated the terms of the proposed Arrangement and 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 Arrangement Agreement and the transactions contemplated thereby; (iv) resolved to recommend that Gear Shareholders vote in favour of the Arrangement. In reaching these determinations and approvals, the Gear Board considered, among other things, the following factors and potential benefits and risks of the Arrangement:

1. *Transitioning Corporate Strategy:* Through an internal review of Gear's asset portfolio and strategy, the Gear Board and management team determined that a growth focused strategy underpinned by Gear's central Alberta assets provided the greatest opportunity to maximize value for the Gear Shareholders. Transitioning to a growth focused strategy will require suspension of the monthly dividend and allocation of that capital to growth focused expenditures. Gear's heavy oil assets are not growth-oriented assets and would not contribute meaningfully to a growth focused program. Monetizing the heavy oil assets and retaining a portion of the

Cash Consideration will put Newco in a much stronger position to pursue a strategy providing for a meaningful corporate growth rate.

2. *Highly Attractive Alternative:* Based on its assessment of the current market environment including information received as a result of the strategic repositioning process and advice from Peters, the Gear Board and management team are of the view that the Arrangement is a highly attractive alternative for Gear Shareholders. The Arrangement provides those Gear Shareholders seeking liquidity an opportunity to elect cash consideration and those Gear Shareholders seeking exposure to a growth focused strategy to elect for consideration in Newco Shares, or a combination thereof.
3. *Cash Consideration:* The Arrangement provides immediate liquidity for Gear Shareholders who receive cash consideration for their Gear Shares. Pursuant to the Arrangement, Gear Shareholders can elect to receive \$0.6070 in cash for each Gear Share held, subject to an aggregate cash maximum of \$80 million.
4. *Newco Share Consideration:* The Arrangement provides significant upside growth opportunities for Gear Shareholders who receive Newco Share consideration for their Gear Shares. Pursuant to the Arrangement, Gear Shareholders can elect to receive ultimately 0.3035 of a Newco Share for each Gear Share held, subject to an aggregate maximum transfer of 40,000,000 Newco Shares.
5. *Fairness Opinion:* In the opinion of ATB Securities, the consideration to be received by the Gear Shareholders pursuant to the Arrangement is fair from a financial point of view. A copy of the Fairness Opinion is attached as Appendix D to this Information Circular.
6. *Ability to Respond to Superior Proposals:* Under the Arrangement Agreement, the Gear Board retains the ability to consider and respond to Superior Proposals on the specific terms and conditions set forth in the Arrangement Agreement.

In its review of the proposed terms of the Arrangement, the Gear Board also considered a number of elements of the transaction that provide protection to the Gear Shareholders:

1. the Arrangement must be approved by at least 66 $\frac{2}{3}$ % of the votes cast at the Gear Meeting by the Gear Shareholders, present either in person or represented by proxy, at the Gear Meeting;
2. the Arrangement will only become effective if, after hearing from all interested persons who choose to appear before it, the Court determines that the Arrangement is fair to the Gear Shareholders; and
3. the Gear Shareholders will be granted the right to dissent with respect to the Arrangement Resolution and receive the fair value of their Gear Shares through a court proceeding in which a court could determine that the fair value is more than, equal to, or less than the consideration under the Arrangement.

The foregoing summary of considerations by the Gear Board is not intended to be exhaustive of all the factors that were considered in arriving at a conclusion and making the recommendations described herein. The Gear Board used their own knowledge of the business, financial conditions, and prospects of Gear along with the assistance of Gear's management and Gear's legal advisors in their evaluation of the Arrangement. Given the numerous factors that were considered in connection with evaluating the Arrangement, it was not practical to quantify or assign relative weight to specific facts relied upon by the Gear Board in reaching its conclusions and recommendations. In addition, individual members of the Gear Board may have given different weight to different factors. The conclusions and recommendations of the Gear Board were arrived at after giving consideration to the totality of the information and factors involved.

Recommendation of the Gear Board

The Gear Board has unanimously determined that the Arrangement is in the best interests of Gear and the Gear Shareholders and has, based upon the reasons set forth above, unanimously determined that the Arrangement is fair to the Gear Shareholders. Accordingly, the Gear Board has unanimously approved the

Arrangement Agreement and the transactions contemplated thereby and unanimously recommends that Gear Shareholders vote FOR the Arrangement Resolution.

Fairness Opinion

In deciding to approve entering into the Arrangement, the Gear Board considered, among other things, the Fairness Opinion. ATB Securities was engaged on November 6, 2024 to provide a fairness opinion in connection with a potential transaction involving Cenovus. ATB Securities provided the Gear Board with its opinion that, subject to the assumptions, limitations and qualifications and other matters stated in such opinion, as of December 1, 2024, the consideration to be received by the Gear Shareholders under the Arrangement is fair, from a financial point of view, to the Gear Shareholders. **The Gear Board strongly recommends that the Gear Shareholders read the Fairness Opinion carefully and in its entirety for a description of the procedures followed, matters considered, and limitations on the review undertaken. The Fairness Opinion addresses only the fairness from a financial point of view of the consideration to be received under the Arrangement to the Gear Shareholders. The Fairness Opinion was provided for the information and assistance of the Gear Board for their exclusive use only in connection with their consideration of the Arrangement. The descriptions of such Fairness Opinion in this Information Circular and the full text of the Fairness Opinion attached hereto do not constitute a recommendation as to how the Gear Shareholders should vote in respect of the Arrangement Resolution.**

Pursuant to the terms of the ATB Engagement Letter, Gear has agreed to pay a fixed fee for the delivery of the Fairness Opinion that is not contingent upon the completion of the Arrangement or any alternative transaction and a success fee that is contingent upon the completion of the Arrangement or any alternative transaction. Gear has also agreed to reimburse ATB Securities for reasonable expenses and to indemnify ATB Securities against certain liabilities that might arise out of its engagement.

The full text of the Fairness Opinion, setting out the assumptions made, procedures followed, matters considered and limitations and qualifications on the scope of review undertaken in connection with the Fairness Opinion, is attached as Appendix D to this Information Circular. This summary is qualified in its entirety by reference to the full text of the Fairness Opinion.

Support Agreements

The directors and officers of Gear have entered into Support Agreements with Cenovus pursuant to which they have agreed, among other things, to support the Arrangement and vote their Gear Shares in favour of the Arrangement Resolution and against any resolution submitted by any person that is inconsistent with the Arrangement. As of the date of this Information Circular, such directors and officers own, or exercise control or direction over, an aggregate of 21,174,642 Gear Shares representing approximately 8% of the Gear Shares.

The Support Agreements terminate upon the earliest of: (i) Cenovus providing written notice of termination to the applicable securityholder party thereto; (ii) the securityholder party thereto providing written notice of termination to Cenovus if the Arrangement Agreement or Plan of Arrangement is amended resulting in a reduction or change in form of the consideration payable or issuable to the securityholder thereunder; (iii) the mutual written consent of the parties thereto; (iv) the termination of the Arrangement Agreement in accordance with its terms; (v) the Effective Time; and (vi) the Outside Date.

Arrangement Mechanics

General

The Arrangement will ultimately result in the acquisition by Cenovus of Gear, including all of Gear's heavy oil assets (other than the Newco Assets), for the Cash Consideration of \$110,000,000 (subject to adjustments) with all of Gear's other assets, including its light oil assets in Central Alberta, Southeast Saskatchewan and Tucker Lake, being conveyed to Newco. Pursuant to the Arrangement, Gear Shareholders (other than Dissenting Shareholders) will receive \$0.607 in total consideration per Gear Share, consisting of, at the election of Gear Shareholders: (i) \$0.607 in cash per Gear Share; (ii) ultimately 0.3035 of a Newco Share per Gear Share; or (iii) a combination thereof, subject to rounding and

proration based on the Cash Maximum and Newco Share Maximum. 40,000,000 Newco Shares will be transferred to Gear Shareholders in the aggregate pursuant to the Arrangement. The maximum aggregate amount of cash consideration distributable to Gear Shareholders pursuant to the Arrangement is \$80,000,000. The Arrangement will be implemented by way of a court-approved plan of arrangement under the ABCA pursuant to the terms of the Arrangement Agreement and the Plan of Arrangement (a copy of which is attached as Schedule "A" to the Arrangement Agreement). Upon completion of the Arrangement, Gear will become a privately held wholly-owned subsidiary of Cenovus and Newco will carry on its business with the Newco Assets.

A portion of the remaining Cash Consideration payable by Cenovus pursuant to the Arrangement will be used to fully repay all amounts outstanding under Gear Credit Facility at the Effective Time (after payment, or the assumption by Newco, of all Gear Transaction Costs) with the remainder (which is referred to as the Cenovus Contribution Amount and estimated to be approximately \$20,000,000) to be contributed to Newco to fund its exploration and development activities (and other oil and gas activities) as well as for general corporate purposes.

Pursuant to the Arrangement, Newco, a new junior oil and gas exploration and production company to be led by substantially the existing management team of Gear, will acquire Gear's Central Alberta, Southeast Saskatchewan, and Tucker Lake properties. The key characteristics of the Newco Assets are summarized below:

- *Central Alberta:* Up to six stacked, oil charged, prospective sands at depths less than 1,500 metres. Successful offsetting and regional competitor results in the Belly River delivering 90 day light oil initial production rates between 195 to 680 barrels per day.
- *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 Tucker Lake area located in the Cold Lake oil sands region in Alberta with up to six prospective zones mapped. Recent offset development of the Mannville Waseca sand highlights the upside potential of this asset.

Arrangement Steps

The following summarizes the steps that will occur under the Plan of Arrangement on the Effective Date if all conditions to the completion of the Arrangement have been satisfied or waived. The following description of steps is qualified in its entirety by reference to the full text of the Plan of Arrangement attached as Schedule "A" to the Arrangement Agreement, which is attached as Appendix C to this Information Circular.

At the Effective Time, each of the events set out below shall occur and shall be deemed to occur, without any further act or formality, in the following sequence:

- (a) each Gear Share held by a Dissenting Shareholder shall be transferred to, and acquired by, Cenovus (free and clear of any liens);
 - (i) such Dissenting Shareholder will cease to be a holder of the Gear Shares so transferred and acquired and to have any rights as a Gear Shareholder, other than the right to be paid the fair value for such Gear Shares by Cenovus in accordance with the Plan of Arrangement;
 - (ii) the name of such Dissenting Shareholder shall be removed from the central securities register of Gear Shareholders maintained by or on behalf of Gear as it relates to the Gear Shares so transferred and acquired; and
 - (iii) Cenovus shall be deemed to have been added to the central securities register of Gear Shareholders maintained by or on behalf of Gear as it relates to the Gear Shares so transferred and acquired;

- (b) the Option Surrender Agreements shall become effective and all Gear Options outstanding immediately prior to the Effective Date shall be, and shall be deemed to be, surrendered, terminated and cancelled in accordance with the Option Surrender Agreements;
- (c) the Gear Option Plan shall be terminated and neither Gear nor Cenovus shall have any further obligations or liability with respect to the Gear Option Plan;
- (d) the Asset Conveyance Agreement shall become effective;
- (e) each issued and outstanding Gear Share (other than those Gear Shares transferred to Cenovus pursuant to the Plan of Arrangement) shall be transferred to, and acquired by, Cenovus (free and clear of any liens), and each Person whose Gear Shares are so transferred to Cenovus shall be entitled to receive:
 - (i) subject the Plan of Arrangement, for each of such Person's Cash Consideration Shares, the Cash Consideration per Share; and
 - (ii) subject the Plan of Arrangement, for such Person's Newco Share Consideration Shares, a Cenovus Note having a principal amount (rounded to the nearest cent) equal to the product of (x): such Person's Newco Share Consideration Shares; and (y) the Newco Share Value;

and

 - (iii) such Person shall cease to be holder of the Gear Shares so transferred and acquired and to have any rights as a Gear Shareholder, other than the right to be paid the Cash Consideration Elected Amount, if any, and to receive the Newco Shares as full satisfaction of the Cenovus Note, if any, to which such Person is entitled in accordance with the Plan of Arrangement;
 - (iv) the name of such Person shall be removed from the central securities register of Gear Shareholders maintained by or on behalf of Gear as it relates to the Gear Shares so transferred and acquired; and
 - (v) Cenovus shall, and shall be deemed to be, the transferee of such Gear Shares (free and clear of any liens) and shall be added to the central securities register of Gear Shareholders maintained by or on behalf of Gear as it relates to the Gear Shares so transferred and acquired;
- (f) the articles of Gear will be amended to create an unlimited number of Gear New Common Shares;
- (g) all Gear Shares held by Cenovus shall be transferred to Gear (free and clear of any liens), in exchange for:
 - (i) an equal number of Gear New Common Shares; and
 - (ii) all of the issued and outstanding Newco Shares,

and Gear will add to the stated capital account maintained in respect of the Gear New Common Shares an amount equal to the paid-up capital of the Gear Shares immediately prior to this step less the fair market value of the Newco Shares;
- (h) Cenovus shall transfer the Cenovus Contribution Amount to Newco as a contribution to the capital of Newco and Newco shall add such amount to the stated capital account maintained in respect of the Newco Shares;
- (i) the Escrow Agreement shall become effective; and
- (j) Cenovus shall transfer to each holder of a Cenovus Note, in full and final payment, settlement, satisfaction, extinguishment, and discharge of such Cenovus Note, that number of Newco Shares (rounded to the nearest whole Newco Share) as is equal to the principal amount of such Cenovus Note divided by the Newco Share Value.

The Arrangement Agreement is attached to this Information Circular as Appendix C. You are encouraged to read the Arrangement Agreement as it is the agreement that governs the Arrangement. See "*The Arrangement – The Arrangement Agreement*". The Plan of Arrangement is attached as Schedule "A" to the Arrangement Agreement. You are also encouraged to read the Plan of Arrangement in its entirety.

Gear Shares held by Dissenting Shareholders in respect of which Dissent Rights have been validly exercised shall be deemed to be transferred to Cenovus and such Dissenting Shareholders shall cease to have any rights as Gear Shareholders other than a debt claim against Cenovus to be paid fair value for such Gear Shares as set out in the Plan of Arrangement. See "*Dissent Rights*" in this Information Circular.

Gear Options

All of the holders of outstanding Gear Options shall enter into the Option Surrender Agreements with Gear, whereby each holder of Gear Options shall agree to surrender such Gear Options for nominal consideration in accordance with the provisions of the Arrangement Agreement and the Plan of Arrangement. The Option Surrender Agreements shall automatically be terminated if the Arrangement Agreement is terminated in accordance with its terms for any reason, without any action required by the parties thereto. In the event of the termination of an Option Surrender Agreement, all Gear Options subject thereto will be deemed to be unaffected and shall continue in full force and effect. All of the Gear Options are presently out-of-the-money as the exercise price of such Gear Options exceeds the current market price of the Gear Shares on the TSX.

The Arrangement Agreement

The following is a summary of the material terms of the Arrangement Agreement and the Plan of Arrangement and is subject to, and qualified in its entirety by, the full text of the Arrangement Agreement and the Plan of Arrangement. The Arrangement Agreement is attached to this Information Circular as Appendix C and the Plan of Arrangement is attached as Schedule "A" to the Arrangement Agreement. Gear Shareholders are urged to read the Arrangement Agreement and the Plan of Arrangement in their entirety.

Pursuant to the Arrangement Agreement, the Parties agreed to carry out the Arrangement in accordance with the Arrangement Agreement on the terms set out in the Plan of Arrangement. See "*The Arrangement – Arrangement Mechanics*".

Representations and Warranties and Covenants Relating to the Conduct of Business of the Parties

The Arrangement Agreement contains certain customary representations and warranties of each of Gear and Cenovus relating to, among other things, the respective organization, capitalization, operations, compliance with laws and regulations and other matters, including their authority to enter into the Arrangement Agreement and to consummate the Arrangement. For the complete text of applicable provisions related to the foregoing, see Sections 4.1 and 4.2 of the Arrangement Agreement, which is attached to this Information Circular as Appendix C. In addition, pursuant to the Arrangement Agreement, each of the Parties has covenanted, among other things, to use reasonable commercial efforts to complete the Arrangement including satisfaction of the conditions thereto, including in the case of Gear, to maintain its business in the usual and ordinary course and to refrain from taking certain actions outside the ordinary course, including making certain expenditures in excess of certain limits and other actions during the interim period prior to completion of the Arrangement. For the complete text of the applicable provisions related to the foregoing, see Sections 3.1 and 3.2 of the Arrangement Agreement, which is attached to this Information Circular as Appendix C.

Mutual Conditions Precedent

The Parties are not required to complete the Arrangement unless each of the following conditions is satisfied on or prior to the Effective Time, which conditions may only be waived, in whole or in part, by the mutual consent of each of the Parties:

1. on or prior to January 24, 2025 (or such later date as the Parties may agree acting reasonably) the Interim Order shall have been granted in form and substance satisfactory to each of Cenovus and Gear, acting reasonably, and such order shall not have been set aside or modified in a manner unacceptable to Cenovus or Gear, each acting reasonably, on appeal or otherwise;
2. the Arrangement Resolution, in the form and substance satisfactory to each of Gear and Cenovus, each acting reasonably, shall have been approved by the Gear Shareholders at the Gear Meeting, in accordance with the Interim Order;
3. the mailing date of this Information Circular shall have occurred on or before January 24, 2025 (or such later date as the Parties may agree acting reasonably);
4. Dissent Rights shall not have been validly exercised, and not withdrawn, with respect to more than 5% of the issued and outstanding Gear Shares;
5. on or prior to the Outside Date, the Final Order shall have been granted in form and substance satisfactory to each of Cenovus and Gear, each acting reasonably, and such order shall not have been set aside or modified in a manner unacceptable to Cenovus or Gear, each acting reasonably, on appeal or otherwise;
6. the Articles of Arrangement to be filed with the Registrar in accordance with the Arrangement shall be in form and substance satisfactory to each of Cenovus and Gear, each acting reasonably;
7. the Effective Date shall have occurred on or prior to the Outside Date;
8. the TSX shall have conditionally approved the delisting of the Gear Shares and the TSXV shall have conditionally approved the listing of the Newco Shares on terms and conditions satisfactory to Gear and Cenovus, each acting reasonably;
9. the Competition Act Approval shall have been obtained;
10. all required regulatory and governmental approvals and consents necessary for the completion of the Arrangement and the Conveyance, other than those otherwise contemplated in Section 5.1 of the Arrangement Agreement, shall have been obtained on terms and conditions satisfactory to each of Gear and Cenovus, each acting reasonably;
11. no action shall have been taken under any existing Applicable Law, nor any statute, rule, regulation or order which is enacted, enforced, promulgated or issued after the Agreement Date by any Governmental Authority, that:
 - a. makes illegal or otherwise directly or indirectly restrains, enjoins or prohibits the Arrangement or any other transactions contemplated by the Arrangement Agreement or the Asset Conveyance Agreement; or
 - b. results in a judgment or assessment of material damages directly or indirectly relating to the transactions contemplated by the Arrangement Agreement or the Asset Conveyance Agreement; and
12. the applicable Parties shall have delivered or caused to be delivered the following documents:
 - a. the Asset Conveyance Agreement duly executed by all of the Parties;
 - b. the Escrow Agreement duly executed by all of the Parties and the Escrow Agent; and
 - c. fully executed copies of all other agreements, documents and instruments that are required or are necessary to be tabled pursuant to the Plan of Arrangement in order to evidence or give effect to the transactions contemplated thereby.

Additional Conditions Precedent to the Obligations of Cenovus

Cenovus is not required to complete the Arrangement unless each of the following conditions is satisfied on or as of the Effective Time, which conditions are for the exclusive benefit of Cenovus and may only be waived (if permitted by Law), in whole or in part, by Cenovus in its sole discretion:

1. each of Gear and Newco shall have complied in all material respects with its respective covenants contained in the Arrangement Agreement, and each of Gear and Newco shall have provided to Cenovus a certificate of two senior officers of such Party certifying compliance with such covenants; provided that Gear shall be entitled to cure any breach of a covenant within five Business Days after receipt of written notice thereof from Cenovus (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date);
2. the representations and warranties of Gear set forth in the Arrangement Agreement and the Asset Conveyance Agreement shall be true and correct (for representations and warranties qualified as to materiality, true and correct in all respects and for all other representations and warranties, true and correct in all material respects) as of the Effective Date as if made on and as of such date (except to the extent such representations and warranties speak as of an earlier date, the accuracy of which shall be determined as of that specified date) and each of Gear and Newco shall have provided to Cenovus a certificate of two senior officers certifying such accuracy on the Effective Date, provided that each of Gear and Newco shall be entitled to cure any breach of a representation and warranty within five Business Days after receipt of written notice thereof from Cenovus (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date);
3. Gear shall have furnished Cenovus with:
 - a. certified copies of the resolutions duly passed by each of the Gear Board and Newco Board approving the execution and delivery of the Arrangement Agreement and the Asset Conveyance Agreement and the performance by Gear and Newco, respectively, of its obligations under the Arrangement Agreement and the consummation of the transactions contemplated by the Arrangement Agreement and the Asset Conveyance Agreement;
 - b. certified copies of the Arrangement Resolution;
 - c. resignations of all directors and officers of Gear from all such positions and offices with Gear, in a form acceptable to Gear and Cenovus, each acting reasonably;
 - d. releases from all directors and officers of Gear, and all Gear Employees who are terminated in accordance with the Arrangement Agreement, of all Claims against Gear, Cenovus and their affiliates, other than Claims for indemnification in respect of acts or omissions of such individuals in their capacity as a director or officer of Gear under the corporate by-laws of Gear, in a form acceptable to Gear and Cenovus, each acting reasonably;
4. all Third Party Consents required to be obtained to complete: (i) the consummation by Gear and Newco of the transactions contemplated by the Arrangement; and (ii) the conveyance of the Newco Assets pursuant to the Asset Conveyance Agreement, shall have been obtained to the satisfaction of Cenovus, acting reasonably;
5. on or after the Agreement Date and prior to the Effective Time, no Claim shall have been made against Gear which would result in a Material Adverse Change, as determined by Cenovus, acting reasonably, after taking into consideration the advice of independent outside legal counsel, engaged by Gear to provide such advice, and acceptable to Cenovus, acting reasonably, as to the merits of such Claim;
6. ATB Financial shall have provided a payout letter or other evidence satisfactory to Cenovus, acting reasonably, with respect to the repayment and termination of the Gear Credit Facility;

7. Gear shall have paid the Gear Transaction Costs or Cenovus shall be otherwise satisfied that the obligation for payment of such Gear Transaction Costs shall have been fully-assumed by Newco prior to the Effective Time;
8. no Material Adverse Change shall have occurred on or after the Agreement Date and prior to the Effective Time;
9. Cenovus shall be satisfied that upon completion of the Arrangement no other Person shall hold or own any Gear Shares and no Person shall have any agreement, option or any right or privilege (whether by law, preemptive, by contract or otherwise) capable of becoming an agreement or option for the purchase, subscription, allotment or issuance of any issued or unissued, Gear Shares;
10. neither Gear nor Stepe Petroleum (USA) Inc. shall have any employees or contractors and Cenovus shall be satisfied, acting reasonably, that at and following the Effective Time, Newco has assumed, and indemnified Gear in respect of any and all Gear Employee Obligations;
11. Cenovus shall be satisfied acting reasonably that the "paid-up capital" of the Gear Shares, for purposes of the Tax Act, is not less than \$90,000,000;
12. Gear and Newco shall have delivered the following items to Cenovus, all of which shall be in form and substance satisfactory to Cenovus, acting reasonably:
 - a. new share certificates, or direct registration system statements issued in the name of Cenovus, or an affiliate of Cenovus, as directed by Cenovus representing all of the issued and outstanding Gear Shares;
 - b. subleases in respect of the Calgary Office Lease and the Lloyd Office Lease, wherein Gear shall be the sublandlord and Newco shall be the subtenant; and
 - c. to the extent Specific Conveyances are to be executed by Newco and Gear only, duly executed copies of the Specific Conveyances, and to the extent such Specific Conveyances are to be electronic transfers through an electronic transfer system, Gear shall have provided a screen shot of the uploaded electronic transfers to Newco for each applicable electronic system;
13. Gear shall have: (i) resolved all written objections from the counterparties to the Assumed Contracts of the assignment and novation to be effected pursuant to the Plan of Arrangement and the Asset Conveyance Agreement to the satisfaction of Cenovus; or (ii) if any such objection has been received and the party raising such objection has notified the Court prior to the grant of the Final Order, the Final Order shall have been issued which shall provide for such assignment and novation;
14. Newco shall have made arrangements to replace all Letters of Credit with either: (i) cash collateral in an amount equal to the value of the Letters of Credit; (ii) a replacement letter of credit issued under a new loan facility to be put in place by Newco following the Agreement Date; or (iii) such other arrangements as agreed to between Gear and Cenovus acting reasonably, such that on the Effective Date, Cenovus shall be satisfied that no Letters of Credit shall be outstanding in the name of Gear or shall otherwise be included as part the Excluded Liabilities; and
15. Gear shall have secured "run-off" directors' and officers' liability insurance for the directors and officers of Gear in a form satisfactory to Cenovus, acting reasonably.

The conditions summarized above are for the exclusive benefit of Cenovus and may be asserted by Cenovus regardless of the circumstances or may be waived by Cenovus, in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Cenovus may have.

Additional Conditions Precedent to the Obligations of Gear

Gear and Newco are not required to complete the Arrangement unless each of the following conditions is satisfied on or as of the Effective Time, which conditions are for the exclusive benefit of Gear and Newco and may only be waived, in whole or in part, by Gear, on its own behalf and on behalf of Newco in its sole discretion:

1. Cenovus shall have complied in all material respects with its covenants contained in the Arrangement Agreement, and Cenovus shall have provided to Gear and Newco a certificate of two senior officers certifying compliance with such covenants; provided that Cenovus shall be entitled to cure any breach of a covenant within five Business Days after receipt of written notice thereof from Gear (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date);
2. the representations and warranties of Cenovus set forth in the Arrangement Agreement shall be true and correct (for representations and warranties qualified as to materiality, true and correct in all respects and for all other representations and warranties, true and correct in all material respects) as of the Effective Date as if made on and as of such date (except to the extent such representations and warranties speak as of an earlier date, the accuracy of which shall be determined as of that specified date), and Cenovus shall have provided to Gear a certificate of two senior officers or authorized signatories certifying such accuracy on the Effective Date; provided that Cenovus shall be entitled to cure any breach of a representation and warranty within five Business Days after receipt of written notice thereof from Gear (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date); and
3. Cenovus shall have furnished Gear with:
 - a. certified copies of the resolutions duly passed by the board of directors of Cenovus approving the execution and delivery of the Arrangement Agreement and the performance by Cenovus of its obligations under the Arrangement Agreement and the consummation of the transactions contemplated by the Arrangement Agreement; and
 - b. releases from Gear and their affiliates releasing all directors and officers of Gear from any Claims, in a form acceptable to Gear and Cenovus, each acting reasonably.

The conditions summarized above are for the benefit of Gear and Newco and may be asserted by Gear, on its own behalf and on behalf of Newco, regardless of the circumstances or may be waived by Gear, on its own behalf and on behalf of Newco, in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Gear and Newco may have.

Non-Solicitation by Gear

Pursuant to the terms of the Arrangement Agreement, Gear has agreed not to, among other things, directly or indirectly, do, or authorize or permit any of its Representatives to solicit, assist, initiate or knowingly facilitate, entertain or encourage any Acquisition Proposal, or engage in any communication regarding the making of any proposal or offer that constitutes or may constitute or may reasonably be expected to lead to an Acquisition Proposal, including, without limitation, by way of furnishing information or access to properties, facilities or books or records. Gear shall, and shall cause Newco and its Representatives to, immediately cease and terminate, and cause to be terminated, any solicitation, encouragement, discussion, negotiation, or other activities commenced prior to the Agreement Date with any Person (other than Cenovus and its affiliates) with respect to any inquiry, proposal or offer that constitutes, or could reasonably be expected to constitute or lead to, an Acquisition Proposal, and in connection therewith, Gear shall: (a) promptly discontinue access to and disclosure of all information, including any data room and any confidential information, properties, facilities, books and records of Gear that such Person may have access to; and (b) as soon as possible (and in any event within two Business Days following the Agreement Date) request, and require, to the extent that it is entitled to do so: (i) the return or destruction of all copies of any confidential information regarding Gear provided to any Person who could reasonably be expected to make an Acquisition Proposal (other than Cenovus and its affiliates);

and (ii) the destruction of all material including or incorporating or otherwise reflecting such confidential information regarding Gear, using its commercially reasonable efforts to ensure that such requests are fully complied with in accordance with the terms of such rights or entitlements. Gear shall notify Cenovus, at first orally and then in writing, of any non-compliance, to the knowledge of Gear, by any Person with any such request.

Gear shall not, directly or indirectly, do, or authorize or permit any of its Representatives to do, any of the following:

1. solicit, assist, initiate or knowingly facilitate, entertain or encourage or take any action to solicit, assist, initiate or knowingly facilitate, entertain or encourage any Acquisition Proposal, or engage in any communication regarding the making of any proposal or offer that constitutes or may constitute or may reasonably be expected to lead to an Acquisition Proposal, including, without limitation, by way of furnishing information or access to properties, facilities or books or records;
2. withdraw, amend, qualify or modify, or propose to withdraw, amend, qualify or modify, in any manner adverse to Cenovus or which could otherwise reasonably be expected to impede, interfere with or delay the Arrangement, or prevent the completion of the Arrangement, the approvals, determinations and recommendations of the Gear Board as set out in Subsection 2.2(c) of the Arrangement Agreement;
3. make any public announcement or take any other action inconsistent with the approvals, determinations and recommendations of the Gear Board as set out in the Arrangement Agreement;
4. enter into or otherwise engage or participate in any negotiations or any discussions regarding any inquiry, proposal or offer that constitutes or may constitute or could reasonably be expected to lead to any Acquisition Proposal, or furnish or provide access to any information with respect to its securities, business, properties, operations or conditions (financial or otherwise) in connection with or in furtherance of an Acquisition Proposal, or otherwise cooperate in any way with, or assist or knowingly participate in, facilitate or encourage, any effort or attempt of any other Person to do or seek to do any of the foregoing;
5. accept, recommend, approve, agree to, endorse or propose publicly to accept, recommend, approve, agree to or endorse any Acquisition Proposal, or take no position or a neutral position with respect to a publicly announced or publicly proposed Acquisition Proposal; or
6. accept, approve, endorse or enter into (other than a confidentiality agreement permitted by and in accordance with the terms of the Arrangement Agreement) or publicly propose to accept, approve, endorse or enter into any agreement, understanding or arrangement (including any letter of intent or agreement in principle) in respect of or in any way related to any Acquisition Proposal or providing for the payment of any break, termination or other fees or expenses to any Person if Gear, completes the transactions contemplated by the Arrangement Agreement.

Notwithstanding Section 3.5 of the Arrangement Agreement, if at any time prior to the Gear Meeting, Gear and its Representatives may:

1. enter into, or participate in, any discussions or negotiations with a third party who (without any solicitation, initiation or encouragement, directly or indirectly, after the Agreement Date, by Gear or any of its Representatives) seeks to initiate such discussions or negotiations and, subject to execution of a confidentiality agreement substantially similar to the Gear Confidentiality Agreement (provided that such confidentiality agreement shall provide for the disclosure thereof, along with the information provided thereunder, to Cenovus), may furnish to such third party information concerning Gear and its business, affairs, properties and assets, in each case if, and only to the extent that:
 - a. the third party has first made a Superior Proposal; and
 - b. prior to furnishing such information to or entering into or participating in any such negotiations or initiating any discussions with such third party, Gear provides notice to Cenovus to the effect that it is furnishing information to or entering into or participating in discussions or negotiations with such

Person or entity and provides to Cenovus the information required to be provided under Subsection 3.5(d) of the Arrangement Agreement.

2. comply with Division 3 of Multilateral Instrument 62-104 — *Take-Over Bids and Issuer Bids* and similar provisions under Applicable Canadian Securities Laws relating to the provision of directors' circulars and make appropriate disclosure with respect thereto to its securityholders; and
3. at any time prior to the Gear Meeting, withdraw any approval or recommendation contemplated by the Arrangement Agreement and accept, recommend, approve or enter into an agreement to implement a Superior Proposal but only if prior to such acceptance, recommendation, approval or implementation, (A) the Gear Board shall have concluded in good faith, after considering all proposals to adjust the terms and conditions of the Arrangement Agreement as contemplated by Subsection 3.5(d) of the Arrangement Agreement and after receiving the advice of its outside legal counsel and financial advisors, as reflected in minutes of the Gear Board, that such Superior Proposal is in the best interests of Gear and that the taking of such action is necessary for the board of directors in the discharge of its fiduciary duties under Applicable Laws, (B) Gear has complied with its obligations set out in Subsections 3.5(c) and (d) of the Arrangement Agreement, and (C) Gear has terminated the Arrangement Agreement in accordance with Subsection 8.1(f) of the Arrangement Agreement and has concurrently therewith paid the Cenovus Termination Fee pursuant to Section 6.1 of the Arrangement Agreement.

Gear shall promptly (and in any event within 24 hours of receipt by Gear) notify Cenovus (at first orally and then in writing) of any Acquisition Proposal (or any amendment thereto) or any request for non-public information relating to Gear, its assets, or any amendments to the foregoing received by Gear. Such notice shall include a copy of any written Acquisition Proposal (and any amendment thereto) received by Gear or, if no written Acquisition Proposal has been received, a description of the material terms and conditions of, and the identity of the Person making any inquiry, proposal, offer or request (to the extent then known by Gear). Gear shall also promptly provide such further and other details of the Acquisition Proposal or any amendment thereto as Cenovus may reasonably request (to the extent then known by Gear). Gear shall keep Cenovus promptly and fully informed of the status, including any change to material terms, of any Acquisition Proposal or any amendment thereto, shall respond promptly to all reasonable inquiries by Cenovus with respect thereto, and shall promptly provide to Cenovus copies of all correspondence and other written material sent to or provided to Gear by any Person in connection with such inquiry, proposal, offer or request or sent or provided by Gear to any Person in connection with such inquiry, proposal, offer or request.

Following receipt of a Superior Proposal, Gear shall give Cenovus, orally and in writing, at least five Business Days advance notice of any decision by its board of directors to accept, recommend, approve or enter into an agreement to implement a Superior Proposal, which notice shall: (i) confirm that the Gear Board has determined that such Acquisition Proposal constitutes a Superior Proposal; (ii) identify the third party making the Superior Proposal; (iii) confirm that the entering into of a definitive agreement to implement such Superior Proposal is not subject to any financing condition or due diligence or access condition; and (iv) confirm that a definitive agreement to implement such Superior Proposal has been settled between Gear and such third party in all material respects, and Gear will concurrently provide a true and complete copy thereof and, will thereafter promptly provide any amendments thereto, to Cenovus. During the five Business Day period commencing on the delivery of such notice, Gear agrees not to accept, recommend, approve or enter into any agreement to implement such Superior Proposal and not to release the party making the Superior Proposal from any standstill provisions and shall not change, withdraw, withhold, amend, modify or qualify, or propose publicly to change, withdraw, withhold, amend, modify or qualify the approvals, determinations and recommendations of the Gear Board as set out in Subsection 2.2(c) of the Arrangement Agreement. In addition, during such five Business Day period, or such longer period as the Parties may agree, Gear shall, and shall cause its financial and legal advisors to, negotiate in good faith with Cenovus and its financial and legal advisors to make such adjustments in the terms and conditions of the Arrangement Agreement and the Arrangement as would enable Gear to proceed with the Arrangement, as amended, rather than the Superior Proposal.

In the event Cenovus confirms in writing its commitment to amend the Arrangement Agreement to increase the consideration payable by Cenovus pursuant to the Arrangement and so advises the Gear Board prior to the expiry of such five Business Day period: (i) the Gear Board shall review any proposal made by Cenovus to amend the Arrangement Agreement and the Arrangement in good faith in order to determine whether such proposal would, upon acceptance, result in the Acquisition Proposal previously constituting a Superior Proposal ceasing to be a Superior

Proposal; and (ii) Gear shall negotiate in good faith with Cenovus to make such amendments to the terms of the Arrangement Agreement and the Arrangement as would enable Gear to proceed with the transactions contemplated by the Arrangement Agreement on such amended terms.

If the Gear Board determines that such Acquisition Proposal would cease to be a Superior Proposal: (x) Gear shall promptly so advise Cenovus and Gear and Cenovus shall amend the Arrangement Agreement to reflect such offer made by Cenovus, and shall take and cause to be taken all such actions as are necessary to give effect to the foregoing; and (y) the Gear Board shall not accept, recommend, approve or enter into any agreement to implement such Acquisition Proposal and shall not release the Person making the Acquisition Proposal from any standstill provisions and shall not change, withdraw, withhold, amend, modify or qualify or propose publicly to change, withdraw, withhold, amend, modify or qualify the approvals, determinations and recommendations of the Gear Board as set out in Subsection 2.2(c) of the Arrangement Agreement. Notwithstanding the foregoing, and for greater certainty, Cenovus shall have no obligation to make or negotiate any changes to the Arrangement Agreement in the event that Gear is in receipt of a Superior Proposal. Gear acknowledges that each successive material modification of any Superior Proposal shall constitute a new Superior Proposal for purposes of the requirement under Subsection 3.5(d) of the Arrangement Agreement to initiate a new five Business Day notice period.

The Gear Board shall reaffirm its recommendation of the Arrangement by news release promptly, and in any event within five calendar days of being requested to do so by Cenovus (or in the event that the Gear Meeting to approve the Arrangement is scheduled to occur within such five calendar day period, prior to the scheduled date of such meeting), in the event that: (i) any Acquisition Proposal is publicly announced unless the Gear Board has determined that such Acquisition Proposal constitutes a Superior Proposal in accordance with Section 3.5 of the Arrangement Agreement; or (ii) the Parties have entered into an amended agreement pursuant to Subsection 3.5(d) of the Arrangement Agreement that results in any Acquisition Proposal not being a Superior Proposal. Gear shall provide Cenovus and its outside legal counsel with a reasonable opportunity to review the form and content of any such news release and shall make all reasonable amendments to such news release as requested by Cenovus and its counsel.

Cenovus agrees that all information that may be provided to it by Gear with respect to any Superior Proposal shall be treated as if it were "Confidential Information" as that term is defined in the Gear Confidentiality Agreement and such information shall not be disclosed or used except in accordance with the Gear Confidentiality Agreement or in order to enforce its rights under the Arrangement Agreement in legal proceedings.

Termination Fee

Pursuant to the Arrangement Agreement, Gear and Cenovus have agreed that, despite any other provision in the Arrangement Agreement relating to the payment of fees and expenses, including the payment of brokerage fees, if a Cenovus Damages Event occurs, Gear shall pay Cenovus the Cenovus Termination Fee of \$3,360,000 in accordance with Section 6.1 of the Arrangement Agreement.

Gear acknowledges that the agreements contained in Section 6.1 of the Arrangement Agreement regarding the payment of the Cenovus Termination Fee are an integral part of the transactions contemplated by the Arrangement Agreement, and that without these agreements Cenovus would not enter into the Arrangement Agreement, and that any payment of the Cenovus Termination Fee as set out in Section 6.1 of the Arrangement Agreement is in consideration for the disposition of Cenovus's rights under the Arrangement Agreement which are a genuine pre-estimate of the damages, including opportunity costs, which Cenovus will suffer or incur as a result of the Cenovus Damages Event giving rise to such damages and resultant termination of the Arrangement Agreement, and are not penalties. Gear irrevocably waives any right it may have to raise as a defence that any such amounts are excessive or punitive.

Each of Cenovus and Gear acknowledges that the payment of the amount set out in Section 6.1 of the Arrangement Agreement is a payment of liquidated damages and represents a genuine pre-estimate of the damages that Cenovus will suffer or incur as a result of the event giving rise to such damages and the resultant termination of the Arrangement Agreement and is not a penalty. Gear irrevocably waives any right it may have to raise as a defence that any such liquidated damages payable by it are excessive or punitive. For greater certainty, Cenovus agrees that receipt of an amount pursuant to Section 6.1 of the Arrangement Agreement is the sole monetary remedy of Cenovus under the Arrangement Agreement, provided, however, that this limitation shall not apply in the event of fraud or intentional breach of the Arrangement Agreement by Gear or Newco. Nothing in Article 6 of the Arrangement Agreement shall

preclude Cenovus from seeking and obtaining injunctive relief to restrain any breach or threatened breach of the covenants of Gear or Newco set out in the Arrangement Agreement or specific performance of any of such covenants of the other Party, without the necessity of posting bond or security in connection therewith.

Termination of Arrangement Agreement

The Arrangement Agreement may be terminated prior to the Effective Time by:

1. the mutual written agreement of Gear and Cenovus;
2. either Cenovus or Gear if the Gear Shareholders fail to approve the Arrangement Resolution by the requisite vote at the Gear Meeting (including any adjournment or postponement thereof) in accordance with the Interim Order;
3. by either Cenovus or Gear, if the Effective Time shall not have occurred on or prior to the Outside Date, except that the right to terminate the Arrangement Agreement shall not be available to any Party whose failure to fulfill any of its obligations has been the cause of, or resulted in, the failure of the Effective Time to occur by such date;
4. by either Party as provided in Subsection 5.4(b) of the Arrangement Agreement, provided that the failure to satisfy the particular condition precedent being relied upon as a basis for termination of the Arrangement Agreement did not occur as a result of a breach by the Party seeking to rely on the condition precedent of any of its covenants or obligations under the Arrangement Agreement;
5. by Cenovus upon the occurrence of a Cenovus Damages Event, as provided in Section 6.1 of the Arrangement Agreement; or
6. by Gear upon the occurrence of a Cenovus Damages Event, as set out in Subsection 6.1(d) of the Arrangement Agreement, and the payment by Gear to Cenovus of the Cenovus Termination Fee, provided that Gear has complied with its obligations set out in Section 3.5 of the Arrangement Agreement.

In the event of the termination of the Arrangement Agreement in the circumstances set out above, the Arrangement Agreement would become void and be of no further force or effect and no Party shall have any liability or further obligation to the other under the Arrangement Agreement except with respect to the obligations set out in any of Section 4.3, Article 6, (provided that in the case of Subsection 6.1(b), the right to payment pursuant to a public announcement of or making of an Acquisition Proposal arose prior to the termination of the Arrangement Agreement); Article 9 and Article 10, all of which shall survive such termination. For greater certainty, the termination of the Arrangement Agreement pursuant to Article 8 of the Arrangement Agreement shall not affect the rights or obligations of any Party under the Gear Confidentiality Agreement and the Gear Confidentiality Agreement shall remain in full force and effect, subject to any further agreement of the Parties.

Amendments to the Arrangement Agreement

The Arrangement Agreement may, at any time and from time to time before or after the holding of Gear Meeting but not later than the Effective Time, be amended by mutual written agreement of the Parties, without further notice to or authorization on the part of the Gear Shareholders, and any such amendment may, subject to the Interim Order and Final Order and any Applicable Laws, without limitation:

1. change the time for performance of any of the obligations or acts of Cenovus, Gear or Newco under the Arrangement Agreement;
2. waive any inaccuracies in, or modify, any representation or warranty contained in the Arrangement Agreement, or in any document delivered pursuant to the Arrangement Agreement;

3. waive compliance with, or modify, any of the covenants contained in the Arrangement Agreement and waive or modify performance of any of the obligations of Cenovus, Gear or Newco under the Arrangement Agreement; or
4. waive satisfaction of, or modify, any of the conditions precedent set out in the Arrangement Agreement.

provided that no such amendment reduces or adversely affects the consideration to be received by Gear Shareholders pursuant to the Arrangement without approval by the Gear Shareholders given in the same manner as required for the approval of the Arrangement.

Effective Date of the Arrangement

Subject to obtaining the approval of the Gear Shareholders to the Arrangement Resolution, upon the other conditions in the Arrangement Agreement, including receipt of the appropriate regulatory approvals, being satisfied or waived (if permitted) and upon the Final Order being granted, Gear will file the Articles of Arrangement with the Registrar. Pursuant to Section 193 of the ABCA, the Arrangement will become effective on the date shown on the Certificate of Arrangement.

Asset Conveyance Agreement

Completion of the Arrangement is conditional upon Gear, Cenovus and Newco entering into the Asset Conveyance Agreement. Pursuant to the Asset Conveyance Agreement, Gear will transfer the Newco Assets to Newco at the Effective Time. The Newco Assets consist of Gear's entire right, title, estate and interest (whether contingent, legal or beneficial) in Gear's Central Alberta, Southeast Saskatchewan, and Tucker Lake assets.

As consideration for the transfer of the Newco Assets, Newco will provide to Gear consideration equal to the fair market value of the Newco Assets, being approximately \$60,000,000, payable by the transfer of 39,999,999 Newco Shares and through the assumption by Newco of the Assumed Liabilities (as defined in the Asset Conveyance Agreement). The Newco Shares will be distributed to Gear Shareholders who elect (or are deemed to have elected (including as a result of pro-rationing)) to receive Newco Shares pursuant to the Arrangement.

See "*Acquisition of the Newco Assets – Asset Conveyance Agreement*" in Appendix E – *Information Concerning Newco*.

Shareholder Approval of the Arrangement

Pursuant to the Interim Order, the Arrangement Resolution must be approved by at least 66⅔% of the votes cast by the Gear Shareholders, either in person or by proxy, at the Gear Meeting. See "*The Arrangement – Shareholder Approval of the Arrangement*" and "*The Arrangement – Canadian Securities Law Matters*".

The Newco Share Option Plan Resolution must be approved by a majority of the votes cast by Gear Shareholders, either by person or by proxy, at the Gear Meeting. See "*Other Matters of Special Business Relating to Newco – Newco Share Option Plan*". Approval of the Arrangement is not contingent on approval of the Newco Share Option Plan Resolution.

The Newco Rights Plan Resolution must be approved by a majority of the votes cast by Gear Shareholders, either by person or by proxy, at the Gear Meeting. See "*Other Matters of Special Business Relating to Newco – Newco Rights Plan*". Approval of the Arrangement is not contingent on approval of the Newco Rights Plan Resolution.

Court Approval of the Arrangement and Completion of the Arrangement

On December 18, 2024, Gear obtained the Interim Order providing for the calling and holding of the Gear Meeting and other procedural matters. The Interim Order is attached as Appendix B to this Information Circular.

Implementation of the Arrangement requires the satisfaction of several conditions and the approval of the Final Order by the Court. Subject to the terms of the Arrangement Agreement, if the Arrangement Resolution is approved by the requisite majorities of Gear Shareholders, Gear will make an application to the Court for the Final Order. The application for the Final Order approving the Arrangement is expected to be made on February 4, 2025 at 11:00 a.m. (Calgary time) at the Calgary Courts Centre, 601 - 5th Street S.W., Calgary, Alberta or via videoconference, if necessary. On the application, the Court will consider the fairness of the Arrangement. The Notice of Application for the Final Order accompanies this Information Circular.

In accordance with the Interim Order, should the Court adjourn the hearing to a later date, notice of the later date will be given to those who have filed and delivered a notice of intention to appear in accordance with the Interim Order. Any Gear Shareholder or any other interested party desiring to appear at the hearing is required to file with the Court of King's Bench of Alberta, Judicial District of Calgary, and serve upon Gear at or before 5:00 p.m. (Calgary time) on January 27, 2025 (or 5:00 p.m. (Calgary time) on the Business Day that is five (5) Business Days prior to the date of the Gear Meeting if it is not held on February 3, 2025), a notice of intention to appear, including the interested party's address for service (or alternatively, a facsimile number for service by facsimile or an email address for service by electronic mail), indicating whether such interested party intends to support or oppose the application or make submissions at the application, together with a summary of the position such interested party intends to advocate before the Court, and any evidence or materials which are to be presented to the Court. Service on Gear is to be effected by delivery to the solicitors for Gear.

On the application for the Final Order, the Court will consider, among other things, the fairness of the Arrangement. The Court may approve the Arrangement in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court deems fit.

Assuming the Final Order is granted and the other conditions to completion of the Arrangement in the Arrangement Agreement are satisfied or waived, the Articles of Arrangement will be filed with the Registrar under the ABCA to give effect to the Arrangement and the various other documents necessary to consummate the transactions contemplated under the Arrangement Agreement will be executed and delivered.

The Court has been advised that the Final Order, if granted, will constitute the basis for an exemption from the registration requirements of the U.S. Securities Act, pursuant to Section 3(a)(10) thereof, with respect to the issuance of the Newco Shares, the issuance of the Gear New Common Shares and the issuance of the Cenovus Notes to Gear Shareholders pursuant to the Arrangement. See *"The Arrangement – United States Securities Law Matters"*.

Regulatory Matters

Except as noted herein, Gear is not aware of any material approval or other action by any Governmental Authority that would be required to be obtained prior to the Effective Date, except as described below. If any additional filings or consents are required, such filings or consents will be sought but these additional requirements could delay the Effective Date or prevent the completion of the Arrangement.

Stock Exchange Delisting

Upon completion of the Arrangement, Gear will become a privately held wholly-owned subsidiary of Cenovus and Newco will carry on its business with the Newco Assets. It is a condition to the completion of the Arrangement that the TSX shall have conditionally approved the delisting of the Gear Shares. It is expected that the Gear Shares will be delisted from the TSX and Gear will make an application to cease to be a reporting issuer under Applicable Canadian Securities Laws as soon as reasonably practicable thereafter. If such application is successful, Gear will no longer be subject to the ongoing disclosure and other obligations currently imposed upon it under such legislation. Gear anticipates that the Gear Shares will be delisted from the TSX as soon as practicable following the Effective Date.

Upon closing of the Arrangement, a press release with further details on the timing and consequences of delisting of the Gear Shares will be issued in accordance with the policies of the TSX once such details are confirmed.

Stock Exchange Listing

There is currently no market for the Newco Shares. Newco has applied to list the Newco Shares on the TSXV which listing will be subject to Newco meeting and fulfilling all listing requirements of the TSXV. There is no assurance that Newco will meet the listing requirements of the TSXV, however if listing approval is ultimately obtained, trading in the Newco Shares is expected to commence shortly after the delisting of the Gear Shares from the TSX under the symbol "LTC". It is a condition to the completion of the Arrangement that the TSXV shall have conditionally approved the listing of the Newco Shares. As of the date hereof, the TSXV has not conditionally approved the listing of the Newco Shares. While Newco anticipates meeting the TSXV's initial listing requirements of a Tier 1 Issuer and expects to be listed as such, listing of these securities will be subject to fulfilling all the minimum listing requirements of the TSXV and there are no assurances that the TSXV will list the Newco Shares.

The currently outstanding Gear Shares are listed for trading on the TSX under the symbol "GXE". On November 29, 2024, the last trading day prior to announcement of Arrangement, the closing price of the Gear Shares on the TSX was \$0.54. On December 27, 2024, the last trading day prior to the date of this Information Circular, the closing price of the Gear Shares on the TSX was \$0.48.

Competition Act Approval

The Arrangement is a "notifiable transaction" for the purposes of Part IX of the Competition Act and it is a mutual condition of the completion of the Arrangement that the Competition Act Approval shall be obtained. On December 6, 2024, Cenovus and Gear jointly requested that the Commissioner issue an advance ruling certificate under Section 102 of the Competition Act or, alternatively, a "no-action letter" in respect of the Arrangement together with a request for a waiver of the obligation to provide notice and supply information in accordance with Section 114 of the Competition Act. The Commissioner issued a "no-action letter" together with the requested waiver in respect of the Arrangement on December 16, 2024. The "no-action letter" confirms that the Commissioner does not, at this time, intend to make an application to the Competition Tribunal in respect of the Arrangement. Receipt of the "no-action letter" and waiver constitutes Competition Act Approval.

Timing

If the Gear Meeting is held as scheduled and is not adjourned and the other necessary conditions to completion of the Arrangement at that point in time are satisfied or waived, Gear will apply to the Court for the Final Order approving the Arrangement on February 4, 2025. If the Final Order is obtained on February 4, 2025 in form and substance satisfactory to Gear and Cenovus and all other conditions to completion of the Arrangement as set forth in the Arrangement Agreement are satisfied or waived, Gear and Cenovus expect that the Effective Date will be on or about February 5, 2025. It is not possible, however, to state with certainty when the Effective Date will occur.

The Arrangement will become effective upon filing with the Registrar the Articles of Arrangement and a copy of the Final Order, together with such other materials that may be required by the Registrar.

Gear's and Cenovus's objective is to have the Effective Date occur on or about February 5, 2025. However, the Effective Date could be delayed for a number of reasons, including an objection before the Court at the hearing of the application for the Final Order.

Interests of Certain Persons in the Arrangement

In considering the recommendation of the Gear Board with respect to the Arrangement, Gear Shareholders should be aware that certain members of Gear's management and the Gear Board have certain interests in connection with the Arrangement, including those referred to below and elsewhere in this Information Circular, that may present them with actual or potential conflicts of interest in connection with the Arrangement. The Gear Board is aware of these interests and considered them along with the other matters described above in "*The Arrangement - Background to the Arrangement*".

Summary of Interests of Directors and Officers in the Arrangement

The interests of the directors and officers of Gear in the Arrangement are summarized in the following table. The Gear Board was aware of these interests and considered them, among other matters, when recommending approval of the Arrangement by Gear Shareholders.

Name and Position	Number of Gear Shares Held⁽¹⁾	Number of Newco Shares Transferred Pursuant to the Arrangement in Exchange for Gear Shares Held⁽²⁾⁽³⁾	Cash Consideration to be received Pursuant to the Arrangement in Exchange for Gear Shares Held⁽⁴⁾⁽⁵⁾	Severance Payment⁽⁶⁾
Kevin Johnson President, Chief Executive Officer and Director	823,658 (0.3%)	249,980	\$499,961	Nil
David Hwang Vice President, Finance and Chief Financial Officer	1,293,306 (0.5%)	392,518	\$785,037	\$506,250
Bryan Dozzi Vice President, Engineering	387,624 (0.1%)	117,644	\$235,288	\$275,000
Jason Kaluski Vice President, Operations	582,537 (0.2%)	176,800	\$353,600	\$270,000
Steve Power Vice President, Exploration	202,955 (0.1%)	61,596	\$123,194	Nil
Greg Bay Director	215,738 (0.1%)	65,476	\$130,953	Nil
Kathy Turgeon Director	17,500 (0.0%)	5,311	\$10,623	Nil
Don T. Gray Director	8,595,480 (3.3%)	2,608,728	\$5,217,456	Nil
Scott Robinson Chairman	501,792 (0.2%)	152,294	\$304,588	Nil
Wilson Wang Director	8,482,697 (3.2%)	2,574,499	\$5,148,997	Nil
Bindu Wyma Director	71,355 (0.0%)	21,656	\$43,312	Nil

<u>Name and Position</u>	<u>Number of Gear Shares Held⁽¹⁾</u>	<u>Number of Newco Shares Transferred Pursuant to the Arrangement in Exchange for Gear Shares Held⁽²⁾⁽³⁾</u>	<u>Cash Consideration to be received Pursuant to the Arrangement in Exchange for Gear Shares Held⁽⁴⁾⁽⁵⁾</u>	<u>Severance Payment⁽⁶⁾</u>
Total:	21,174,642 (8.0%)	6,426,502	\$12,853,009	\$1,051,250

Notes:

- (1) Reflects the number of Gear Shares held as of the date of this Information Circular.
- (2) The number of Newco Shares estimated to be transferred pursuant to the Arrangement has been rounded down to the nearest whole number of Newco Shares.
- (3) Assuming each such individual elects to receive Newco Shares only and does not receive any Cash Consideration per Share under the Arrangement.
- (4) Assuming each such individual elects to receive the Cash Consideration per Share for their Gear Shares only and does not receive any Newco Shares under the Arrangement.
- (5) The cash consideration estimated to be paid pursuant to the Arrangement has been rounded to the nearest dollar.
- (6) Each of Messrs. Hwang, Dozzi and Kaluski will receive a severance payment at the Effective Time in accordance with the terms of their Employment Agreements. Mr. Dozzi intends to retire following completion of the Arrangement. Each of Messrs. Hwang and Kaluski are expected to be employed in the same positions with Newco as their current positions with Gear; however, neither Mr. Hwang nor Mr. Kaluski are expected to enter into employment agreements with Newco that provide for severance on change of control or termination. Both Mr. Johnson, President and Chief Executive Officer of Gear, and Mr. Power, Vice-President, Exploration of Gear, have agreed that their existing Employment Agreements will be assigned to Newco on substantially the same terms and have waived any entitlement to severance payment or a retirement allowance on closing of the Arrangement.

Gear Shares

As at December 30, 2024, the directors and officers of Gear and their respective associates and affiliates beneficially owned or exercised control or direction over an aggregate of 21,174,642 Gear Shares (representing approximately 8% of the issued and outstanding Gear Shares). The directors and officers of Gear have agreed with Cenovus to vote such Gear Shares in favour of the Arrangement Resolution in accordance with the terms of their respective Support Agreements.

All of the Gear Shares held by directors and officers of Gear and their associates and affiliates will be treated in the same fashion under the Arrangement as Gear Shares held by any other Gear Shareholder. Following completion of the Arrangement, it is expected that the directors and officers of Newco listed above shall beneficially own or control or direct, directly or indirectly, a maximum of approximately 6,426,502 Newco Shares, being approximately 16.07% of the issued and outstanding Newco Shares (assuming each such individual elects to receive Newco Shares only and does not receive any Cash Consideration per Share under the Arrangement).

Gear Options

As at December 30, 2024, the directors and officers of Gear held an aggregate of 10,121,000 Gear Options (which Gear Options represent approximately 58% of the outstanding Gear Options, 922,000 of which were vested and exercisable as of that date and 9,199,000 of which were unvested and not exercisable as of that date). All of the Gear Options are currently out-of-the-money as the exercise price of such Gear Options exceeds the current market price of the Gear Shares on the TSX.

The holders of Gear Options outstanding immediately prior to the Effective Time shall enter into the Option Surrender Agreements with Gear, whereby each holder of Gear Options shall agree to surrender such Gear Options for nominal consideration in accordance with the provisions of the Arrangement Agreement and the Plan of Arrangement.

Gear Employment Agreements

Each of David Hwang, Vice-President, Finance and Chief Financial Officer, Bryan Dozzi, Vice President, Engineering, and Jason Kaluski, Vice President, Operations, will each receive a retiring allowance in accordance with the terms of their respective Employment Agreements on closing of the Arrangement. Mr. Dozzi intends to retire on closing of the Arrangement and is not expected to be employed by Newco. Each of Mr. Hwang and Mr. Kaluski are expected to be employed in the same positions with Newco as their current positions with Gear; however, neither Mr. Hwang nor Mr. Kaluski are expected to enter into employment agreements with Newco that provide for severance on change of control or termination. For additional details of the Employment Agreements between Gear and each of Messrs. Hwang, Dozzi and Kaluski, see "*Statement of Executive Compensation - Termination and Change of Control Benefits*" in the 2024 AGM Information Circular.

Both Kevin Johnson, President and Chief Executive Officer of Gear, and Steve Power, Vice-President, Exploration of Gear, have agreed that their existing Employment Agreements will be assigned to Newco on substantially the same terms and have waived any entitlement to severance payment or a retirement allowance on closing of the Arrangement. As a result, both Mr. Johnson and Mr. Power will have employment agreements with Newco. For additional details of the Employment Agreements between Gear and each of Messrs. Johnson and Power, see "*Statement of Executive Compensation - Termination and Change of Control Benefits*" in Appendix E – *Information Concerning Newco*.

Continuing Insurance Coverage for Directors and Officers of Gear

Gear shall have secured "run-off" directors' and officers' liability insurance for the directors and officers of Gear in a form satisfactory to Cenovus, acting reasonably. Following the Effective Time, none of the Parties shall take, cause, or permit to be taken any action to terminate or adversely affect any "run-off" directors' and officers' liability insurance which is obtained by Gear.

Newco

Certain directors, officers and employees of Gear are or will be directors, officers or employees of Newco and will receive remuneration for acting in that capacity and may be eligible to participate in the Newco Share Option Plan. See Appendix E – *Information Concerning Newco*, "*Other Matters of Special Business Relating to Newco - Newco Share Option Plan*".

Procedure for Exchange of Share Certificates by Gear Shareholders

Under the Arrangement, each Gear Shareholder may elect to receive in respect of all, or a portion, of his, her or its Gear Shares, the Cash Consideration per Share or ultimately the Newco Share Consideration per Share or a combination thereof that such holder is entitled to receive under the Arrangement subject in each case to rounding and proration based on the Cash Maximum and Newco Share Maximum. Such elections will be made by depositing with the Depository, prior to the Election Deadline, a duly completed Letter of Transmittal and Election Form indicating such registered Gear Shareholder's election, which, when properly completed and duly executed and returned together with a certificate or certificates representing Gear Shares and all other required documents, will enable each Gear Shareholder (other than Dissenting Shareholders) to obtain the Cash Consideration per Share or ultimately the Newco Share Consideration per Share or a combination thereof that such holder is entitled to receive under the Arrangement. See "*The Arrangement – Arrangement Mechanics*".

The enclosed Letter of Transmittal and Election Form provides an explanation as to how registered Gear Shareholders deposit and obtain payment for the Gear Shares once the Arrangement is completed. The Letter of Transmittal and Election Form may also be obtained by contacting the Depository. Failure to complete a Letter of Transmittal and Election Form prior to the Election Deadline will result in a deemed election of consideration comprised of 50% Newco Share Consideration per Share and 50% Cash Consideration per Share

for such Gear Shareholder's Gear Shares, subject to proration and the Cash Maximum and Newco Share Maximum and rounding.

To make an effective election, a properly completed and duly executed Letter of Transmittal and Election Form, together with the certificates representing Gear Shares must be received by the Depositary by no later than the Election Deadline.

Only registered Gear Shareholders are required to submit a Letter of Transmittal and Election Form. **If you are a Beneficial Shareholder holding your Gear Shares through a nominee such as a broker or dealer, you should carefully follow any instructions provided to you by such nominee.**

From and after the Effective Time, all certificates that represented Gear Shares immediately prior to the Effective Time will cease to represent any rights with respect to Gear Shares and will only represent the right to receive the consideration under the Arrangement or, in the case of Dissenting Shareholders, the right to receive fair value for their Gear Shares. Registered Gear Shareholders who do not forward to the Depositary a validly completed and duly signed Letter of Transmittal and Election Form, together with their Gear Share certificate(s), will not receive the consideration to which they are otherwise entitled until the deposit is made.

All dividends and distributions made after the Effective Time with respect to any Newco Shares allotted and issued pursuant to the Plan of Arrangement but for which a certificate has not been issued shall be paid or delivered to the Depositary to be held by the Depositary, subject to Section 4.6 of the Plan of Arrangement in trust for the holder of such Newco Shares. All monies received by the Depositary shall be invested by it in interest bearing trust accounts upon such terms as the Depositary may reasonably deem appropriate. Subject to the Plan of Arrangement, the Depositary shall pay and deliver to any such holder, as soon as reasonably practicable after application therefor is made by such holder to the Depositary in such form as the Depositary may reasonably require, such dividends and distributions and any interest thereon to which such holder is entitled pursuant to the Arrangement, net of any applicable withholding and other taxes.

Any use of mail to transmit certificate(s) for Gear Shares and the related Letter of Transmittal and Election Form is at the risk of the holder. If these documents are mailed, it is recommended that registered mail, with return receipt requested, properly insured, be used.

The Cash Consideration per Share and certificates representing the appropriate number of Newco Shares to be transferred to a former Gear Shareholder who has complied with the procedures set forth above will, as soon as practicable after the Effective Date: (i) be forwarded to the holder at the address specified in the Letter of Transmittal and Election Form by first class prepaid mail; or (ii) be made available at the offices of the Depositary for pick up by the holder as requested by the holder in the Letter of Transmittal and Election Form.

In the event any certificate which immediately prior to the Effective Time represented an interest in outstanding Gear Shares that were transferred or cancelled has been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such certificate to be lost, stolen or destroyed, the Depositary will issue in exchange for such lost, stolen or destroyed certificate, the consideration deliverable in accordance with such Gear Shareholder's Letter of Transmittal and Election Form and the Plan of Arrangement. When authorizing such payment in exchange for any lost, stolen or destroyed certificate, the Person to whom such consideration is to be delivered shall as a condition precedent to the delivery of such consideration, give a bond satisfactory to Cenovus, Newco and the Depositary (acting reasonably) in such sum as Cenovus and Newco may direct, or otherwise indemnify Cenovus, Newco and Gear in a manner satisfactory to Cenovus, Newco and Gear, acting reasonably, against any claim that may be made against Cenovus and Gear with respect to the certificate alleged to have been lost, stolen or destroyed.

Cenovus and Gear reserve the right to permit the procedure for the exchange of securities pursuant to the Arrangement to be completed other than as set forth above.

Cenovus, Gear and Newco retained the services of the Depositary for the receipt of certificates representing Gear Shares and the related Letters of Transmittal and Election Forms deposited under the Arrangement and for the delivery of the consideration pursuant to the Arrangement. The Depositary will receive reasonable and customary

compensation for its services in connection with the Arrangement, will be reimbursed for certain out-of-pocket expenses and will be indemnified against certain liabilities.

Should the Arrangement not be completed, any deposited Gear Shares will be returned to the depositing Gear Shareholder (together with any other relevant documents) in the name of and to the address specified by the Gear Shareholder in the Letter of Transmittal and Election Form or, if such name and address is not so specified, in such name and to such address as shown on the register maintained by Gear's registrar and transfer agent.

Gear Shareholders that wish to receive a particular form of consideration are urged to properly make an election prior to the Election Deadline. See the section entitled "*Proration*" below, for information on proration in the event that the elections made by Gear Shareholders cause the aggregate Cash Consideration per Share and/or Newco Share Consideration per Share to exceed the Cash Consideration Maximum or the Newco Share Maximum, respectively.

Proration

The Plan of Arrangement provides that the maximum number of Newco Shares that may, in the aggregate, be transferred to Gear Shareholders in consideration for Gear Shares shall not exceed 40,000,000, and the aggregate Cash Consideration per Share to be paid to Gear Shareholders in consideration for Gear Shares shall not exceed \$80,000,000. The Plan of Arrangement includes pro-rationing provisions that will deem Gear Shareholders to have elected to receive Newco Shares if the Cash Maximum is exceeded or to have elected to receive the Cash Consideration per Share if the Newco Share Maximum is exceeded.

No Fractional Newco Shares

In no event shall a Gear Shareholder be entitled to receive a fractional Newco Share. Where the aggregate number of Newco Shares to be transferred to a Gear Shareholder pursuant to the Plan of Arrangement would otherwise result in a fraction of a Newco Share being transferred, such Gear Shareholder entitlement will be rounded down to the nearest whole number of Newco Shares.

Cancellation of Rights

Any certificate formerly representing Gear Shares not duly surrendered on or prior to the Business Day immediately preceding the third anniversary of the Effective Date shall cease to represent a claim or interest of any kind or nature against, Cenovus, Newco or Gear by a former Gear Shareholder. On such date, subject to Applicable Laws, all consideration to which the former Gear Shareholder of such certificates was entitled shall be deemed to have been surrendered and be paid, along with any interest accrued on such consideration, by the Depositary to Cenovus (or any successor) or Newco (or any successor), as applicable. Any payment made by way of cheque by the Depositary pursuant to the Plan of Arrangement that has not been deposited or has been returned to the Depositary or that otherwise remains unclaimed, in each case on or prior to the Business Day immediately preceding the third anniversary of the Effective Date and any right or claim to payment under the Plan of Arrangement that remains outstanding on or prior to the Business Day immediately preceding the third anniversary of the Effective Date shall cease to represent a right or claim of any kind or nature and the right of any affected security holder to receive the consideration for any affected securities pursuant to the Plan of Arrangement shall terminate and be deemed to be surrendered and forfeited to Cenovus (or Gear, as applicable) for no consideration.

Expenses of the Arrangement

The aggregate costs of Gear to be incurred relating to the Arrangement including, without limitation, severance, legal, accounting, engineering, financial advisory, printing, depositary services, proxy solicitation costs, costs and expenses, costs incurred in connection with the conveyance and transfer of the Newco Assets, and matters relating thereto and other out-of-pocket costs associated with the Gear Meeting are estimated to be approximately \$5 million.

Canadian Securities Law Matters

Judicial Developments

The Plan of Arrangement will be implemented pursuant to Section 193 of the ABCA which provides that, where it is impractical for a corporation to effect an arrangement under any other provisions of the ABCA, a corporation may apply to the Court for an order approving the arrangement proposed by such corporation. Pursuant to this section of the ABCA, such an application will be made by Gear for approval of the Arrangement. Although there have been a number of judicial decisions considering this section and applications to various arrangements, there have not been, to the knowledge Gear, any recent significant decisions which would apply in this instance. Gear Shareholders should consult their legal advisors with respect to the legal rights available to them in relation to the Arrangement.

Resale of Securities

The Newco Shares to be issued to Gear Shareholders in connection with the Arrangement, will be issued in reliance on exemptions from the prospectus requirements of Applicable Securities Laws, will generally be "freely tradeable" and the resale of such Newco Shares will be exempt from the prospectus requirements (and not subject to any "restricted period" or "hold period") under Applicable Securities Laws if the following conditions are met: (a) the trade is not a control distribution (as defined in Securities Laws); (b) no unusual effort is made to prepare the market or to create a demand for the securities that are the subject of the trade; (c) no extraordinary commission or consideration is paid to a person or company in respect of the trade; and (d) if the selling shareholder is an insider or an officer of Newco, the selling shareholder has no reasonable grounds to believe that Newco is in default of securities legislation. Gear Shareholders are urged to consult their legal advisors to determine the applicability to them of the resale restrictions prescribed by Applicable Securities Laws.

Multilateral Instrument 61-101

Gear is a reporting issuer in Alberta, British Columbia, Manitoba, Ontario and Saskatchewan and is subject to MI 61-101. MI 61-101 regulates certain types of transactions to ensure fair treatment among securityholders and generally requires enhanced disclosure, minority approval (which is approval by a majority of securityholders excluding interested or related parties), independent valuations and, in certain instances, approval and oversight of certain transactions by a special committee of independent directors. The protections afforded by MI 61-101 apply to "business combinations" (as defined in MI 61-101) which terminate the interests of securityholders without their consent.

If any "related parties" (as defined in MI 61-101) of Gear are entitled to receive, directly or indirectly, a "collateral benefit" (as defined in MI 61-101) as a consequence of the Arrangement, the Arrangement may constitute a business combination for the purposes of MI 61-101 and the Arrangement Resolution may require "minority approval" (as defined in MI 61-101) in accordance with MI 61-101.

A collateral benefit includes any benefit that a related party of Gear (which includes the directors and senior officers of Gear) is entitled to receive, directly or indirectly, as a consequence of the Arrangement, including, without limitation, an increase in salary, a lump sum payment, a payment for surrendering securities, or other enhancement in benefits related to past or future services as an employee, director or consultant of Gear; however, such a benefit will not constitute a collateral benefit provided that certain conditions are satisfied. Under MI 61-101, a benefit received by a related party of Gear is not considered to be a collateral benefit if the benefit is received solely in connection with the related party's services as an employee, director or consultant of Gear or of an affiliated entity of Gear, and (a) the benefit is not conferred for the purpose, in whole or in part, of increasing the value of the consideration paid to the related party for securities relinquished under the Arrangement; (b) the conferring of the benefit is not, by its terms, conditional on the related party supporting the Arrangement in any manner; (c) full particulars of the benefit are disclosed in this Information Circular; and (d) (i) at the time the Arrangement was agreed to, the related party and its associated entities beneficially own or exercise control or direction over, less than 1% of the outstanding Gear Shares, or (ii) (A) the related party discloses to an independent committee of the Gear Board the amount of consideration that the related party expects it will be beneficially entitled to receive, under the terms of the Arrangement, in exchange for the Gear Shares beneficially owned by the related party; (B) the independent committee, acting in good faith, determines that the value of the benefit, net of any offsetting costs to the related party, is less than 5% of the value

referred to in subclause (A); and (C) the independent committee's determination is disclosed in this Information Circular.

In connection with the Arrangement, the outstanding Gear Options will be surrendered for nominal consideration. Gear has considered whether any of these matters may constitute a "collateral benefit" for purposes of MI 61-101 such that the Arrangement would therefore constitute a "business combination" under MI 61-101. In addition, certain executive officers of Gear will receive a severance payment on completion of the Arrangement as described under "*The Arrangement – Interests of Certain Persons in the Arrangement*". Gear has determined that these benefits fall within an exception to the definition of "collateral benefit" for the purposes of MI 61-101, since: (a) the benefits are received solely in connection with the related parties' services as employees, directors or consultants of Gear or an affiliated entity of Gear; (b) the benefits are not conferred for the purpose, in whole or in part, of increasing the value of the consideration paid to the related parties for their Gear Shares; (c) the benefits are not conditional on the related parties supporting the Arrangement in any manner; (d) full particulars of the benefits are disclosed in this Information Circular; and (e) each of the related parties and their associated entities entitled to receive the benefits beneficially owns or exercises control or direction over, less than 1% of the outstanding Gear Shares. Accordingly, the Arrangement is not considered to be a "business combination" in respect of Gear, and as a result, no "minority approval" is required for the Arrangement Resolution. In addition, since the Arrangement does not constitute a business combination, no formal valuation of Gear is required for the Arrangement under MI 61-101.

United States Securities Law Matters

The Newco Shares to be transferred and the Gear New Common Shares and Cenovus Notes issuable to Gear Shareholders in exchange for their Gear Shares pursuant to the Arrangement have not been and will not be registered under the U.S. Securities Act. Such securities will be issued or transferred to Gear Shareholders in reliance upon the exemption from the registration requirement of the U.S. Securities Act provided by Section 3(a)(10) thereof. Section 3(a)(10) of the U.S. Securities Act exempts the issuance of securities in exchange for one or more *bona fide* outstanding securities from the general requirement of registration where the terms and conditions of the issuance and exchange of such securities have been approved by a court authorized to grant the approval, after a hearing upon the fairness of the terms and conditions of the issuance and exchange at which all persons to whom the securities will be issued or transferred have the right to appear and receive timely notice thereof. The Court is authorized to conduct a hearing at which the fairness of the terms and conditions of the Arrangement will be considered. The Court issued the Interim Order and subject to the approval of the Arrangement by the Gear Shareholders, a hearing on the Arrangement will be held at which all Gear Shareholders are entitled to appear and be heard. The Final Order will constitute the basis for an exemption from the registration requirements of the U.S. Securities Act, pursuant to Section 3(a)(10) thereof, for the transfer of the Newco Shares and the Gear New Common Shares and Cenovus Notes issuable to the Gear Shareholders pursuant to the Arrangement. The Court has been advised of this effect of the Final Order. Additionally, the issuance of the Newco Shares, Gear New Common Shares and Cenovus Notes to Gear Shareholders in exchange for Gear Shares pursuant to the Arrangement will be exempt from registration under the securities laws of the applicable states of the United States.

The Newco Shares transferred to Gear Shareholders will be freely transferable under United States federal securities laws, except by persons who are affiliates of Newco or were affiliates of Newco within 90 days prior to the completion of the Arrangement. Persons who may be deemed to be "affiliates" of an issuer generally include individuals or entities that control, are controlled by, or are under common control with, the issuer, whether through the ownership of voting securities, by contract or otherwise, and generally include executive officers and directors of the issuer as well as significant shareholders of the issuer.

Any resale of such Newco Shares by such an affiliate (or former affiliate) may be subject to the registration requirements of the U.S. Securities Act, absent an exemption therefrom. Subject to certain limitations, such affiliates (and former affiliates) may immediately resell such Newco Shares outside the United States without registration under the U.S. Securities Act pursuant to Regulation S under the U.S. Securities Act. If available, such affiliates (and former affiliates) may also resell such securities pursuant to Rule 144 under the U.S. Securities Act.

The foregoing discussion is only a general overview of certain requirements of United States federal securities laws applicable to the resale of the Newco Shares received upon completion of the Arrangement. All holders of such

securities are urged to consult with counsel to ensure that the resale of their Newco Shares complies with applicable securities legislation.

DISSENT RIGHTS

The following description of the rights of Dissenting Shareholders is not a comprehensive statement of the procedures to be followed by a Dissenting Shareholder who seeks payment of the fair value of such shareholder's Gear Shares and is qualified in its entirety by the reference to the full text of the Interim Order which is attached as Appendix B to this Information Circular and the full text of Section 191 of the ABCA which is attached as Appendix G to this Information Circular. A Gear Shareholder who intends to exercise Dissent Rights should carefully consider and strictly comply with the provisions of Section 191 of the ABCA, as modified by the Interim Order and the Plan of Arrangement. Failure to strictly comply with the provisions of that section, as modified by the Interim Order, and to adhere to the procedures established therein may result in the loss of all rights thereunder. It is suggested that Gear Shareholders wishing to avail themselves of their rights under those provisions seek their own legal advice, as failure to comply strictly with them may prejudice their right of dissent.

The Court hearing the application for the Final Order has the discretion to alter the rights of dissent described herein based on the evidence presented at such hearing.

Under the Interim Order, a registered Gear Shareholder who fully complies with the dissent procedures in Section 191 of the ABCA, as modified by the Interim Order and the Plan of Arrangement, is entitled, if the Arrangement becomes effective, in addition to any other rights the holder may have, to dissent and to be paid by Cenovus the fair value of the Gear Shares held by the registered Gear Shareholder in respect of which the holder dissents, determined as of the close of business on the last Business Day before the day on which the Arrangement Resolution is approved by Gear Shareholders. **A registered Gear Shareholder may dissent only with respect to all of the Gear Shares held by such holder or on behalf of any one Beneficial Shareholder and registered in the Dissenting Gear Shareholder's name. Beneficial Shareholders who wish to dissent should be aware that only the registered owner of such Gear Shares is entitled to dissent. Accordingly, a Beneficial Shareholder desiring to exercise Dissent Rights must make arrangements for the Gear Shares beneficially owned by such Beneficial Shareholder to be registered in the name of such Beneficial Shareholder prior to the time written objection to the Arrangement Resolution is required to be received by the Corporation or, alternatively, make arrangements for the registered holder of such Gear Shares to dissent on behalf of the Beneficial Shareholder.**

A registered Gear Shareholder who wishes to dissent must provide a written objection must be received by Gear c/o its counsel Burnet, Duckworth & Palmer LLP, 2400, 525-8th Avenue SW, Calgary, Alberta, T2P 1G1, Attention: Ryan Algar, by 5:00 p.m. (Calgary time) on January 27, 2025 (or 5:00 p.m. (Calgary time) on the Business Day that is five (5) Business Days prior to the date of the Gear Meeting if it is not held on February 3, 2025) and such holder must strictly comply with Section 191 of the ABCA as modified by the Interim Order and the Plan of Arrangement. A vote against the Arrangement Resolution, whether in person or by proxy, or an abstention shall not constitute a written objection to the Arrangement Resolution. The following Persons will not be entitled to exercise Dissent Rights: (i) Gear Shareholders who vote or have instructed a proxyholder to vote such Gear Shares in favour of the Arrangement Resolution; and (ii) holders of Gear Options. A Gear Shareholder may only exercise its Dissent Rights in respect of all, and not less than all of its Gear Shares.

It is important that registered Gear Shareholders who wish to dissent comply strictly with the dissent procedures described in this Information Circular and the Interim Order, which may be different from the statutory dissent procedures of the ABCA.

Beneficial Shareholders desiring to exercise Dissent Rights must make arrangements for such Gear Shares beneficially owned to be registered in such Beneficial Shareholder's name prior to the time the written objection to the Arrangement Resolution is required to be received by Gear, or alternatively, make arrangements for the registered holder of such Gear Shares to dissent on behalf of the Beneficial Shareholders. A registered Gear Shareholder may dissent only with respect to all of the Gear Shares held by such holder or on behalf of any one Beneficial Shareholder and registered in the Gear Shareholder's name. **It is suggested that any Gear Shareholder wishing to dissent seek their own legal**

advice, as the failure to strictly comply with the provisions of the ABCA, as modified by the Interim Order and Plan of Arrangement, may prejudice such Gear Shareholder's right to dissent.

Dissenting Shareholders who validly exercise their right to dissent, and who: (i) are determined to be entitled to be paid the fair value of their Gear Shares, shall be deemed to have irrevocably transferred such Gear Shares as of the Effective Time without any further act or formality and free and clear of all liens, claims and encumbrances to Cenovus in exchange for the fair value of the Gear Shares; or (ii) are, for any reason (including, for clarity, any withdrawal by any Dissenting Shareholder of their dissent) determined not to be entitled to be paid the fair value for their Gear Shares, shall be deemed to have participated in the Arrangement on the same basis as a non-dissenting Gear Shareholder and such Gear Shares will be deemed to be exchanged for the consideration contemplated under the Arrangement that would be payable to a Gear Shareholder who does make an election within the prescribed time periods, but in no event shall Gear, Cenovus or any other Person be required to recognize such Gear Shareholders as Gear Shareholders after the Effective Time, and the names of such Gear Shareholders shall be removed from the applicable register of Gear Shares.

It is a mutual condition to the Parties' obligation to complete the Arrangement that Gear Shareholders holding no more than 5.0% of the outstanding Gear Shares shall have exercised Dissent Rights in relation to the Arrangement that have not been withdrawn as at the Effective Date.

An application may be made to the Court by Cenovus or by a Dissenting Shareholder after adoption of the Arrangement Resolution to fix the fair value of the Dissenting Shareholder's Gear Shares. If such an application to the Court is made by either Cenovus or a Dissenting Shareholder, Cenovus must, unless the Court otherwise orders, send to each Dissenting Shareholder a written offer to pay him an amount considered by the board of directors of Cenovus to be the fair value of the Gear Shares formerly held by such Dissenting Shareholder. The offer, unless the Court otherwise orders, will be sent to each Dissenting Shareholder at least 10 days before the date on which the application is returnable, if Cenovus is the applicant, or within 10 days after Cenovus is served with notice of the application, if a Dissenting Shareholder is the applicant. The offer must be made on the same terms to each Dissenting Shareholder and must be accompanied by a statement showing how the fair value was determined.

A Dissenting Shareholder may make an agreement with Cenovus for the purchase of such holder's Gear Shares for an agreed upon amount, at any time before the Court pronounces an order fixing the fair value of the Gear Shares.

A Dissenting Shareholder is not required to give security for costs in respect of an application and, except in special circumstances, will not be required to pay the costs of the application and appraisal. On the application, the Court will make an order under Subsection 191(13) of the ABCA fixing the fair value of the Gear Shares of all Dissenting Shareholders who are parties to the application, giving judgment in that amount against Cenovus and in favour of each of those Dissenting Shareholders, and fixing the time within which Cenovus must pay that amount to the Dissenting Shareholders. The Court may in its discretion allow a reasonable rate of interest on the amount payable to each Dissenting Shareholder calculated from the date on which the Dissenting Shareholder ceases to have any rights as a Gear Shareholder under the ABCA until the date of payment.

After the Effective Date, or upon the making of an agreement between Cenovus and the Dissenting Shareholder as to the payment to be made by Cenovus to the Dissenting Shareholder, or upon the pronouncement of a court order, whichever first occurs, the Gear Shareholder ceases to have any rights as a Gear Shareholder other than the right to be paid the fair value of the Gear Shares held by such Dissenting Shareholder in the amount agreed to between Cenovus and the Dissenting Shareholder or in the amount of the judgement, except where prior to the occurrence of any of the aforementioned: (i) the Dissenting Shareholder withdraws such Dissenting Shareholder's demand for payment; or (ii) the Arrangement Resolution is terminated, in which case such Dissenting Shareholder's rights as a Gear Shareholder will be reinstated and, in either event, the dissent and appraisal proceedings in respect of that Dissenting Shareholder will be discontinued.

Cenovus shall not make a payment to a Dissenting Shareholder under Section 191 of the ABCA if there are reasonable grounds for believing that Cenovus is or will be after the payment, be unable to pay its liabilities as they become due, or that the realizable value of the assets of Cenovus would by reason of the payment be less in the aggregate of its liabilities. In such event, Cenovus shall notify each Dissenting Shareholder that it is lawfully unable to pay the Dissenting Shareholder their respective portion for their Gear Shares. In which case the Dissenting Shareholder may,

by written notice to Cenovus a, within 30 days after receipt of such notice, withdraw such holder's written objection, in which case Cenovus be deemed to consent to the withdrawal and such Dissenting Shareholders shall, in accordance with the Interim Order, be deemed to have participated in the Arrangement as a Gear Shareholder. If the Dissenting Shareholder does not withdraw such holder's written objection, such Dissenting Shareholder retains status as a claimant against Cenovus to be paid as soon as Cenovus is lawfully entitled to do so, or in liquidation, to be ranked subordinate to creditors but prior to its shareholders.

Dissenting Shareholders who duly and validly exercise Dissent Rights and who are ultimately entitled to be paid fair value for their Gear Shares will be deemed to have transferred their Gear Shares as of the Effective Time and without any further authorization, act or formality and free and clear of all liens, charges, claims and encumbrances, to the Purchaser under the Arrangement. In the event that a Dissenting Shareholder fails to perfect or effectively withdraws a claim under Section 191 of the ABCA or forfeits the right to make a claim under that section or such Dissenting Shareholder's rights as a Gear Shareholder are otherwise reinstated, such Dissenting Shareholder will be treated as if the Dissenting Shareholder had participated in the Arrangement on the same basis as a non-dissenting holder of Gear Shares, notwithstanding the provisions of Section 191 of the ABCA. In no case will such holders be recognized as Gear Shareholders after the Effective Time.

It is a mutual condition to the Parties' obligation to complete the Arrangement that Gear Shareholders holding no more than 5.0% of the outstanding Gear Shares shall have exercised Dissent Rights in relation to the Arrangement that have not been withdrawn as at the Effective Date.

We also urge any Gear Shareholder who is considering dissenting to the Arrangement to consult their own tax advisor with respect to the income tax consequences to them of such action. For a general summary of certain income tax implications to a Dissenting Shareholder, see "*Tax Considerations to Gear Shareholders – Certain Canadian Federal Income Tax Considerations – Taxation of Gear Shareholders Resident in Canada – Dissenting Shareholders*".

RISK FACTORS

Gear Shareholders should understand that if the Arrangement is approved at the Gear Meeting, all Gear Shareholders (other than Dissenting Shareholders) will receive, at their election the Cash Consideration per Share or ultimately the Newco Share Consideration per Share or a combination thereof, subject in each case to rounding and proration based on the Cash Maximum and Newco Share Maximum. Accordingly, a former Gear Shareholder (other than Dissenting Shareholders) will become a shareholder of Newco and as a result will be subject to all of the risks associated with the operations of Newco and the industry in which it operates. Those risks include the factors affecting forward-looking statements described in this Information Circular and the risk factors set forth below. If the Arrangement is not completed, Gear will continue to face the risks it currently faces with respect to its business operations and affairs which such risks were described in the financial statements, management's discussion and analysis, annual information form and other continuous disclosure documents of Gear filed on SEDAR+.

Additional risks and uncertainties, including those currently unknown to or considered immaterial by Gear may also adversely affect the business of Newco going forward. In particular, the Arrangement and the operations of Newco are subject to certain risks including the risks set forth below and under the heading "*Risk Factors*" in Appendix E – *Information Concerning Newco*.

Risks Related to the Arrangement

The Arrangement Agreement may be terminated

Each of Cenovus and Gear has the right to terminate the Arrangement Agreement in certain circumstances. Accordingly, there is no certainty, nor can Gear provide any assurance, that the Arrangement will not be terminated by either Cenovus or Gear before the completion of the Arrangement. For instance, Cenovus has the right, in certain circumstances, to terminate the Arrangement Agreement if changes occur that have a Material Adverse Effect. There is no assurance that a Material Adverse Effect will not occur before the Effective Date, in which case Cenovus could elect to terminate the Arrangement Agreement and the Arrangement would not proceed. Failure to complete the Arrangement could materially negatively impact the price of the Gear Shares. Moreover, if the Arrangement

Agreement is terminated, there is no assurance that the Gear Board will be able to find a party willing to pay an equivalent or a more attractive price for the Gear Shares than the price to be paid pursuant to the terms of the Arrangement Agreement.

In addition, there can be no certainty that all conditions precedent to the Arrangement will be satisfied or waived, nor can there be any certainty of the timing of their satisfaction or waiver. The completion of the Arrangement is subject to a number of conditions precedent, some of which are outside of the control of Gear and Cenovus, including the approval of the Gear Shareholders. There is no certainty, nor can Gear provide any assurance, that these conditions will be satisfied. If for any reason the Arrangement is not completed, the market price of Gear Shares may be adversely affected. Moreover, a substantial delay in obtaining satisfactory approvals could adversely affect the business, financial condition or results of operations of Gear or result in the Arrangement not being completed.

The value of the Newco Shares may be less than expected

For the purposes of the Arrangement Agreement and the Arrangement, the Newco Shares have been valued at \$2.00. The value of the Newco Shares is based on value determined by the Parties for the Newco Assets of \$60,000,000, the assumption that \$20,000,000 in cash will be contributed by Cenovus to Newco as the Cenovus Contribution Amount pursuant to the Arrangement Agreement and that there will be 40,000,000 Newco Shares outstanding immediately after the Effective Time. The actual trading price of the Newco Shares on the TSXV following the commencement of trading of the Newco Shares following closing of the Arrangement may be less than \$2.00 per Newco Share. There are a number of factors that could result in the trading price being less than \$2.00 per Newco Share including if commodity prices decline between now and the Effective Time or if the amount of cash contributed to Newco pursuant to the Arrangement Agreement and the Plan of Arrangement is less than \$20,000,000. For other factors that may impact the trading price of the Newco Shares, see "*Risk Factors – Risks Relating to Newco and the Newco Assets*" in Appendix E – *Information Concerning Newco*. If the trading price of the Newco Shares is less than \$2.00 per Newco Share, Gear Shareholders who have elected (or have been deemed to have elected) to receive Newco Shares instead of the Cash Consideration per Share will have immediately lost value relative to Gear Shareholders who have elected (or have been deemed to have elected) to receive the Cash Consideration per Share instead of Newco Shares.

The amount of the Cenovus Contribution Amount may be less than anticipated

Pursuant to the Arrangement Agreement, Cenovus has agreed to pay total Cash Consideration of \$110,000,000 (subject to adjustments). Of the total Cash Consideration, \$80,000,000 will be distributable to Gear Shareholders, a portion will be used to fully repay all amounts outstanding under the Gear Credit Facility at the Effective Time (after payment, or the assumption by Newco, of all Gear Transaction Costs) with the remainder (which is referred to as the Cenovus Contribution Amount and estimated to be approximately \$20,000,000) contributed to Newco to fund its exploration and development activities (and other oil and gas activities) as well as for general corporate purposes. The calculation of the Cenovus Contribution Amount is based on the total Cash Consideration of \$110,000,000 (subject to adjustments) to be paid by Cenovus pursuant to the Arrangement less the aggregate amount of: (i) the Cash Maximum; (ii) the Dissenting Shareholder Amount; (iv) amount outstanding under the Gear Credit Facility (after payment of all Gear Transaction Costs); and (iv) the Adjustment Amount, as adjusted in accordance with Schedule "E" to the Arrangement Agreement, which is attached as Appendix A to this Information Circular. The Cenovus Contribution Amount will be adjusted with Cenovus receiving the benefit of the operations on the Excluded Assets between the Economic Effective Date of January 1, 2025 and the Effective Date, which is expected to be on or about February 5, 2025.

Gear currently estimates that the Cenovus Contribution Amount will be approximately \$20,000,000, however, that will depend on the amount outstanding under the Gear Credit Facility, the Dissenting Shareholder Amount, if any, and other adjustments. The Cenovus Contribution Amount could be less than \$20,000,000 for a number of reasons including, among others, if (i) the outstanding amount on the Gear Credit Facility at the Effective Time is higher than expected; (ii) the Gear Transaction Costs are higher than expected; and/or (iii) the adjustments to the Cenovus Contribution Amount are higher than expected. If the Cenovus Contribution Amount is less than expected it could have negative impact on the value of the Newco Shares and could impact Newco's ability to fund its operations including its planned exploration and development activities.

Gear will incur substantial transaction fees and costs in connection with the Arrangement

Gear has incurred and expects to incur additional material non-recurring expenses in connection with the Arrangement (regardless of whether the transactions contemplated by the Arrangement Agreement are consummated or not), including, among others, costs relating to obtaining required Gear Shareholder approval and Court approval. If the Arrangement is not consummated, Gear will be required to pay certain costs relating to the Arrangement incurred prior to the date the Arrangement is abandoned, such as legal, accounting, financial advisory, proxy solicitation and printing fees. Such costs may be significant and could have an adverse effect on Gear's future results of operations, cash flows and financial condition.

Gear may be required to pay the Cenovus Termination Fee

If the Arrangement Agreement is terminated in certain circumstances set forth in the Arrangement Agreement, Gear will be required to pay the Cenovus Termination Fee of \$3,360,000 to Cenovus. If the termination fee is ultimately required to be paid to Cenovus, the payment of such amounts may have an adverse impact on Gear's financial results.

If the Effective Date has not occurred by the Outside Date, either Gear or Cenovus may choose not to proceed with the Arrangement

Either Gear or Cenovus may terminate the Arrangement Agreement if the Effective Time has not occurred by the Outside Date and the Parties do not mutually agree to extend the Arrangement Agreement. See "*The Arrangement Agreement – Termination Fees*".

Occurrence of a Material Adverse Change

The completion of the Arrangement is subject to the condition that, among other things, on or after the date of the Arrangement Agreement, there shall not have occurred a Material Adverse Change with respect to Gear. Although a Material Adverse Change excludes certain events that are beyond the control of Gear (such as, but not limited to, changes, events or occurrences in general economic, business, regulatory, political, financial or currency exchange conditions in Canada), there is no assurance that a change having a Material Adverse Change on Gear will not occur before the Effective Date, in which case Cenovus could elect to terminate the Arrangement Agreement and the Arrangement would not proceed. See "*The Arrangement Agreement – Additional Conditions Precedent to Obligations of Cenovus*".

Cenovus and Gear may be the targets of legal claims, securities class actions, derivative lawsuits and other claims

Cenovus and Gear may be the target of securities class actions and derivative lawsuits which could result in substantial costs and may delay or prevent the Arrangement from being completed. Securities class action lawsuits and derivative lawsuits are often brought against companies that have entered into an agreement to merge, to acquire a public company or to be acquired. Third parties may also attempt to bring claims against Cenovus and Gear seeking to restrain the Arrangement or seeking monetary compensation or other remedies. Even if the lawsuits are without merit, defending against these claims can result in substantial costs and divert the time and resources of management. Additionally, if a plaintiff is successful in obtaining an injunction prohibiting consummation of the Arrangement, then that injunction may delay or prevent the Arrangement from being completed.

In addition, political and public attitudes towards the Arrangement could result in negative press coverage and other adverse public statements affecting Cenovus and Gear. Adverse press coverage and other adverse statements could lead to investigations by regulators, legislators and law enforcement officials or in legal claims or otherwise negatively impact the ability of Cenovus, Gear or Newco to take advantage of various business and market opportunities. The direct and indirect effects of negative publicity, and the demands of responding to and addressing it, may have an adverse effect on the current or future operations, financial condition and prospects of Gear.

Interim Covenants

During the period prior to the completion of the Arrangement or the termination of the Arrangement Agreement, Gear is restricted from taking certain specified actions without the consent of Cenovus. These restrictions may prevent Gear from conducting business in the manner that the management believes is advisable and from pursuing attractive business opportunities that may arise prior to the completion of the Arrangement. If the Arrangement is not completed for any reason, the announcement of the Arrangement, the dedication of Gear's resources to the completion thereof and the restrictions that were imposed on Gear under the Arrangement Agreement may have an adverse effect on the current or future operations, financial condition and prospects of Gear.

Dissent Rights

Gear Shareholders have the right to exercise certain dissent and appraisal rights and demand payment of the fair value of their Gear Shares in connection with the Arrangement in accordance with the ABCA. It is a condition to completion of the Arrangement that holders of less than 5.0% of the outstanding Gear Shares have exercised Dissent Rights in respect of the Arrangement, which condition may be waived by Cenovus, in its sole discretion. As such, the Arrangement may not be completed if a sufficient number of Gear Shareholders exercise Dissent Rights.

Failure to realize anticipated benefits of the Arrangement

The Arrangement is subject to normal commercial risks that such transaction may not be completed on the terms negotiated or at all. Gear is proposing to complete the Arrangement to create the opportunity to realize certain benefits described under "*The Arrangement – Anticipated Benefits of the Arrangement*". Achieving the benefits of the Arrangement depends in part on the ability of Newco to successfully develop the Newco Assets.

Satisfaction of Conditions Precedent

The completion of the Arrangement is subject to a number of conditions precedents, certain of which are outside the control of Gear, Cenovus and Newco, including obtaining the requisite approvals from the Gear Shareholders, the Court, the Competition Act Approval and the approval of the TSXV to list the Newco Shares. There is no certainty, nor can Gear, Cenovus or Newco provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied. A substantial delay in obtaining satisfactory approvals or the imposition of unfavourable terms or conditions in the approval of the TSXV may adversely affect the business.

Trading Access

The Gear Shares are currently listed on the TSX. Following completion of the Arrangement, it is anticipated that the Gear Shares will be delisted from the TSX. As of the date of this Information Circular, the TSXV has not conditionally approved the listing of the Newco Shares and there is no assurance that the Newco Shares will be listed on the TSXV or on any other stock exchange. Additionally, if the TSXV does approve the listing of the Newco Shares, there can be no assurance that an active and liquid market for the Newco Shares will develop and a holder may find it difficult to resell its Newco Shares.

Income Tax Consequences

There can be no assurance that the applicable taxing authority will agree with the Canadian federal income tax consequences of the Arrangement, as set forth in this Information Circular. The Arrangement is generally expected to be a taxable transaction for Gear Shareholders for Canadian federal income tax purposes, and each Gear Shareholder is urged to consult their own tax advisor regarding the consequences to them of the Arrangement.

Risks Related to Newco

See *"Risk Factors – Risks Relating to Newco and the Newco Assets"* in Appendix E – *Information Concerning Newco*.

TAX CONSIDERATIONS TO GEAR SHAREHOLDERS

Certain Canadian Federal Income Tax Considerations

In the opinion of Burnet, Duckworth & Palmer LLP, counsel ("**Counsel**") to Gear and Newco, the following is, as of the date of this Information Circular, a summary of the principal Canadian federal income tax considerations generally applicable under the Tax Act to a Gear Shareholder who disposes of Gear Shares under the Arrangement and ultimately receives: (i) Cash Consideration per Share; (ii) ultimately Newco Share Consideration per Share; or (iii) a combination of Cash Consideration per Share and ultimately Newco Share Consideration Per Share or who dissents from the Arrangement and disposes of Gear Shares to Cenovus. This summary is applicable to a Gear Shareholder who, at all relevant times, for purposes of the Tax Act, deals at arm's length and is not affiliated with Gear, Newco or Cenovus and holds all Gear Shares and will hold all Newco Shares as capital property. Generally, Gear Shares and Newco Shares will be considered capital property to a person for purposes of the Tax Act provided the person does not hold such securities in the course of carrying on a business of trading or dealing in securities and has not acquired such securities in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary is not applicable to a Gear Shareholder: (i) that is a "financial institution" as defined in the Tax Act for the purposes of the "mark to market property" rules contained in the Tax Act; (ii) that is a "specified financial institution" or "restricted financial institution" as defined in the Tax Act; (iii) who has acquired Gear Shares on the exercise of a Gear Option, an employment-related compensation arrangement, or otherwise by virtue of their employment with Gear or as a service provider to Gear; (iv) an interest in which is, or whose Gear Shares are, a "tax shelter investment" as defined in the Tax Act; (v) that is exempt from taxation under Part I of the Tax Act; (vi) that is a partnership or trust; (vii) that reports its "Canadian tax results" within the meaning of the Tax Act in a currency other than Canadian currency; (viii) that has entered into or will enter into, in respect of the Gear Shares or the Newco Shares acquired pursuant to the Arrangement, a "synthetic disposition arrangement", a "derivative forward agreement", a "synthetic equity arrangement" or a "dividend rental arrangement", as those terms are defined in the Tax Act; or (ix) that acquired Gear Shares as "flow-through shares" as defined in the Tax Act. Such Gear Shareholders should consult their own tax advisors.

Further, this summary is not applicable to a person that (i) is a corporation resident in Canada and (ii) is, or becomes or does not deal at arm's length for purposes of the Tax Act with a corporation resident in Canada that is or becomes, as part of a transaction or event or series of transactions or events that includes the acquisition of Gear Shares or Newco Shares controlled by a non-resident person (or a group of non-resident persons that do not deal with each other at arm's length) for the purposes of the foreign affiliate dumping rules in Section 212.3 of the Tax Act. Any such shareholder should consult its own tax advisor.

This summary assumes that Newco will qualify as a "public corporation" for purposes of the Tax Act from the commencement of its first taxation year. Management of Gear and Newco have represented to Counsel that Newco will take the required steps, including making the requisite election in the manner and within the time required under the Tax Act, to so qualify Newco.

This summary is based on the facts set forth in this Information Circular, representations from Gear and Newco as to certain factual matters, the provisions of the Tax Act in force as of the date hereof, all specific proposals to amend the Tax Act that have been publicly announced prior to the date hereof by the Minister of Finance (Canada) ("**Proposed Amendments**") and Counsel's understanding of the current published administrative practices and policies of the Canada Revenue Agency ("**CRA**"). However, no assurance can be given that the Proposed Amendments will be enacted as currently proposed or at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Proposed Amendments, does not take into account or anticipate any changes in the law or any changes in administrative practices or policies, whether by way of legislative, regulatory, administrative or judicial action, nor does it take into account provincial, territorial or foreign tax considerations, which may differ significantly from the Canadian federal income tax considerations discussed herein.

This summary is of a general nature only and neither is intended to be, nor should be construed to be, legal, tax or business advice or representations to any particular Gear Shareholder. **Gear Shareholders should consult their own advisors regarding the tax consequences applicable to them in their particular circumstances.**

Gear Shareholders who acquired Gear Shares as "flow-through shares", as this term is defined in the Tax Act, may recognize a gain on the distribution of Newco Shares in respect of their Gear Shares, as described below, because, pursuant to the Tax Act, the adjusted cost base of such shares is deemed to be nil. **Such Gear Shareholders should consult their own tax advisors with respect to the tax implications of the Arrangement.**

Taxation of Gear Shareholders Resident in Canada

This section of the summary is applicable to a Gear Shareholder who is, or is deemed to be, resident in Canada for purposes of the Tax Act and any applicable income tax convention (a "**Resident Holder**"). Certain Resident Holders whose Gear Shares and/or Newco Shares might not otherwise qualify as capital property may be entitled to make an irrevocable election in accordance with Subsection 39(4) of the Tax Act to have those shares and any other "Canadian security", as defined in the Tax Act, owned in the year of the election and any subsequent taxation year, deemed to be capital property. This election is not available for any Gear Shares that were acquired by a Gear Shareholder as a "flow-through share" for the purposes of the Tax Act. Resident Holders contemplating making such election should first consult their own tax advisors.

Dissenting Gear Shareholders

A Resident Holder who validly exercises Dissent Rights (a "**Resident Dissenter**") and consequently receives a cash payment equal to the fair value of the Resident Dissenter's Gear Shares will generally be considered to have disposed of the Gear Shares for proceeds of disposition equal to the amount received by the Resident Dissenter (other than any interest awarded by a court). Accordingly, the Resident Dissenter will realize a capital gain (or capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Gear Shares to the Resident Dissenter immediately before the disposition. For a description of the tax treatment of capital gains and losses, see "*Tax Considerations to Gear Shareholders – Certain Canadian Federal Income Tax Considerations – Taxation of Gear Shareholders Resident in Canada – Taxation of Capital Gains and Capital Losses*" below.

A Resident Dissenter will be required to include in computing its income any interest awarded by a court in connection with the Arrangement. In addition, a Resident Dissenter that, throughout the relevant taxation year, is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay a refundable tax on its "aggregate investment income" (as defined in the Tax Act), including interest income. Additional income tax considerations may be relevant to Resident Dissenters who fail to perfect or withdraw their claims pursuant to the right of dissent. Resident Dissenters should consult their own tax advisors.

Disposition of Gear Shares under the Plan

A Resident Holder who disposes of Gear Shares pursuant to the Plan will be considered to have disposed of such Gear Shares for proceeds of disposition equal to the total fair market value of Cash Consideration per Share and Newco Share Consideration per Share received. As a result, the Resident Holder will realize a capital gain (or a capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are exceeded by) the adjusted cost base to the Resident Holder of such Gear Shares. For a description of the tax treatment of capital gains and losses, see "*Tax Considerations to Gear Shareholders – Certain Canadian Federal Income Tax Considerations – Taxation of Gear Shareholders Resident in Canada – Taxation of Capital Gains and Losses*" below.

Disposition of Newco Shares

Where a Resident Holder disposes of a Newco Share (other than to Newco, unless such disposition occurs as a result of a purchase by Newco in the open market in the manner in which shares are normally purchased by any member of the public in the open market or pursuant to a tax-deferred disposition) the disposition will result in a capital gain (or a capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are

exceeded by) the adjusted cost base to the Resident Holder of the Newco Share. For a description of the tax treatment of capital gains and losses, see "*Tax Considerations to Gear Shareholders – Certain Canadian Federal Income Tax Considerations – Taxation of Gear Shareholders Resident in Canada – Taxation of Capital Gains and Capital Losses*" below.

Dividends on Newco Shares

A Resident Holder who is an individual will be required to include in income any dividends received or deemed to be received on the Resident Holder's Newco Shares and will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received from a "taxable Canadian corporation", as defined in the Tax Act, including the enhanced gross-up and dividend tax credit rules applicable to any dividends designated by Newco as "eligible dividends", as defined in the Tax Act.

A Resident Holder that is a corporation will be required to include in income any dividend received or deemed to be received on the Resident Holder's Newco Shares, but generally will be entitled to deduct an equivalent amount in computing its taxable income. Resident Holders that are corporations may wish to consult their tax advisors on the potential application of Subsection 55(2) of the Tax Act that may result in a portion or all of such dividends being treated as a capital gain or proceeds of disposition, depending on the circumstances, to the extent and under the circumstances specified in the Tax Act.

A Resident Holder that is a "private corporation" or a "subject corporation" (as defined in the Tax Act) may be liable under Part IV of the Tax Act to pay a refundable tax on any dividend that it receives or is deemed to receive on Newco Shares to the extent that the dividend is deductible in computing the Resident Holder's taxable income.

Taxable dividends received by a Resident Holder that is an individual or trust, other than certain specified trusts, may give rise to alternative minimum tax under the Tax Act.

Taxation of Capital Gains and Capital Losses

Generally, subject to the Capital Gains Proposals (as defined below), one half of any capital gain (a "**taxable capital gain**") realized by a Resident Holder in a taxation year must be included in the income of the Resident Holder for that year, and one half of any capital loss (an "**allowable capital loss**") realized by a Resident Holder in a taxation year must be deducted from taxable capital gains realized by the Resident Holder in that year, to the extent and under the circumstances described in the Tax Act. Allowable capital losses for a taxation year in excess of taxable capital gains for that year generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against taxable capital gains realized in such years, to the extent and under the circumstances described in the Tax Act.

Proposed Amendments contained in a Notice of Ways and Means Motion published September 23, 2024 (the "**Capital Gains Proposals**") propose to increase the capital gains inclusion rate (i.e. the portion of any capital gain that is a taxable capital gain) from one-half to two-thirds for: (a) any capital gain realized by corporations and most trusts; and (b) the portion of capital gains realized by an individual other than most types of trusts (including indirectly through a trust or partnership) in excess of a \$250,000 threshold in each taxation year (calculated net of any capital losses in the current year, and net capital losses of other years applied to reduce net capital gains in the current year), in each case for capital gains realized on or after June 25, 2024. Corresponding changes to the portion of a capital loss that is an allowable capital loss are also proposed.

This summary does not address certain transitional rules that apply to a Resident Holder for a taxation year that begins before and ends on or after June 25, 2024. Resident Holders that may be subject to such transitional rules should consult their own advisors in this regard.

Capital losses realized prior to June 25, 2024 are expected to fully offset an equivalent capital gain realized on or after June 25, 2024.

The amount of any capital loss realized on the disposition or deemed disposition of Gear Shares or Newco Shares, as the case may be, by a Resident Holder that is a corporation may be reduced by the amount of dividends received or deemed to have been received by the Resident Holder on such shares to the extent and in the circumstances prescribed in the Tax Act. Analogous rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns Gear Shares or Newco Shares, as the case may be, or where a trust or partnership of which a corporation is a beneficiary or a member is a member of a partnership or a beneficiary of a trust that owns such securities.

A Resident Holder that is a "Canadian controlled private corporation", as defined in the Tax Act, throughout the relevant taxation year, or a "substantive CCPC", as defined in the Tax Act, at any time in the relevant taxation year, may be liable to pay an additional 10 $\frac{2}{3}$ % tax on certain investment income, including taxable capital gains. Such additional tax may be refundable in certain circumstances. **Such Resident Holders should consult their own tax advisors in this regard.**

Alternative Minimum Tax

Dividends received or deemed to be received, or a capital gain realized, on the Gear Shares or Newco Shares by a Resident Holder who is an individual (including certain trusts) may give rise to a liability for alternative minimum tax under the Tax Act. Recent amendments to the Tax Act enacted on June 20, 2024 may affect the liability of a Resident Holder for alternative minimum tax. Resident Holders should consult their own tax advisors on the changes to the federal alternative minimum tax and the possible consequences of these changes in their particular circumstances.

Eligibility for Investment by Registered Plans

Based on the provisions of the Tax Act and the regulations thereunder as of the date hereof, the Newco Shares would at a particular time be "qualified investments" under the Tax Act for a trust governed by a registered retirement savings plan ("RRSP"), registered retirement income fund ("RRIF"), deferred profit sharing plan, registered education savings plan ("RESP"), registered disability savings plan ("RDSP"), first home savings account ("FHSA") and tax-free savings account ("TFSA") (collectively, "Deferred Plans") provided that the Newco Shares are listed on a "designated stock exchange", as defined in the Tax Act (which currently includes the TSXV), at that time, or Newco is otherwise a "public corporation", as defined in the Tax Act, at that time.

Notwithstanding that the Newco Shares may be a "qualified investment" for a Deferred Plan, the annuitant under an RRSP or RRIF, the holder of a TFSA, RDSP, or a FHSA, or the subscriber of an RESP will be subject to a penalty tax if such Newco Shares are a "prohibited investment" (as defined in the Tax Act) for the RRSP, RRIF, RESP, RDSP, FHSA or TFSA. The Newco Shares will generally not be a "prohibited investment" for a particular RRSP, RRIF, RESP, RDSP, FHSA or TFSA provided that the annuitant under the RRSP or RRIF, the holder of the TFSA, RDSP, or FHSA or the subscriber of the RESP, as the case may be, deals at arm's length with Newco for purposes of the Tax Act and does not have a "significant interest" (as defined in the Tax Act) in Newco. In addition, Newco Shares will not be a prohibited investment if Newco Shares are "excluded property" (as defined in the Tax Act for purposes of these rules) for the particular TFSA, FHSA, RRSP, RESP, RDSP or RRIF.

Persons who intend to hold Newco Shares in a trust governed by a Deferred Plan should consult their own tax advisors with respect to the application of these rules in their particular circumstances.

Taxation of Gear Shareholders Not Resident in Canada

This section of the summary is applicable to a Gear Shareholder who is not, or is deemed not to be, resident in Canada for purposes of the Tax Act and any applicable income tax treaty or convention to which Canada is a party and who does not use or hold, and is not deemed to use or hold, Gear Shares or any securities received in exchange for such Gear Shares pursuant to the Arrangement in connection with carrying on a business in Canada (a "**Non-Resident Holder**"). Special rules not discussed in this summary may apply to a non-resident insurer carrying on an insurance business in Canada and elsewhere or that is an "authorized foreign bank" (as defined in the Tax Act). Such Gear Shareholders should consult their own tax advisors.

Dissenting Shareholders

A Non-Resident Holder that validly exercises Dissent Rights (a "**Non-Resident Dissenter**") and consequently receives a cash payment equal to the fair value of the Non-Resident Dissenter's Gear Shares will generally be considered to have disposed of the Gear Shares for proceeds of disposition, net of any reasonable costs of disposition, equal to the amount received by the Non-Resident Dissenter (other than any interest awarded by a court). Accordingly, the Non-Resident Dissenter will realize a capital gain (or capital loss) to the extent that the proceeds of disposition exceed (or are less than) the adjusted cost base of the Gear Shares to the Non-Resident Dissenter immediately before the disposition. Such Non-Resident Dissenter will not be subject to tax in Canada in respect of any such capital gain unless the Gear Shares constitute taxable Canadian property to such holder and no exemption is available under an applicable income tax treaty or convention. See the discussion below under the heading "*Tax Considerations to Gear Shareholders – Certain Canadian Federal Income Tax Considerations – Taxation of Gear Shareholders Not Resident in Canada - Taxable Canadian Property*".

Any interest paid or credited to a Non-Resident Dissenter who deals at arm's length with Gear, Newco and Cenovus for purposes of the Tax Act should not be subject to withholding tax under the Tax Act provided that such interest is not "participating debt interest" for purposes of the Tax Act. Additional income tax considerations may be relevant to Non-Resident Dissenters who fail to perfect or withdraw their claims pursuant to the Dissent Rights.

Disposition of Gear Shares

A Non-Resident Holder who holds Gear Shares that are not "taxable Canadian property" (as defined in the Tax Act) will not be subject to tax under the Tax Act on the disposition of such Gear Shares. See the discussion below under the heading "*Tax Considerations to Gear Shareholders – Certain Canadian Federal Income Tax Considerations – Taxation of Gear Shareholders Not Resident in Canada - Taxable Canadian Property*".

Even if the Gear Shares are taxable Canadian property of a Non-Resident Holder, such Non-Resident Holder may be exempt from tax under the Tax Act on the disposition of such Gear Shares by virtue of an applicable income tax treaty or convention. In cases where a Non-Resident Holder disposes, or is deemed to dispose, of a Gear Share that is taxable Canadian property of that Non-Resident Holder, and the Non-Resident Holder is not entitled to an exemption from tax under the Tax Act or pursuant to the terms of an applicable income tax treaty or convention, the consequences under the heading "*Tax Considerations to Gear Shareholders – Certain Canadian Federal Income Tax Considerations – Taxation of Gear Shareholders Resident in Canada – Taxation of Capital Gains and Capital Losses*" will generally be applicable to such disposition. Non-Resident Holders who may hold Gear Shares that are taxable Canadian property should consult their own tax advisors.

Disposition of Newco Shares

A Non-Resident Holder who holds Newco Shares that are not "taxable Canadian property" (as defined in the Tax Act) will not be subject to tax under the Tax Act on the disposition of such Newco Shares. See the discussion below under the heading "*Tax Considerations to Gear Shareholders – Certain Canadian Federal Income Tax Considerations – Taxation of Gear Shareholders Not Resident in Canada - Taxable Canadian Property*".

Even if the Newco Shares are taxable Canadian property of a Non-Resident Holder, such Non-Resident Holder may be exempt from tax under the Tax Act on the disposition of such Newco Shares by virtue of an applicable income tax treaty or convention. In cases where a Non-Resident Holder disposes, or is deemed to dispose, of an Newco Share that is taxable Canadian property of that Non-Resident Holder, and the Non-Resident Holder is not entitled to an exemption from tax under the Tax Act or pursuant to the terms of an applicable income tax treaty or convention, the consequences under the heading "*Tax Considerations to Gear Shareholders – Certain Canadian Federal Income Tax Considerations – Taxation of Gear Shareholders Resident in Canada – Taxation of Capital Gains and Capital Losses*" will generally be applicable to such disposition. Non-Resident Holders who may hold Gear Shares that are taxable Canadian property should consult their own tax advisors.

Taxable Canadian Property

Generally, Gear Shares and Newco Shares will not be taxable Canadian property to a particular Non-Resident Holder at the time of their disposition provided that the Gear Shares or the Newco Shares, as the case may be, are listed on a designated stock exchange (which includes the TSXV) at that time, unless at any time during the 60-month period immediately preceding the disposition the following two conditions are met concurrently: (i) one or any combination of (a) the Non-Resident Holder, (b) persons with whom the Non-Resident Holder does not deal at arm's length for purposes of the Tax Act, and (c) partnerships in which the Non-Resident Holder or a person with whom the Non-Resident Holder did not deal at arm's length for purposes of the Tax Act holds a membership interest, directly or indirectly, through one or more partnerships, owned or was considered to own 25% or more of the issued Gear Shares, or of any class or series of the capital stock of Gear, or the Newco Shares, or of any class or series of the capital stock of Newco, as the case may be; and (ii) more than 50% of the fair market value of the Gear Shares or Newco Shares, as the case may be, was derived directly or indirectly from one or any combination of (w) real or immovable property situated in Canada, (x) "Canadian resource properties", (y) "timber resource properties" (each as defined in the Tax Act), and (z) options in respect of, or interests in, or for civil law rights in, properties described in any of (w) through (y) (whether or not such property exists).

Newco Shares may cease to be listed on a designated stock exchange and may not be listed on any such exchange at the time of their disposition. Generally, Newco Shares that are not listed on a designated stock exchange at the time of their disposition will be considered taxable Canadian property of the Non-Resident Holder, if at any time within the 60-month period immediately preceding the disposition, more than 50 percent of the fair market value of the Newco Shares was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, "Canadian resource properties", "timber resource properties" (each as defined in the Tax Act), and options in respect of, or interests in, or for civil law rights in, any such properties (whether or not such property exists).

Gear Shares and Newco Shares may also be deemed to be "taxable Canadian property" pursuant to the Tax Act.

A Non-Resident Holder who disposes of taxable Canadian property may be required to file a Canadian income tax return for the year in which the disposition occurs, regardless of whether the Non-Resident Holder is liable for Canadian tax on any gain realized as a result.

Non-Resident Holders to whom Gear Shares and/or Newco Shares may constitute taxable Canadian property should consult their own tax advisors having regard to their particular circumstances.

Dividends on Newco Shares

Dividends paid or credited, or deemed to be paid or credited, on a Non-Resident Holder's Newco Shares will be subject to withholding tax under Part XIII of the Tax Act at a rate of 25% of the gross amount of the dividend, unless the rate is reduced under the provisions of an applicable income tax treaty or convention. In the case of dividends paid or credited, or deemed to be paid or credited, to a Non-Resident Holder who is the beneficial owner of dividends and is a resident of the United States for purposes of the Convention Between Canada and the *United States of America with Respect to Taxes on Income and on Capital* (the "**Canada- US Treaty**") and who is entitled to the benefits of the Canada-US Treaty, the rate of withholding will generally be reduced to 15%.

Tax Consequences in Other Jurisdictions

Gear Shareholders who are resident in (or citizens of) jurisdictions other than Canada should consult their tax advisors with respect to the tax consequences of the Arrangement, including any associated filing requirements and the effects of owning and disposing of Newco Shares in such jurisdictions.

OTHER MATTERS OF SPECIAL BUSINESS RELATING TO NEWCO

Newco Share Option Plan

At the Gear Meeting, Gear Shareholders will be asked to consider and, if thought advisable, to pass, with or without variation, the Newco Share Option Plan Resolution, which will authorize the Newco Board to issue share options to directors, officers, employees, consultants and other service providers of Newco or, if applicable, any of its subsidiaries (collectively, "**Newco Service Providers**"). Approval of the Newco Share Option Plan will be required by the TSXV. A copy of the Newco Share Option Plan is set out in Appendix F to this Information Circular, and the summary of the Newco Share Option Plan contained in Appendix E – *Information Concerning Newco* and this Information Circular are subject to, in their entirety, the full text of the Newco Share Option Plan.

The purpose of the Newco Share Option Plan is to provide Newco Service Providers an incentive to achieve the longer-term objectives of Newco; to give suitable recognition to the ability and industry of such persons who contribute materially to the success of Newco; and to attract and retain in the employ of Newco or any of its subsidiaries, persons of experience and ability by providing them with the opportunity to acquire an increased proprietary interest in Newco. No options have been granted under the Newco Share Option Plan and none will be granted until after the listing of the Newco Shares on the TSXV.

Pursuant to the policies of the TSXV, Newco is permitted to maintain a "rolling 10%" stock option plan. For a description of the Newco Share Option Plan, please see Appendix E - "*Information Concerning Newco - Newco Share Option Plan*".

Approval Required

Gear Shareholders will be asked at the Gear Meeting to consider and, if thought advisable, to pass, with or without variation, the Newco Share Option Plan Resolution, in the following form:

"BE IT RESOLVED as an ordinary resolution of the shareholders of Gear Energy Ltd. ("**Gear**") that:

1. the share option plan of Lotus Creek Exploration Inc. ("**Newco**"), in the form attached as Appendix F to the Information Circular of Gear dated December 30, 2024 be and the same is hereby authorized and approved and adopted as the share option plan of Newco;
2. any one director or officer of Newco be and is hereby authorized and directed to do all things and to execute and deliver all documents and instruments as may be necessary or desirable to carry out the terms of this resolution; and
3. notwithstanding that this resolution has been passed by the shareholders of Gear, the directors of Newco are hereby authorized and empowered to revoke this resolution, without any further approval of the shareholders of Gear or Newco, at any time if such revocation is considered necessary or desirable by the directors."

In order for the foregoing Newco Share Option Plan Resolution to be passed, it must be approved by a majority of the votes cast by Gear Shareholders, in person or by proxy, at the Gear Meeting on such resolution.

Unless otherwise directed, the persons named in the enclosed form of proxy, if named as proxy, intend to vote FOR the approval of the foregoing Newco Share Option Plan Resolution.

The completion of the Arrangement is not conditional upon approval of the Newco Share Option Plan Resolution.

Newco Rights Plan

At the Gear Meeting, Gear Shareholders will be asked to consider and, if thought advisable, to pass, with or without variation, the Newco Rights Plan Resolution. Approval of the Newco Rights Plan is required by the TSXV. The

summary of the Newco Rights Plan contained in this Information Circular is subject to, in its entirety, the full text of the Newco Rights Plan which is available under "Other" on Gear's SEDAR+ profile at www.sedarplus.ca.

The purpose of the Newco Rights Plan is to ensure the fair and equal treatment of all of the Newco Shareholders in connection with any unsolicited take-over or attempt to acquire control of Newco by providing the Newco Board with sufficient opportunity to identify, develop and negotiate value-enhancing alternatives. If approved, the Newco Rights Plan will be effective as of the Effective Date.

Approval Required

Gear Shareholders will be asked at the Gear Meeting to consider and, if thought advisable, to pass, with or without variation, the Newco Rights Plan Resolution in the following form:

"BE IT RESOLVED as an ordinary resolution of the shareholders of Gear Energy Ltd. ("**Gear**") that:

1. the shareholder protection rights plan agreement of Lotus Creek Exploration Inc. ("**Newco**") be and is hereby authorized, confirmed, approved and adopted as the shareholder protection rights plan agreement of Newco;
2. any one director or officer of Newco be and is hereby authorized and directed to do all things and to execute and deliver all documents and instruments as may be necessary or desirable to carry out the terms of this resolution; and
3. notwithstanding that this resolution has been passed by the shareholders of Gear, the directors of Newco are hereby authorized and empowered to revoke this resolution, without any further approval of the shareholders of Gear or Newco, at any time if such revocation is considered necessary or desirable by the directors."

In order for the foregoing Newco Rights Plan Resolution to be passed, it must be approved by a majority of the votes cast by Gear Shareholders, in person or by proxy, at the Gear Meeting on such Newco Rights Plan Resolution.

Unless otherwise directed, the persons named in the enclosed form of proxy, if named as proxy, intend to vote FOR the approval of the foregoing resolution.

The completion of the Arrangement is not conditional upon approval of the Newco Rights Plan Resolution.

INFORMATION CONCERNING GEAR

General

Gear is a Calgary, Alberta based junior Canadian crude oil and natural gas exploration and production company. All of the Corporation's oil and gas properties are located in Alberta, British Columbia and Saskatchewan. The Corporation currently has core holdings in Central Alberta and west central and Southeast Saskatchewan. The Corporation has a significant land position in Alberta and Saskatchewan and intends to continue to evaluate additional oil and gas assets in Alberta and Saskatchewan. As at the date of the Information Circular, Gear has two subsidiaries, being Steppe Petroleum (USA) Inc., a corporation incorporated under the laws of the State of Delaware, and Newco, a corporation incorporated under the ABCA for the purposes of completing the Arrangement. All of the outstanding shares in the capital of each of Steppe Petroleum (USA) Inc. and Newco are owned by Gear.

The head office of Gear is located at Suite 800, 205 – 5th Avenue S.W., Calgary, Alberta T2P 2V7 and its registered office is located at Suite 2400, 525 – 8th Avenue S.W., Calgary, Alberta T2P 1G1.

The Gear Shares trade on the TSX under the symbol "GXE".

For further information regarding Gear, its business activities and capital structure, see the Gear AIF and the Gear Annual MD&A which are incorporated by reference herein and available under Gear's SEDAR+ issuer profile at www.sedarplus.ca. Readers are encouraged to review such documents as they contain important information about Gear.

Documents Incorporated by Reference

The following documents of Gear, filed with the securities commissions or similar securities regulatory authorities in each province of Canada, are specifically incorporated by reference into and form an integral part of this Information Circular:

- (a) the Gear AIF;
- (b) 2024 AGM Information Circular;
- (c) the audited annual consolidated financial statements of Gear as at and for the years ended December 31, 2023 and 2022, together with the notes thereto;
- (d) the Gear Annual MD&A;
- (e) the unaudited interim condensed consolidated financial statements of Gear as at and for the three and nine months ended September 30, 2024 and 2023, together with the notes thereto;
- (f) the Gear Interim MD&A; and
- (g) the material change report in respect of the Arrangement dated and filed December 6, 2024.

Any documents of the type described in Section 11.1 of Form 44-101F1 – *Short Form Prospectus* filed by Gear with the applicable securities regulatory authorities subsequent to the date of this Information Circular and prior to the completion of the Arrangement shall be deemed to be incorporated by reference in this Information Circular.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Information Circular to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Circular.

Copies of the documents incorporated herein by reference may be obtained under Gear's issuer profile on SEDAR+ at www.sedarplus.ca, and upon request, Gear, will promptly provide a copy of any such document without charge.

Prior Sales

The following table sets forth the issuances by Gear of Gear Shares or securities convertible into Gear Shares in the 12 month period prior to the date of this Information Circular.

Date of Issuance	Description of Transaction	Number and Type of Securities	Issue/Exercise Price per Security (\$)
March 6, 2024	Gear Option grant	3,300,000 Gear Options	\$0.66
April 8, 2024	Signing Bonus ⁽¹⁾	75,578 Gear Shares	\$0.66
April 24, 2024	Signing Bonus ⁽²⁾	45,455 Gear Shares	\$0.66
May 13, 2024	Gear Option grant	8,079,000 Gear Options	\$0.77
August 13, 2024	Gear Option grant	465,000 Gear Options	\$0.67

Notes:

- (1) Kevin Johnson was issued 75,578 Gear Shares as a signing bonus upon the commencement of his employment as the President and Chief Executive Officer of Gear.
- (2) Steve Power was issued 45,455 Gear Shares as a signing bonus upon the commencement of his employment as the Vice-President, Exploration of Gear.

Dividends

In 2022, the Gear Board implemented a dividend program initially based on a variable quarterly dividend which was updated to a regular monthly cash dividend. If declared, the monthly dividend is expected to be paid on or about the last day of each month to holders of record of Gear Shares on or about the 15th day of such month.

Notwithstanding the foregoing, the decision to declare any dividend and the amount of future cash dividends declared and paid by Gear, if any, is subject to the discretion of the Gear Board and may vary depending on a variety of factors and conditions existing from time to time, including, without limitation, fluctuations in commodity prices, business performance, operating environment where Gears' assets are located, financial condition, growth plans, production levels, expected capital expenditure requirements, operating costs, royalty burdens, foreign exchange rates, interest rates, compliance with any restrictions on the declaration and payment of dividends contained in any agreements to which Gear or any of its subsidiaries is a party from time to time (including, without limitation, the agreements governing the Gear Credit Facility), and the satisfaction of liquidity and solvency tests imposed by the ABCA for the declaration and payment of dividends. The actual amount, the record date and the payment date of any dividend are subject to the discretion of the Gear Board. There can be no assurance that dividends will be paid at the current rate or at any rate in the future.

The Gear Board reviews the dividend program from time to time, at its discretion. Depending on the foregoing factors and any other factors that the Gear Board deems relevant from time to time, many of which are beyond the control of Gear, the Gear Board may change the program following any such review or at any other time that the Gear Board deems appropriate. Any such change may include, without restriction, future cash dividends being reduced or suspended entirely.

During the period from January 1, 2024 to December 30, 2024 and the year ended December 31, 2023, Gear declared and/or paid the following monthly cash dividends:

	Period ended December 30, 2024 (\$ per share Cdn)	Year ended December 31, 2023 (\$ per share Cdn)
January	\$0.005	\$0.01
February	\$0.005	\$0.01
March	\$0.005	\$0.01
April	\$0.005	\$0.01
May	\$0.005	\$0.01
June	\$0.005	\$0.01
July	\$0.005	\$0.01
August	\$0.005	\$0.005
September	\$0.005	\$0.005
October	\$0.005	\$0.005
November	\$0.005	\$0.005
December	\$0.005 ⁽¹⁾	\$0.005
Total	\$0.060	\$0.095

Note:

- (1) The Gear Board declared a dividend of \$0.005 to be paid on December 31, 2024 to Gear Shareholders of record on December 16, 2024.
- (2) In accordance with the terms of the Arrangement Agreement, Gear will not be declaring or paying a dividend in the months of January or February 2025.

Trading Price and Volume

The Gear Shares are listed and posted for trading on the TSX under the trading symbol "GXE". The following table sets out the price range for, and trading volume of, the Gear Shares as reported by the TSX for the periods indicated:

Period	Price Range (\$)		Trading Volume
	High	Low	
<u>2023</u>			
December	0.68	0.62	9,617,338
<u>2024</u>			
January	0.66	0.60	6,960,776
February	0.69	0.62	4,734,094
March	0.68	0.63	5,973,753
April	0.78	0.65	11,159,403
May	0.80	0.70	12,737,696
June	0.72	0.64	6,187,244
July	0.75	0.67	7,949,342
August	0.73	0.64	7,055,148
September	0.66	0.57	7,301,284
October	0.63	0.52	10,079,857
November	0.57	0.51	17,354,853
December (1-27)	0.59	0.45	31,148,079

On November 29, 2024, the last trading day prior to announcement of Arrangement, the closing price of the Gear Shares on the TSX was \$0.54. On December 27, 2024, the last trading day prior to the date of this Information Circular, the closing price of the Gear Shares on the TSX was \$0.48.

Following the completion of the Arrangement, it is expected that the Gear Shares will be delisted from the TSX and Gear will make an application to cease to be a reporting issuer under Applicable Canadian Securities Laws as soon as reasonably practicable thereafter. If such application is successful, Gear will no longer be subject to the ongoing disclosure and other obligations currently imposed upon it under such legislation. Gear anticipates that the Gear Shares

will be delisted from the TSX as soon as practicable following the Effective Date. Upon closing of the Arrangement, a press release with further details on the timing and consequences of delisting of the Gear Shares will be issued in accordance with the policies of the TSX once such details are confirmed.

INFORMATION CONCERNING NEWCO

Newco was incorporated pursuant to the ABCA on August 21, 2024 as "2640847 Alberta Ltd." for the purpose of oil and natural gas production, exploration and acquisition and has not carried on any active business other than in connection with the Arrangement and related matters as discussed herein and in Appendix E to this Information Circular. On December 18, 2024, Newco filed articles of amendment to change its name to "Lotus Creek Exploration Inc.". Newco is a wholly-owned subsidiary of Gear. Following the completion of the Arrangement, Newco will be owned by certain of the former Gear Shareholders. Pursuant to the Asset Conveyance Agreement and the Plan of Arrangement, the Newco Assets will be transferred to Newco from Gear. As at the date hereof, Newco does not have any subsidiaries.

Following completion of the Arrangement Newco will have approximately \$20,000,000 in cash and no debt. This estimate of cash available to Newco is dependent upon various assumptions including, but not limited to, the final costs of the Arrangement, the Newco Share value and other factors. The actual cash on hand upon closing of the Arrangement may be materially different from the current estimate.

See Appendix E– *Information Concerning Newco*.

INFORMATION CONCERNING CENOVUS

Cenovus is an integrated energy company with oil and natural gas production operations in Canada and the Asia Pacific region, and upgrading, refining and marketing operations in Canada and the United States. Cenovus is focused on managing its assets in a safe, innovative and cost-efficient manner, integrating environmental, social and governance considerations into its business plans.

The head and registered office of Cenovus is located at 225 - 6th Avenue S.W., Calgary, Alberta, T2P 0M5.

INFORMATION CONCERNING THE GEAR MEETING

Purpose of the Gear Meeting

The information contained in this Information Circular is furnished in connection with the solicitation of proxies by the management of Gear for use at the Gear Meeting. At the Gear Meeting, Gear Shareholders will consider and vote upon the Arrangement Resolution, the Newco Share Option Plan Resolution, the Newco Rights Plan Resolution and such other business as may properly come before the Gear Meeting.

The Gear Board has considered the Arrangement at length and has unanimously determined that the Arrangement is in the best interests of Gear and the Gear Shareholders and, based upon, among other things, the Fairness Opinion, has unanimously determined that the consideration to be received by the Gear Shareholders is fair to the Gear Shareholders. Accordingly, the Gear Board has unanimously approved the Arrangement and the transactions contemplated thereby and unanimously recommends that Gear Shareholders vote FOR of the Arrangement Resolution (as defined herein). See "*The Arrangement – Background to the Arrangement*" and "*The Arrangement – Recommendation of the Gear Board*".

Date, Time and Place of Gear Meeting

The Gear Meeting will be held at 2400, 525 - 8th Avenue S.W, Calgary, Alberta, on February 3, 2025 at 10:00 a.m. (Calgary time).

General

Whether or not you are able to attend the Gear Meeting, we urge you to complete the applicable form of proxy and return it to Gear's transfer agent, Odyssey Trust Company: (a) by mail using the enclosed return envelope or one addressed to Odyssey Trust Company, Traders Bank Building 702, 67 Yonge Street Toronto, ON M5E 1J8 Attention: Proxy Department; (b) by hand delivery to Odyssey Trust Company, Traders Bank Building 702, 67 Yonge Street Toronto, ON M5E 1J8 Attention: Proxy Department; (c) by e-mail at proxy@odysseytrust.com; or (d) through the internet at <https://vote.odysseytrust.com> and by entering the 12-digit alpha numeric control number noted on the proxy form and following the instructions on the screen. See "*Information Concerning the Gear Meeting – Voting by Internet*". In order to be valid and acted upon at the Gear Meeting, forms of proxy must be received by Odyssey Trust Company not less than 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the time set for the Gear Meeting or any adjournment(s) or postponement(s) thereof. Gear reserves the right to accept late proxies and to waive the proxy cutoff, with or without notice. Gear Shareholders who hold their Gear Shares through an intermediary/broker or who otherwise do not hold their Gear Shares in their own name wishing to vote their Gear Shares at the Gear Meeting must provide instructions to the intermediary/broker through which they hold their Gear Shares in sufficient time prior to the holding of the Gear Meeting.

If you are not a registered Gear Shareholder and receive these materials through your broker or through another intermediary, please complete and return the instrument of proxy or voting instruction form in accordance with the instructions provided therein. See "*Information Concerning the Gear Meeting – Advice to Beneficial Gear Shareholders*".

Solicitation of Proxies

The solicitation of proxies by Gear is intended to be primarily by mail but may also be made by telephone, fax transmission or other electronic means of communication or in person by the directors, officers and employees of Gear. Cenovus may also assist with the solicitation of proxies as requested by Gear. Gear may also engage a proxy solicitation agent to assist with the solicitation of proxies in favour of the Arrangement Resolution, Newco Share Option Plan Resolution and Newco Rights Plan Resolution. The total cost of soliciting proxies (including the costs associated with engaging a proxy solicitation agent) and mailing the materials in connection with the Gear Meeting will be borne by Gear.

Quorum

In accordance with the Interim Order, a quorum for the Gear Meeting shall be persons present being not less than two (2) in number and holding or representing not less than ten per cent (10%) of the Gear Shares entitled to be voted at the Gear Meeting. If a quorum is present at the opening of the Gear Meeting, the Gear Shareholders present or represented by proxy may proceed with the business of the Gear Meeting notwithstanding that a quorum is not present throughout the Gear Meeting. If a quorum is not present at the opening of the Gear Meeting, the Gear Shareholders present or represented by proxy may adjourn the Gear Meeting to a fixed time and place but may not transact any other business. No notice of the adjourned Gear Meeting other than by announcement at the time of adjournment is required and, if at such adjourned meeting a quorum is not present, the Gear Shareholders present in person or represented by proxy, shall be a quorum for all purposes.

Appointment of Proxies

The individuals named in the accompanying form of proxy are officers and/or directors of Gear. **A Gear Shareholder wishing to appoint some other person (who need not be a Gear Shareholder) to represent such shareholder at the Gear Meeting has the right to do so, either by inserting such person's name in the blank space provided in the form of proxy and striking out the names designated as appointees in the proxy form or by completing another form of proxy.** Such a Gear Shareholder should notify the nominee of the appointment, obtain the nominee's consent to act as proxy and instruct the nominee on how the Gear Shareholder's Gear Shares are to be voted. In any case, the form of proxy should be dated and executed by the Gear Shareholder or the Gear Shareholder's attorney authorized in writing or, if the Gear Shareholder is a corporation, under its corporate seal, or by an officer or attorney thereof duly authorized.

Revocation of Proxies

In addition to revocation in any other manner permitted by Applicable Law, a Gear Shareholder who has given a proxy may revoke it at any time before it is exercised, by instrument in writing executed by the Gear Shareholder or by the Gear Shareholder's attorney authorized in writing and deposited at the registered office of Gear at any time up to and including the last Business Day preceding the day of the Gear Meeting, or any adjournment thereof, at which the proxy is to be used, or with the Chair of the Gear Meeting on the day of the Gear Meeting or any adjournment thereof.

Voting of Proxies

The persons named in the enclosed form of proxy have indicated their willingness to represent, as proxyholders, the Gear Shareholder who appoint them. Each Gear Shareholder may instruct its proxyholder how to vote the Gear Shareholder's Gear Shares by completing the blanks in the form of proxy.

Gear Shares represented by properly executed proxy forms in favour of the persons designated in the enclosed proxy form will be voted on any ballot in accordance with the instructions made on the proxy forms and, if a Gear Shareholder specifies a choice as to any matters to be acted on, such Gear Shareholder's Gear Shares shall be voted accordingly. In the absence of such instructions, such shares **will be voted FOR all matters identified in the notice of meeting accompanying this Information Circular.**

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments and variations to matters identified in the notice of meeting and with respect to any other matters which may properly come before the Gear Meeting. At the time of printing this Information Circular, the management of Gear was not aware of any such amendments, variations or other matters to come before the Gear Meeting.

Voting by Internet

Gear Shareholders using the internet site <https://login.odysseytrust.com/pxlogin> (the "**Voting Website**") to transmit their voting instructions should have the form of proxy in hand when they access the Voting Website. Gear Shareholders will be prompted to enter the 12 digit Control Number located on the address box on the enclosed form of proxy. The Voting Website may be used to appoint a proxyholder to attend and vote on a Gear Shareholder's behalf at the Gear Meeting and to convey such Gear Shareholder's voting instructions. Please note that if a Gear Shareholder appoints a proxyholder and submits their voting instructions on the Voting Website and subsequently wishes to change their appointment, a Gear Shareholder may resubmit their proxy and/or voting direction on the Voting Website prior to the deadline noted above. When resubmitting a proxy on the Voting Website, the most recently submitted proxy will be recognized as the only valid one, and all previous proxies submitted will be disregarded and considered as revoked, provided that the last proxy is submitted on the Voting Website by the deadline noted above.

Voting Securities and Principal Holders Thereof

The Gear Board has set the close of business on December 30, 2024 (the "**Record Date**") as the record date for determining Gear Shareholders who are entitled to receive notice of the Gear Meeting. Each Gear Share entitled to be voted at the Gear Meeting will entitle the holder to one vote at the Gear Meeting in respect of the Arrangement Resolution, the Newco Share Option Plan Resolution, the Newco Rights Plan Resolution and any other matter to be considered at the Gear Meeting. Gear Shareholders whose names have been entered in the applicable register of Gear Shares on the close of business on the Record Date will be entitled to receive notice of and to vote at the Gear Meeting.

Gear will prepare, as of the Record Date, a list of Gear Shareholders entitled to receive the Notice of Special Meeting of Shareholders, showing the number of Gear Shares held by each such Gear Shareholder. Only Gear Shareholders of record as at the Record Date are entitled to receive notice of the Gear Meeting. Gear Shareholders of record will be entitled to vote those Gear Shares included in the list of Gear Shareholders prepared as at the Record Date. If a Gear Shareholder transfers Gear Shares after the Record Date and the transferee of those Gear Shares, having produced properly endorsed certificates evidencing such Gear Shares or having otherwise established that the transferee owns such Gear Shares, demands, at least 10 days before the Gear Meeting, that the transferee's name be included in the list

of the Gear Shareholders entitled to vote at the Gear Meeting, such transferee shall be entitled to vote such Gear Shares at the Gear Meeting.

Gear's issued and outstanding voting securities as at December 30, 2024 consist of 263,588,672 Gear Shares.

To the knowledge of the directors and officers of Gear, no person, firm or company beneficially owns or controls or directs, directly or indirectly, voting securities carrying 10% or more of the voting rights attached to the Gear Shares.

Indebtedness of Directors, Executive Officers and Others

No person who is or has been a director or executive officer of Gear at any time since the beginning of the year ended December 31, 2023, nor any proposed nominee for election as a director of Gear, nor any associate or affiliate of any one of them, is or was indebted to: (i) Gear; or (ii) another entity where such indebtedness is or was the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Gear or any of its subsidiaries, in either case at any time since the beginning of the year ended December 31, 2023.

Advice to Beneficial Gear Shareholders

The information set forth in this section is of significant importance to many investors in Gear Shares who do not own Gear Shares in their own name. Beneficial Shareholders should note that only proxies deposited by Gear Shareholders whose names appear on the records of Gear as the registered Gear Shareholders can be recognized and acted upon at the Gear Meeting. If Gear Shares are listed in an account statement provided to a Gear Shareholder by a broker, then in almost all cases those Gear Shares will not be registered in the Gear Shareholder's name on the records of Gear. Such Gear Shares will more likely be registered under the names of the Gear Shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). Gear Shares held by brokers or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for their clients. Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Gear Shares are communicated to the appropriate persons.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Gear Shares are voted at the Gear Meeting. The form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of that broker) is similar to the form of proxy provided to registered Gear Shareholders by Gear. However, its purpose is limited to instructing the registered Gear Shareholder (the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically asks Beneficial Shareholders to return proxy forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting voting of securities to be represented at the Gear Meeting. **A Beneficial Shareholder receiving a Broadridge proxy cannot use that proxy to vote Gear Shares directly at the Gear Meeting. The Broadridge proxy must be returned to Broadridge well in advance of the Gear Meeting in order to have the Gear Shares voted.**

Although a Beneficial Shareholder may not be recognized directly at the Gear Meeting for the purposes of Gear Shares registered in the name of the Beneficial Shareholder's broker (or agent of the broker), a Beneficial Shareholder may attend the Gear Meeting as proxyholder for the registered Gear Shareholder and vote the Gear Shares in that capacity. Beneficial Shareholders who wish to attend at the Gear Meeting and indirectly vote their Gear Shares as proxyholder for the registered Gear Shareholder should enter their own names in the blank space on the instrument of proxy or voting instruction form provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Gear Meeting.

These securityholder materials are being sent to both registered and non-registered owners of Gear Shares. If you are a non-registered owner, and Gear or its agent has sent these materials directly to you, your name and address

and information about your holdings of Gear Shares, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf.

Gear is not using "notice-and-access" to send its proxy-related materials to Gear Shareholders, and paper copies of such materials will be sent to all Gear Shareholders. Gear will not send proxy-related materials directly to non-objecting Beneficial Shareholders and such materials will be delivered to non-objecting Beneficial Shareholders by Broadridge or through the non-objecting Beneficial Shareholder's intermediary. Gear intends to pay for of an intermediary to deliver proxy-related materials to objecting Beneficial Shareholders.

If you have any questions or need additional information, you should consult your financial, legal, tax or other professional advisor.

Other Business

The management of Gear does not intend to present and does not have any reason to believe that others will present, at the Gear Meeting, any item of business other than those set forth in this Information Circular. However, if any other business is properly presented at the Gear Meeting and may properly be considered and acted upon, proxies will be voted by those named in the applicable form of proxy in their sole discretion, including with respect to any amendments or variations to the matters identified in this Information Circular.

Procedure for Receipt of Consideration

Enclosed with this Information Circular is a Letter of Transmittal and Election Form, which, when properly completed and returned together with the original certificate(s) representing Gear Shares and all other required documents, will enable each registered Gear Shareholder to receive, at the election of Gear Shareholders, the Cash Consideration per Share or the ultimate Newco Share Consideration per Share, or a combination thereof that the Gear Shareholder is entitled to receive under the Arrangement (subject to proration and the Cash Maximum and Newco Share Maximum and rounding). **Failure to complete a Letter of Transmittal and Election Form prior to the Election Deadline will result in a deemed election of consideration comprised of 50% Newco Share Consideration per Share and 50% Cash Consideration per Share for such Gear Shareholder's Gear Shares, subject to proration and the Cash Maximum and Newco Share Maximum and rounding.**

Additional copies of the Letter of Transmittal and Election Form are available by contacting the Depository at the numbers listed thereon. The Letter of Transmittal and Election Form is also available under Gear's SEDAR+ profile at www.sedarplus.ca.

Any original certificate formerly representing Gear Shares that is not deposited, together with all other documents required under the Plan of Arrangement, on or before the last Business Day prior to the third anniversary of the Effective Date and any right or claim to receive the consideration that remains outstanding on such day shall cease to represent a claim by or interest of any former Gear Shareholder of any kind or nature against Gear or Cenovus. On such date, all consideration and other property to which such former Gear Shareholder was entitled shall be deemed to have been surrendered and forfeited to Cenovus for no consideration.

Beneficial Shareholders must contact their intermediary to make their elections for the Cash Consideration per Share or ultimately Newco Share Consideration per Share or a combination thereof and to deposit their Gear Shares.

LEGAL MATTERS

Certain legal matters in connection with the Arrangement will be passed upon by Burnet, Duckworth & Palmer LLP on behalf of Gear and Newco. As at the date of this Information Circular, partners and associates of each of Burnet, Duckworth & Palmer LLP owned beneficially, directly or indirectly, less than 1% of the outstanding Gear Shares. In addition, none of the aforementioned person is or is expected to be elected, appointed or employed as a director, officer or employee of Gear or Newco, or of any associate or affiliate thereof except for Edward (Ted) Brown, the Corporate

Secretary of Gear, who is a partner of Burnet, Duckworth & Palmer LLP, which law firm renders legal services to Newco and Gear, and who is expected to be appointed as the Corporate Secretary of Newco.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed under "*The Arrangement - Interests of Certain Persons in the Arrangement*", or elsewhere herein, no informed person (as defined in NI 51-102) of Gear, or any known associate or affiliate of any informed person, has had any material interest, direct or indirect, in any transaction, or proposed transaction, which has materially affected or would materially affect Gear since the commencement of its most recently completed financial year.

INTEREST OF EXPERTS FOR GEAR AND NEWCO

There is no person or company whose profession or business gives authority to a statement made by such person or company and who is named as having prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing, made under National Instrument 51-102 – *Continuous Disclosure Obligations* by each of Gear and Newco other than Sproule and Deloitte LLP.

Sproule prepared the Gear Reserves Report, the 2023 Newco Reserves Report and the 2024 Newco Reserves Report. At the time Sproule prepared the Gear Reserves Report, the 2023 Newco Reserves Report and the 2024 Newco Reserves Report, neither Sproule or the "designated professionals" (as defined in Item 16.2(1.1) of Form 51-101F2) of Sproule had received nor will receive any registered or beneficial interest, direct or indirect, in any securities or other property of Gear or Newco or its associates or affiliates. Sproule is "independent" of Gear and Newco as such term is defined in NI 51-101.

Deloitte LLP has prepared an independent auditors' report in connection with the financial statements of Newco and the operating statements of the Newco Assets included in this Information Circular and the financial statements of Gear incorporated by reference herein. Deloitte LLP are independent of Gear, Newco and the Newco Assets within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Alberta.

ADDITIONAL INFORMATION

Additional financial information is provided in the Gear Annual MD&A and the Gear Interim MD&A, which are incorporated by reference herein.

Any request for these documents can be made by contacting David Hwang, Vice President, Finance and Chief Financial Officer of Gear at Suite 800, 205 – 5th Avenue S.W., Calgary, Alberta T2P 2V7. Information relating to Gear can also be obtained on Gear's website at www.gearenergy.com and on SEDAR+ under Gear's profile at www.sedarplus.ca.

CONSENT OF ATB SECURITIES INC.

TO: The Board of Directors (the "**Board**") of Gear Energy Ltd. ("**Gear**")

RE: Management Information Circular of Gear dated December 30, 2024 (the "**Information Circular**")

We consent to the references to our firm name and the references to and summary descriptions of our fairness opinion dated December 1, 2024 (the "**Fairness Opinion**") in the Information Circular and to the inclusion of the full text of the Fairness Opinion as Appendix D to the Information Circular. Our Fairness Opinion was given as at December 1, 2024 and remains subject to the assumptions, qualifications and limitations contained therein. In providing our consent, we do not intend that any person other than the Board shall be entitled to rely upon our Fairness Opinion.

Yours very truly,

(signed) "*ATB Securities Inc.*"

ATB SECURITIES INC.

December 30, 2024
Calgary, Alberta

APPENDIX A

ARRANGEMENT RESOLUTION

"BE IT RESOLVED AS A SPECIAL RESOLUTION OF THE HOLDERS OF COMMON SHARES OF GEAR ENERGY LTD. ("**GEAR**") THAT:

- (1) The arrangement (the "**Arrangement**") under Section 193 of the *Business Corporations Act* (Alberta) (the "**ABCA**") involving Gear, Cenovus Energy Inc. ("**Cenovus**"), Lotus Creek Exploration Inc. (formerly 2640847 Alberta Ltd.) ("**Newco**") and the securityholders of Gear, pursuant to the arrangement agreement dated December 1, 2024 among Gear, Cenovus and Newco, as it may be modified, supplemented or amended from time to time in accordance with its terms (the "**Arrangement Agreement**"), as more particularly described and set forth in the management information circular of Gear dated December 30, 2024 (the "**Circular**") and all transactions contemplated thereby, are hereby authorized, approved and adopted.
- (2) The plan of arrangement of Gear, as it has been or may be modified or amended in accordance with the Arrangement Agreement and its terms (the "**Plan of Arrangement**"), the full text of which is set out as Schedule "A" to the Arrangement Agreement, which is appended as Appendix C to the Circular, as it may be modified, supplemented or amended from time to time in accordance with its terms, is hereby authorized, approved and adopted.
- (3) The Arrangement Agreement and related transactions contemplated therein, the actions of the directors of Gear in approving the Arrangement and the actions of the directors and officers of Gear in executing and delivering the Arrangement Agreement and any modifications or amendments thereto, and causing the performance by Gear of its obligations thereunder, are hereby ratified and approved.
- (4) Gear is hereby authorized to apply to the Court of King's Bench of Alberta (the "**Court**") for an order approving the Arrangement on the terms set forth in the Arrangement Agreement and the Plan of Arrangement (as they may be, or may have been, modified, supplemented or amended).
- (5) Notwithstanding that this resolution has been passed (and the Arrangement adopted) by the Gear Shareholders (as defined in the Arrangement Agreement) or that the Arrangement has been approved by the Court, the directors of Gear are hereby authorized and empowered, at their discretion, without further notice to or approval of the securityholders: (a) to amend or modify the Arrangement Agreement or the Plan of Arrangement (or any documents or agreements delivered in connection therewith) to the extent permitted by their terms, as applicable; and (b) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement and any related transactions.
- (6) Any officer or director of Gear is hereby authorized and directed for and on behalf of Gear to execute, under the corporate seal of Gear or otherwise, and to deliver or cause to be delivered, for filing with the Registrar under the ABCA, articles of arrangement and such other documents as are necessary or desirable to give effect to the Arrangement and the Plan of Arrangement in accordance with the Arrangement Agreement, such determination to be conclusively evidenced by the execution and delivery of such articles of arrangement and any such other documents.
- (7) Any officer or director of Gear is hereby authorized and directed for and on behalf of Gear to execute or cause to be executed and to deliver or cause to be delivered, all such other documents and instruments and to perform or cause to be performed all such other acts and things as, in such Person's opinion, may be necessary or desirable to give full force and effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such other document or instrument or the doing of any other such act or thing."

APPENDIX B
INTERIM ORDER

(See attached)



COURT FILE NUMBER 2401-18291

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

MATTER IN THE MATTER OF SECTION 193 OF THE *BUSINESS CORPORATIONS ACT*, RSA 2000, c B-9, AS AMENDED

AND IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING GEAR ENERGY LTD., CENOVUS ENERGY INC., 2640847 ALBERTA LTD. AND THE SECURITYHOLDERS OF GEAR ENERGY LTD.

APPLICANT **GEAR ENERGY LTD.**

RESPONDENTS Not Applicable

DOCUMENT **INTERIM ORDER**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

Burnet, Duckworth & Palmer LLP
2400, 525 – 8th Avenue S.W.
Calgary, Alberta T2P 1G1
Lawyer: Ryan Algar
Phone Number: (403) 260-0126
Fax Number: (403) 260-0332
Email Address: ralgar@bdplaw.com
File No. 65963-65

DATE ON WHICH ORDER WAS PRONOUNCED: December 18, 2024

NAME OF JUDGE WHO MADE THIS ORDER: The Honourable Justice J.T. Neilson

LOCATION OF HEARING: Edmonton

UPON the Originating Application (the "**Originating Application**") of Gear Energy Ltd. (the "**Applicant**" or "**Gear**") for an Order under Subsection 193(4) of the *Business Corporations Act*, RSA 2000, c B-9, as amended (the "**ABCA**") in respect of an arrangement under Section 193 of the *ABCA*;

AND UPON reading the Originating Application, the affidavit of Kevin Johnson, the President and Chief Executive Officer and a director of Gear, sworn December 17, 2024 (the "**Affidavit**") and the documents referred to therein;

AND UPON being advised that notice of the Originating Application has been given to the Registrar (the "**Registrar**") appointed under Section 263 of the *ABCA*;

AND UPON hearing counsel for the Applicant;

FOR THE PURPOSES OF THIS ORDER:

- (a) the capitalized terms not defined in this Order (the "**Order**") shall have the meanings attributed to them in the draft management information circular of the Applicant (the "**Circular**") which is attached as Exhibit A to the Affidavit; and
- (b) all references to "**Arrangement**" used herein mean the arrangement as set forth in the Plan of Arrangement attached as Schedule "A" to the Arrangement Agreement, which is attached as Appendix C to the Circular.

IT IS HEREBY ORDERED THAT:

General

1. The Applicant shall seek approval of the Arrangement as described in the Circular by the holders of the common shares of Gear ("**Gear Shares**") in the manner set forth below.

The Meeting

2. The Applicant shall call and conduct a special meeting (the "**Meeting**") to be held at 2400, 525-8th Avenue S.W., Calgary AB T2P 1G1 at 10:00 a.m. (Calgary time) on or about February 3, 2025. At the Meeting, holders of Gear Shares ("**Gear Shareholders**") will consider and vote upon a resolution to approve the Arrangement substantially in the form attached as Appendix A to the Circular (the "**Arrangement Resolution**") and such other business as may properly be brought before the Meeting or any adjournment of postponement thereof, all as more particularly described in the Circular.
3. Notwithstanding the quorum requirement of the Applicant's by-laws, which states that quorum for a meeting of shareholders shall be not less than two (2) in number and holding or representing not less than twenty-five per cent (25%) of the shares entitled to be voted at the meeting, the quorum for the Meeting will be persons present being not less than two (2) in number and holding or representing not less than ten per cent (10%) of the Gear Shares entitled to be voted at the Meeting.

4. If a quorum is present at the opening of the Meeting, the Gear Shareholders present in person or represented by proxy may proceed with the business of the Meeting notwithstanding that a quorum is not present throughout the Meeting. If a quorum is not present at the opening of the Meeting, the Gear Shareholders present in person or represented by proxy may adjourn the Meeting to a fixed time and place but may not transact any other business. No notice of the adjourned meeting shall be required and, if at such adjourned meeting a quorum is not present, the Gear Shareholders present in person or represented by proxy shall constitute quorum for all purposes.
5. Gear Shareholders will be entitled to vote at the Meeting with each Gear Share entitling such Gear Shareholder to one (1) vote at the Meeting in respect of the Arrangement Resolution and any other matters to be considered at the Meeting.
6. The record date for Gear Shareholders entitled to receive notice of and to vote at the Meeting shall be December 30, 2024 (the "**Record Date**") and will not change in respect or as a consequence of any adjournment(s) or postponement(s) of the Meeting. Only the Gear Shareholders whose names have been entered in the applicable registers of Gear Shares as at the close of business on the Record Date will be entitled to receive notice of and to vote at the Meeting, provided that, to the extent a Gear Shareholder transfers the ownership of any Gear Shares after the Record Date and the transferee of those Gear Shares, having produced properly endorsed certificates evidencing such Gear Shares or having otherwise established that the transferee owns such Gear Shares, demands, not later than 10 days before the Meeting, that the transferee's name be included on the list of the Gear Shareholders entitled to vote at the Meeting, such transferee shall be entitled to vote such Gear Shares at the Meeting.
7. Subject to the quorum requirements noted in paragraphs 3 and 4 of this Order, the Meeting shall be called, held and conducted in accordance with the applicable provisions of the *ABCA*, the articles and by-laws of the Applicant in effect at the relevant time, the Circular, the rulings and directions of the Chair of the Meeting, this Order and any further Order of this Court. To the extent that there is any inconsistency or discrepancy between this Order and the *ABCA* or the articles or by-laws of the Applicant, the terms of this Order shall govern.

Conduct of the Meeting

8. The Chair of the board of directors of Gear or, in his absence, the President and Chief Executive Officer of Gear, or otherwise a vice-president who is a shareholder of Gear shall be Chair of the Meeting and such person may chair the Meeting in person or by electronic means. If no such person is present within fifteen (15) minutes from the time fixed for holding the Meeting, or declines to be Chair of the Meeting, the persons present and entitled to vote shall choose one of their number to be Chair of the Meeting.
9. The only persons entitled to attend the Meeting shall be: Gear Shareholders or their designated proxies; Gear's directors, officers, auditors and legal counsel; the directors, officers and legal counsel of Cenovus Energy Inc. ("**Cenovus**"); and such other persons who may be permitted to attend by the Chair of the Meeting.
10. The number of votes required to pass the Arrangement Resolution shall be at least 66 2/3% of the aggregate votes cast by holders of Gear Shares, either in person or represented by proxy, at the Meeting.
11. To be valid, a Form of Proxy (as defined herein) must be deposited with Odyssey Trust Company in the manner and by the deadline described in the Circular.
12. Any Form of Proxy that is properly signed and dated but which does not contain voting instructions shall be deemed to be voted in favour of the Arrangement Resolution.
13. The accidental omission to give notice of the Meeting, or any failure or omission to give notice as a result of events beyond the reasonable control of Gear, or the non-receipt of the notice shall not constitute a breach of this Order nor shall it invalidate any resolution passed or proceedings taken at the Meeting.
14. Gear is authorized (with the prior written consent of Cenovus as a party to the Arrangement Agreement) to adjourn or postpone the Meeting on one or more occasions (whether or not a quorum is present) and for such period or periods of time as Gear deems advisable, without further order of this Court and without the necessity of first convening such Meeting or first obtaining any vote of Gear Shareholders respecting the adjournment or postponement, in each case provided that any such adjournment or postponement is permitted under and in accordance with the applicable terms of the Arrangement

Agreement. Notice of any such adjournment or postponement may be given by such method as Gear determines appropriate in the circumstances. If the Meeting is adjourned or postponed in accordance with this Order, the references to the Meeting in this Order shall be deemed to be the Meeting as adjourned or postponed, as the context allows.

Amendments to the Arrangement

15. Gear and Cenovus are authorized to make such amendments, revisions or supplements to the Arrangement as they may together determine necessary or desirable, provided that such amendments, revisions or supplements are made in accordance with and in the manner contemplated by the Arrangement and the Arrangement Agreement. The Arrangement so amended, revised or supplemented shall be deemed to be the Arrangement submitted to the Meeting and the subject of the Arrangement Resolution, without need to return to this Court to amend this Order.

Amendments to Meeting Materials

16. The Applicant is authorized to make such amendments, revisions or supplements ("**Additional Information**") to the Circular, form of proxy (the "**Form of Proxy**"), voting instruction form ("**Voting Instruction Form**"), notice of the Meeting ("**Notice of Meeting**"), form of letter of transmittal and election form ("**Letter of Transmittal and Election Form**") and notice of Originating Application ("**Notice of Originating Application**") as it may determine necessary or desirable. The Applicant may disclose such Additional Information, including material changes, by the method and in the time most reasonably practicable in the circumstances as determined by the Applicant. Without limiting the generality of the foregoing, if any material change or material fact arises between the date of this Order and the date of the Meeting, which change or fact, if known prior to mailing of the Circular, would have been disclosed in the Circular, then:
 - (a) the Applicant shall advise the Gear Shareholders of the material change or material fact by disseminating a news release (a "**News Release**") through a widely-circulated news service and filing such News Release on Gear's issuer profile on SEDAR+, in accordance with applicable securities laws and the policies of the Toronto Stock Exchange;

- (b) provided that the News Release describes the applicable material change or material fact in reasonable detail, the Applicant shall not be required to deliver an amendment to the Circular to the Gear Shareholders or otherwise give notice to the Gear Shareholders of the material change or material fact other than dissemination, filing and emailing, as applicable, of the News Release as aforesaid; and
- (c) unless determined to be advisable by the Applicant, the Applicant shall not be required to adjourn or otherwise postpone the Meeting as a result of the disclosure of any Additional Information, including any material change, as contemplated by this paragraph 16.

Dissent Rights

- 17. Registered Gear Shareholders are, subject to the provisions of this Order and the Plan of Arrangement, accorded the right to dissent under Section 191 of the *ABCA* ("**Dissent Rights**") with respect to the Arrangement Resolution and the right to be paid an amount equal to the fair value of their Gear Shares by Cenovus in respect of which such right to dissent was validly exercised. For greater certainty, neither holders of Gear Options nor Gear Shareholders who vote or have instructed a proxyholder to vote such Gear Shares in favour of the Arrangement Resolution shall be entitled to exercise Dissent Rights.
- 18. In order for a registered Gear Shareholder (a "**Dissenting Shareholder**") to exercise such right to dissent under Section 191 of the *ABCA*:
 - (a) notwithstanding Subsection 191(5) of the *ABCA*, the Dissenting Shareholder's written objection to the Arrangement Resolution must be received by the Applicant, care of its counsel Burnet, Duckworth & Palmer LLP, 2400, 525 – 8th Avenue, S.W., Calgary, Alberta, Canada T2P 1G1, Attention: Ryan Algar, by 5:00 p.m. (Calgary time) on January 27, 2025 (or 5:00 p.m. (Calgary time) on the Business Day that is five Business Days prior to the date of the Meeting if it is not held on February 3, 2025);
 - (b) a vote against the Arrangement Resolution, whether in person or by proxy, shall not constitute a written objection to the Arrangement Resolution as required under paragraph 18(a) herein;

- (c) a Gear Shareholder may not exercise Dissent Rights if the Gear Shareholder shall have voted his, her or its Gear Shares at the Meeting, either by proxy or in person, in favour of the Arrangement Resolution;
 - (d) a Gear Shareholder may not exercise Dissent Rights in respect of only a portion of the Gear Shareholder's Gear Shares, but may dissent only with respect to all of the Gear Shares held by the Gear Shareholder; and
 - (e) the exercise of Dissent Rights must otherwise comply with the requirements of Section 191 of the *ABCA*, as modified and supplemented by this Order and the Plan of Arrangement.
19. The fair value of the consideration to which a Dissenting Shareholder is entitled pursuant to the Arrangement shall be determined as of the close of business on the last Business Day before the day on which the Arrangement Resolution is approved by the Gear Shareholders and shall be paid to the Dissenting Shareholders by Cenovus as contemplated by the Plan of Arrangement and this Order.
20. The Dissenting Shareholders who validly exercise their right to dissent, as set out in paragraphs 17 through 19 above, and who:
- (a) are determined to be entitled to be paid the fair value of their Gear Shares, shall be deemed to have irrevocably transferred such Gear Shares as of the time specified in the Plan of Arrangement (the "**Effective Time**"), without any further act or formality and free and clear of all liens, claims and encumbrances to Cenovus in exchange for the fair value of the Gear Shares, and will not be entitled to any other payment or consideration, including any consideration that would be payable under the Arrangement had such Dissenting Shareholders not exercised their Dissent Rights in respect of such Gear Shares; or
 - (b) are, for any reason (including, for clarity, any withdrawal by any Dissenting Shareholder of their dissent) determined not to be entitled to be paid the fair value for their Gear Shares, shall be deemed to have participated in the Arrangement on the same basis as a non-dissenting Gear Shareholder and such Gear Shares will be deemed to be exchanged for the consideration contemplated under the

Arrangement in respect of a Gear Shareholder that has not deposited, on or before the Election Deadline, a duly completed Letter of Transmittal and Election Form in accordance with the requirements and instructions set out therein,

but in no event shall the Applicant, Cenovus or any other person be required to recognize such Gear Shareholders as holders of Gear Shares after the Effective Time, and the names of such Gear Shareholders shall be removed from the applicable register of Gear Shares.

21. Subject to further order of this Court, the rights available to the Gear Shareholders under the *ABCA*, this Order and the Plan of Arrangement to dissent from the Arrangement Resolution shall constitute full and sufficient dissent rights for the Gear Shareholders with respect to the Arrangement Resolution.
22. Notice to the Gear Shareholders of their right to dissent with respect to the Arrangement Resolution and to receive, subject to the provisions of the *ABCA*, this Order and the Plan of Arrangement, the fair value of the consideration to which a Dissenting Shareholder is entitled pursuant to the Arrangement shall be sufficiently given by including information with respect to this right as set forth in the Circular which is to be sent to Gear Shareholders in accordance with paragraph 23 of this Order.

Notice

23. The Circular, a preliminary draft of which is attached as Exhibit "A" to the Affidavit, with such amendments thereto as determined necessary or desirable (provided such amendments are not inconsistent with the terms of this Order), and including the Notice of Meeting, the Form of Proxy, the Voting Instruction Form, the Letter of Transmittal and Election Form, the Notice of Originating Application and this Order, together with any other communications or documents determined by the Applicant to be necessary or advisable (collectively, the "**Meeting Materials**"), shall be sent by one or more of the following methods:
 - (a) in the case of registered Gear Shareholders as of the Record Date and the directors and auditors of Gear, by mail, courier, electronic delivery or otherwise delivered or transmitted, at least 21 days prior to the date of the Meeting at the addresses for such holders recorded in the applicable records of Gear at the close

of business on the Record Date. In calculating the 21-day period, the date of mailing or delivery shall be included and the date of the Meeting shall be excluded;

- (b) in the case of non-registered Gear Shareholders, the Meeting Materials shall be delivered by providing sufficient copies of the Meeting Materials to intermediaries in accordance with National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* of the Canadian Securities Administrators; and
 - (c) in the case of the Registrar, the Meeting Materials shall be delivered by email to corp.reg@gov.ab.ca, by courier or by delivery in person, addressed to the Registrar not later than 21 days prior to the date of the Meeting.
24. In the event a postal strike, lockout or other event prevents, delays or otherwise interrupts the mailing or delivery of the Meeting Materials in accordance with paragraph 23 herein, then the issuance of a News Release, which is subsequently filed on Gear's profile on SEDAR+ at <http://sedarplus.ca> stating that: (a) the Meeting Materials have been filed on Gear's profile on SEDAR+ at <http://sedarplus.ca>; (b) containing details of the date, time and place of the Meeting and steps that may be taken by Gear Shareholders to deliver or transmit proxies by delivery, internet voting or telephone; and (c) the Meeting Materials will be provided by electronic mail or by courier upon request made by a Gear Shareholder, shall be deemed good and sufficient service upon the Gear Shareholders of the Meeting Materials, and shall be deemed to satisfy the requirements of Sections 134, 149 and 150 of the ABCA.
25. Delivery of the Meeting Materials in the manner directed by this Order shall be deemed to be good and sufficient service upon the Gear Shareholders, the directors and auditors of the Applicant, and the Registrar of:
- (a) the Originating Application;
 - (b) this Order;
 - (c) the Notice of the Meeting;
 - (d) the Circular; and

(e) the Notice of Originating Application.

Solicitation of Proxies

26. Gear is authorized, at its expense, to solicit proxies, directly and through its officers, directors and employees, and through such agents or representatives as Gear may retain for that purpose, and such solicitation may be by mail or such other forms of personal and electronic communication as they may determine.

Final Application

27. Subject to further order of this Court, and provided that the Gear Shareholders have approved the Arrangement in the manner directed by this Court and the directors of the Applicant have not revoked their approval, the Applicant may proceed with an application for a final order of the Court approving the Arrangement (the "**Final Order**") on February 4, 2025 at 11:00 a.m. (Calgary time) or so soon thereafter as counsel may be heard. Subject to the Final Order and to the issuance of the proof of filing of the Articles of Arrangement, Gear, Cenovus, 2640847 Alberta Ltd., the Gear Shareholders, holders of Gear Options, all counterparties to the Assumed Contracts, all creditors of Gear and all other persons affected will be bound by the Arrangement in accordance with its terms.

28. Any Gear Shareholder, holder of Gear Options, all counterparties to the Assumed Contracts, all creditors of Gear or other interested party (each an "**Interested Party**") desiring to appear and make submissions at the application for the Final Order is required to file with this Court and serve upon the Applicant, on or before 5:00 p.m. (Calgary time) on January 27, 2025 (or 5:00 p.m. (Calgary time) on the Business Day that is five Business Days prior to the date of the Meeting if it is not held on February 3, 2025), a notice of intention to appear ("**Notice of Intention to Appear**") including the Interested Party's address for service (or alternatively, a facsimile number for service by facsimile or an email address for service by electronic mail), indicating whether such Interested Party intends to support or oppose the application or make submissions at the application, together with a summary of the position such Interested Party intends to advocate before the Court, and any evidence or materials which are to be presented to the Court. Service of this notice on the Applicant shall be effected by service upon the solicitors for the Applicant, Burnet, Duckworth & Palmer LLP, 2400, 525 – 8th Avenue S.W., Calgary, Alberta T2P 1G1, facsimile: (403) 260-0332, Attention: Ryan Algar.

29. In the event that the application for the Final Order is adjourned, only those parties appearing before this Court for the Final Order, and those Interested Parties serving a Notice of Intention to Appear in accordance with paragraph 28 of this Order, shall have notice of the adjourned date.

Leave to Vary Interim Order

30. The Applicant is entitled at any time to seek leave to vary this Order upon such terms and the giving of such notice as this Court may direct.

Extra-Territorial Assistance

31. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in any foreign jurisdiction to give effect to this Order and to assist this Court in carrying out the terms of this Order.

Court Filed Documents

32. A signed copy of this Order shall be sufficient to provide with the Circular and other Meeting Materials, as directed herein, even if it does not yet bear a filing stamp from the Court of King's Bench of Alberta.

(signed) "*Justice J.T. Neilson*"

Justice of the Court of King's Bench of
Alberta

APPENDIX C
ARRANGEMENT AGREEMENT

(See attached)

ARRANGEMENT AGREEMENT

AMONG

CENOVUS ENERGY INC.

-AND-

GEAR ENERGY LTD.

-AND-

2640847 ALBERTA LTD.

December 1, 2024

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ARRANGEMENT AGREEMENT

THIS ARRANGEMENT AGREEMENT dated the 1st day of December, 2024

AMONG:

CENOVUS ENERGY INC., a corporation existing under the laws of Canada ("**Cenovus**")

- and -

GEAR ENERGY LTD., a corporation existing under the laws of the Province of Alberta ("**Gear**")

- and -

2640847 ALBERTA LTD., a corporation existing under the laws of the Province of Alberta ("**Newco**")

WHEREAS Cenovus and Gear propose to effect a transaction pursuant to which, among other things, Gear will transfer and convey to Newco the Newco Assets, including the Assumed Liabilities and Cenovus will acquire all of the issued and outstanding Gear Shares;

AND WHEREAS the Parties intend to carry out the transactions contemplated herein by way of a plan of arrangement under Section 193 of the ABCA, on the terms and subject to the conditions set out in the Plan of Arrangement, involving Gear, Cenovus, Newco and the Gear Shareholders;

AND WHEREAS the board of directors of Gear has unanimously determined that it would be in the best interests of Gear and the Gear Shareholders to enter into this Agreement and to complete the transactions contemplated herein;

AND WHEREAS concurrently with the execution of this Agreement, Cenovus has entered into the Gear Support Agreements with certain Gear Shareholders;

AND WHEREAS the Parties have entered into this Agreement to provide for the matters referred to in the foregoing recitals and for other matters relating to the arrangement;

NOW THEREFORE, in consideration of the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties hereby covenant and agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

Whenever used in this Agreement, including the preamble and recitals hereto, unless there is something in the context or subject matter inconsistent therewith, the following defined words and terms have the indicated meanings and grammatical variations of such words and terms have corresponding meanings:

- (a) "**ABCA**" means the *Business Corporations Act*, R.S.A. 2000, c. B-9;

- (b) "**Aboriginal Group**" means any "band" (as such term is defined in the *Indian Act* (Canada)), First Nation, tribal council or Métis group;
- (c) "**Acquisition Proposal**" means, other than the transactions contemplated by this Agreement or as specifically set out in the Gear Disclosure Letter, any inquiry or the making of any proposal or offer by any Person, or group of Persons "acting jointly or in concert" (within the meaning of Multilateral Instrument 62-104 – *Takeover Bids and Issuer Bids*), other than Cenovus or any Person acting jointly or in concert with Cenovus, whether or not such proposal or offer is subject to due diligence or other conditions and whether such proposal or offer is made orally or in writing, which constitutes, or may reasonably be expected to lead to (in either case, whether in one transaction or a series of transactions):
- (i) any direct or indirect sale, issuance or acquisition of securities of Gear that, when taken together with any securities of Gear held by the proposed acquiror, and any Person acting jointly or in concert with such acquiror, and assuming the conversion of any convertible securities held by the proposed acquiror and any Person acting jointly or in concert with such acquiror, would constitute beneficial ownership of 20% or more of the outstanding voting securities of Gear or rights or interests therein;
 - (ii) any direct or indirect acquisition or purchase (or any lease, long-term supply agreement or other arrangement having the same economic effect as an acquisition or purchase) of any of the assets of Gear representing 20% or more of the Assets on a consolidated basis, or assets of Gear contributing 20% or more of the annual revenue of Gear;
 - (iii) an amalgamation, arrangement, merger, business combination, consolidation or similar transaction involving Gear or Newco;
 - (iv) any direct or indirect take-over bid, issuer bid, exchange offer, recapitalization, liquidation, dissolution or similar transaction that, if consummated, could result in a Person, or any Persons acting jointly or in concert with such Person, owning or exercising control or direction over 20% or more of any class of voting or equity securities or any other equity interests (including securities convertible into or exercisable or exchangeable for equity securities of Gear); or
 - (v) any other transaction, the consummation of which could reasonably be expected to impede, interfere with or delay the Arrangement, or prevent the completion of the Arrangement, or which could reasonably be expected to reduce the benefits to Cenovus of the Arrangement;
- except that for the purpose of the definition of "**Superior Proposal**", the references in this definition of "**Acquisition Proposal**" to "20% or more of the outstanding voting securities" shall be deemed to be references to "100% or more of the outstanding voting securities" and the references to "20% or more of the Assets on a consolidated basis, or assets of Gear contributing 20% or more of the annual revenue of Gear" shall be deemed to be references to "100% or more of the Assets on a consolidated basis, or assets of Gear contributing 100% or more of the annual revenue of Gear";
- (d) "**Adjustment Amount**" has the meaning ascribed thereto in Schedule "E" hereto;
- (e) "**AER**" means the Alberta Energy Regulator;

- (f) "**AFE**" means authorities for expenditures, cash calls, operations notices, amounts budgeted pursuant to joint operating agreements, unit agreements, mail ballots and similar notices and calls for funds;
- (g) "**affiliate**" means any Person that is affiliated with another Person in accordance with meaning of the Securities Act;
- (h) "**Agreement**", "**herein**", "**hereof**", "**hereto**", "**hereunder**" and similar expressions mean and refer to this Arrangement Agreement (including the schedules hereto) as amended, supplemented or restated from time to time, and not to any particular article, section, schedule or other portion hereof;
- (i) "**Agreement Date**" means December 1, 2024;
- (j) "**Applicable Canadian Securities Laws**", in any context that refers to one or more Persons, means, collectively, and as the context may require, the securities laws or similar statutes of each of the provinces and territories of Canada, and the respective rules and regulations under such laws, together with applicable national, multilateral and local policy statements, instruments, notices, blanket orders, rulings and policies published and/or promulgated thereunder, as such may be amended from time to time prior to the Effective Date, and all rules, by-laws and regulations of the TSX, that apply to such Person or Persons or to the business, undertaking, property or securities of such Person or Persons;
- (k) "**Applicable Laws**" means, in any context that refers to one or more Persons, the Laws that apply to such Person or Persons or to the business, undertaking, property or securities of such Person or Persons, and includes any proposed amendments to such Laws publicly announced by a Governmental Authority on or prior to the Effective Date;
- (l) "**Arrangement**" means the arrangement, pursuant to Section 193 of the ABCA, on the terms set out in the Plan of Arrangement, as supplemented, modified or amended in accordance with the Plan of Arrangement or made at the direction of the Court in the Final Order;
- (m) "**Arrangement Resolution**" means the special resolution in respect of the Arrangement to be considered by the Gear Shareholders at the Meeting;
- (n) "**Articles of Arrangement**" means the articles of arrangement in respect of the Arrangement required under Subsection 193(4.1) of the ABCA to be filed with the Registrar after the Final Order has been granted, to give effect to the Arrangement;
- (o) "**Asset Conveyance**" means the conveyance by Gear of the Newco Assets to Newco in exchange for consideration of the issue of the Newco Shares (in such number as determined in accordance with the Asset Conveyance Agreement and the Plan of Arrangement) to Gear and the assumption of the Assumed Liabilities by Newco, all as set forth in the Asset Conveyance Agreement;
- (p) "**Asset Conveyance Agreement**" means the conveyance agreement to be entered into among Cenovus, Gear and Newco to be dated the Effective Date in the form attached as Schedule "C" hereto;
- (q) "**Assets**" means, collectively, the Excluded Assets and the Newco Assets;

- (r) "**Assumed Contracts**" has the meaning ascribed thereto in the Asset Conveyance Agreement;
- (s) "**Assumed Liabilities**" has the meaning ascribed thereto in the Asset Conveyance Agreement;
- (t) "**ATB**" means ATB Financial;
- (u) "**BA Code**" means the unique licensee identification code issued by Petrinex, which the AER refers to as a Business Associate code;
- (v) "**Bonnyville Lease**" means the lease agreement dated *[date redacted]*, as renewed by a lease renewal dated *[date redacted]*, between *[party name redacted]*, as lessor, and Gear Energy Ltd., as lessee (as the same may be amended, renewed, extended, restated or otherwise modified from time to time);
- (w) "**Books and Records**" means all current and historical books, records and data of Gear and its predecessors in hard copies, electronic or other format and including, without limitation, all accounting books and records, financial statements, records, reports, minute books, corporate books and records, Tax records (including, without limitation, the general ledger, trial balance and working papers for the 2016 to 2024 tax years), Tax Returns and Tax filings and assessments, and all other documents, files, data, information and correspondence relating to the business, financial position and Taxes of Gear and its predecessors;
- (x) "**Business Day**" means a day, other than a Saturday, Sunday or statutory holiday, when banks are generally open in the City of Calgary, in the Province of Alberta, for the transaction of commercial business;
- (y) "**Calgary Office Lease**" means the lease for office space agreement dated *[date redacted]*, between *[party name redacted]*, as lessor, and Gear Energy Ltd., as lessee (as the same may be amended, renewed, extended, restated or otherwise modified from time to time);
- (z) "**Cash Maximum**" has the meaning ascribed thereto in the Plan of Arrangement;
- (aa) "**Cenovus**" has the meaning ascribed thereto in the recitals;
- (bb) "**Cenovus Contribution Amount**" has the meaning ascribed thereto in the Plan of Arrangement;
- (cc) "**Cenovus Damages Event**" has the meaning ascribed thereto in Section 6.1;
- (dd) "**Cenovus Information**" means the information relating exclusively to Cenovus provided to Gear in writing by Cenovus specifically for inclusion in the Circular in compliance with Applicable Canadian Securities Laws;
- (ee) "**Cenovus Note**" has the meaning ascribed thereto in the Plan of Arrangement;
- (ff) "**Cenovus Termination Fee**" has the meaning ascribed thereto in Section 6.1;
- (gg) "**Certificate**" means the certificate or other proof of filing to be issued by the Registrar pursuant to Subsection 193(11) of the ABCA giving effect to the Arrangement;
- (hh) "**Circular**" means the notice of Meeting and accompanying management information circular, including all schedules, appendices and exhibits thereto, and instruments of proxy, to be sent to,

among others, the Gear Shareholders of record in accordance with the Interim Order in connection with the Meeting, as amended, supplemented or otherwise modified from time to time;

- (ii) "**Claims**" means any cause of action, action, account, lien of any kind whatsoever, claims, demands, lawsuits, audits, assessments, reassessments, unsatisfied judgments, penalties or awards, arbitrations or proceedings including any proceeding or investigation by a Governmental Authority or agency thereof arising from the matter;
- (jj) "**Closing Cenovus Contribution Amount**" shall mean \$110,000,000 less the aggregate sum of (i) the Credit Facility Amount; (ii) the Cash Maximum; (iii) the Adjustment Amount; and (iv) the Escrow Amount;
- (kk) "**Commissioner**" means the Commissioner of Competition appointed pursuant to Subsection 7(1) of the Competition Act or any other Person duly authorized to perform duties on behalf of the Commissioner;
- (ll) "**Competition Act**" means the *Competition Act* (Canada), R.S.C. 1985, c. C-34;
- (mm) "**Competition Act Approval**" means any of:
 - (i) the Commissioner has issued an advance ruling certificate pursuant to section 102 of the Competition Act in respect of the transactions contemplated by this Agreement;
 - (ii) the Commissioner has advised the Parties that he does not intend to apply to the Competition Tribunal for an order under section 92 of the Competition Act in respect of the transactions contemplated by this Agreement and has waived the requirement to notify under Part IX pursuant to paragraph 113(c) of the Competition Act; or
 - (iii) notification of the transactions contemplated by this Agreement pursuant to section 114 of the Competition Act has been given by both Parties and the applicable waiting period under subsection 123(1) of the Competition Act shall have expired or shall have been terminated under subsection 123(2) of the Competition Act;
- (nn) "**Contract**" means any written or oral agreement, commitment, engagement, contract, franchise, licence, lease, obligation, undertaking or joint venture to which Gear is a party or by which it is bound or affected or to which any of the Assets are subject;
- (oo) "**Conveyance**" means the conveyance of the Newco Assets to Newco on the terms and conditions contained in the Asset Conveyance Agreement;
- (pp) "**Court**" means the Court of King's Bench of Alberta;
- (qq) "**Credit Facility Amount**" has the meaning ascribed thereto in the Plan of Arrangement;
- (rr) "**Depository**" means such Person as Gear may appoint to act as depository for the Gear Shares in relation to the Arrangement, with approval of Cenovus, acting reasonably;
- (ss) "**Disclosing Party**" has the meaning ascribed thereto in Section 4.3;

- (tt) "**Dissent Rights**" means the rights of dissent of the Arrangement described in the Plan of Arrangement;
- (uu) "**Dissenting Shareholder Amount**" means an amount equal to the product of: (i) the number of Gear Shares, if any, in respect of which Dissent Rights are validly exercised and which exercise remains valid immediately prior to the Effective Time; and (ii) \$0.607;
- (vv) "**Effective Date**" means the date the Arrangement becomes effective under the ABCA, as contemplated in Section 2.4;
- (ww) "**Effective Time**" means the time on the Effective Date when the Arrangement becomes effective pursuant to the Plan of Arrangement;
- (xx) "**Encumbrance**" means, in the case of property or an asset, all mortgages, pledges, charges, liens, debentures, hypothecs, trust deeds, outstanding demands, burdens, capital leases, assignments by way of security, security interests, conditional sales contracts or other title retention agreements or similar interests or instruments charging, or creating a security interest in, or against title to, such property or assets, or any part thereof or interest therein, and any agreements, leases, options, easements, rights of way, restrictions, executions or other charges or encumbrances (including notices or other registrations in respect of any of the foregoing) (whether by Applicable Laws, contract or otherwise) against title to any of the property or asset, or any part thereof or interest therein or capable of becoming any of the foregoing;
- (yy) "**Environment**" means the air, all layers of the atmosphere, surface water, underground water, any land or underground space, all living organisms and the interacting natural systems that include components of air, land, water, organic and inorganic matters and living organisms;
- (zz) "**Environmental Laws**" means, with respect to any Person or its business, activities, property, assets or undertaking, all federal, provincial, territorial, state, municipal, local or foreign Laws of any Governmental Authority relating to the Environment or health and safety matters of the jurisdictions applicable to such Person or its business, activities, property, assets or undertaking, including, without limitation, legislation governing the use and storage of Hazardous Substances;
- (aaa) "**Environmental Liabilities**" has the meaning ascribed thereto in the Asset Conveyance Agreement;
- (bbb) "**Escrow Agent**" means Burnet, Duckworth & Palmer LLP, or any replacement escrow agent as may be appointed under the Escrow Agreement;
- (ccc) "**Escrow Agreement**" means the escrow agreement to be entered into among Cenovus, Gear and Newco and the Escrow Agent on the Effective Date in the form attached as Schedule "D" hereto;
- (ddd) "**Escrow Amount**" means \$500,000;
- (eee) "**Excluded Assets**" has the meaning ascribed thereto in the Asset Conveyance Agreement;
- (fff) "**Excluded Liabilities**" has the meaning ascribed thereto in the Asset Conveyance Agreement;

- (ggg) **"Fairness Opinion"** means the fairness opinion of the ATB Securities Inc. to the effect that, as of the date of such opinion, the consideration to be received by the Gear Shareholders under the Arrangement is fair, from a financial point of view, to the Gear Shareholders;
- (hhh) **"Final Order"** means the order of the Court approving the Arrangement pursuant to Subsection 193(4) of the ABCA, as such order may be affirmed, amended or modified by any court of competent jurisdiction;
- (iii) **"GAAP"** means accounting principles generally accepted in Canada applicable to public companies at the relevant time and which incorporates International Financial Reporting Standards as adopted by the Canadian Accounting Standards Boards;
- (jjj) **"Gear"** has the meaning ascribed thereto in the recitals;
- (kkk) **"Gear Balance Sheet"** has the meaning ascribed thereto in Subsection 4.2(s)(i);
- (lll) **"Gear Confidentiality Agreement"** means the confidentiality agreement among Gear, by its agent Peters & Co. Limited, and Cenovus dated August 9, 2024;
- (mmm) **"Gear Credit Facility"** means the \$50,000,000 credit facilities that Gear has established with a syndicate of lenders led by ATB;
- (nnn) **"Gear Disclosure Letter"** means the disclosure letter dated the Agreement Date from Gear to Cenovus;
- (ooo) **"Gear Employee Obligations"** means the obligations of Gear, or any Gear Subsidiary, to pay any amount to its officers, directors, employees or consultants pursuant to all employment, consulting services and change of control agreements, wages, overtime, vacation, holidays or holiday pay, termination, severance and retention plans or policies for severance, termination or bonus payments and any payments or compensation pursuant to any other incentive plans, Gear Employee Plans, resolutions of the board of directors of Gear, or any Gear Subsidiary, or otherwise in accordance with Applicable Laws;
- (ppp) **"Gear Employee Plans"** means all health, medical, dental, welfare, post-retirement benefits (medical, dental, vision care, drug or other), supplemental unemployment benefit, bonus, expense reimbursement, allowances, banked time off, flex days, paid days off, rights to company vehicles, profit sharing, option, insurance, incentive, incentive compensation, deferred compensation, share purchase, share based compensation, equity based compensation (whether payable in cash, securities or otherwise), disability, pension, retirement or supplemental retirement plan whether oral or written, formal or informal, funded or unfunded and each other material employee or director compensation or benefit plan, agreement or arrangement for the benefit of Gear Employees, independent contractors of Gear, or any Gear Subsidiary, or current or former directors of Gear;
- (qqq) **"Gear Employees"** means all employees of Gear, and any Gear Subsidiary, and each a **"Gear Employee"**;
- (rrr) **"Gear Financial Statements"** means, collectively, the audited consolidated annual financial statements of Gear as at and for the years ended December 31, 2023 and 2022, together with the notes thereto and the auditor's report thereon, and the unaudited consolidated interim financial

statements of Gear as at and for three and nine month periods ended September 30, 2024, together with the notes thereto;

- (sss) "**Gear Group**" means, collectively, Gear and the Gear Subsidiaries;
- (ttt) "**Gear Information**" means the information describing Gear and Newco and their respective business, operations and affairs to be included in the Circular (including information incorporated into the Circular by reference) under Applicable Canadian Securities Laws;
- (uuu) "**Gear New Common Shares**" has the meaning ascribed thereto in the Plan of Arrangement;
- (vvv) "**Gear Option Plan**" means the amended share option plan of Gear in effect as of the date of this Agreement providing for the grant of Gear Options to directors, officers, employees and consultants of Gear;
- (www) "**Gear Options**" means the outstanding share options of Gear granted under the Gear Option Plan, whether or not vested, entitling the holders thereof to acquire Gear Shares;
- (xxx) "**Gear Public Record**" means all information filed by Gear since January 1, 2023 with any securities commission or similar regulatory authority in compliance, or intended compliance, with Applicable Canadian Securities Laws, which is available for public viewing on the SEDAR+ website at www.sedarplus.ca under Gear's profile;
- (yyy) "**Gear Reserves Reports**" means the independent engineering evaluation of Gear's oil and natural gas reserves prepared by Sproule effective December 31, 2023 and dated February 8, 2024;
- (zzz) "**Gear Shareholders**" means the holders from time to time of Gear Shares;
- (aaaa) "**Gear Shares**" means the common shares of Gear, as constituted on the Agreement Date;
- (bbbb) "**Gear Subsidiaries**" means, collectively, Newco and Steppe Petroleum (USA) Inc.;
- (cccc) "**Gear Support Agreements**" means the support agreements, substantially in the form attached as Schedule "B" hereto, entered into between Cenovus and each of the directors and officers of Gear;
- (dddd) "**Gear Transaction Costs**" means, collectively, all costs and expenses incurred by Gear or Newco in connection with the transactions contemplated by this Agreement, including all amounts paid or payable by Gear pursuant to Subsection 3.6(c), "run-off" directors' and officers' liability insurance costs, legal, accounting, audit, engineering, financial advisory, printing, fees to obtain required regulatory approvals and Consents and all other administrative or professional fees, costs and expenses of third parties incurred by Gear or Newco;
- (eeee) "**General Eligibility**" means eligibility to hold licences for all types of wells, facilities and pipelines as described in AER Directive 067: Eligibility Requirements for Acquiring and Holding Energy Licences and Approvals;

- (ffff) **"Governmental Authority"** means any: (i) domestic or foreign federal, territorial, provincial, state or local governmental, regulatory or administrative authority, department, court, agency, commission, board or tribunal or official; (ii) any subdivision, agency, agent or authority of any of the foregoing; or (iii) any quasi-governmental or private body, including any tribunal, commission, regulatory agency or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;
- (gggg) **"Governmental Authorization"** means all licenses, permits, certificates, consents, orders, grants, registrations, recognition orders, exemption relief orders, no-action relief and other authorizations from any Governmental Authority;
- (hhhh) **"Hazardous Substances"** means any waste or other substance that is prohibited, listed, defined, designated or classified as dangerous, hazardous, radioactive, explosive or toxic or a pollutant or a contaminant under or pursuant to any applicable Environmental Laws, and specifically including petroleum and all derivatives thereof and synthetic substitutes therefor;
- (iiii) **"Intellectual Property Rights"** means:
- (i) all domestic and foreign patents and applications thereof and all reissues, divisions, continuations, renewals, extensions, and continuations-in-part thereof;
 - (ii) all inventions (whether patentable or not), invention disclosures, improvements, trade secrets, proprietary information, know-how, technology, technical data, schematics and customer lists, and all documentation relating to the foregoing;
 - (iii) all copyrights, copyright registrations and applications thereof, and all other rights corresponding thereto;
 - (iv) all trade names, domain names, corporate names, brand names, trade dress, logos, common law trademarks, trademark registrations and applications thereof;
 - (v) any proprietary rights in computer programs, applications and software (both in source code and object code format), including documentation and other materials related thereto;
 - (vi) all integrated circuit design, mask work, or topography registration or applications thereof; and
 - (vii) other intellectual property or industrial property whatsoever;
- (jjjj) **"Interim Order"** means the interim order of the Court concerning the Arrangement under Subsection 193(4) of the ABCA, containing declarations and directions with respect to the Arrangement, the holding of the Meeting and the provision of notice to affected Persons, as such order may be affirmed, amended or modified by any court of competent jurisdiction;
- (kkkk) **"Laws"** means any domestic or foreign, federal, state, provincial or local law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or other similar requirement enacted, adopted, promulgated or applied by a Governmental Authority, and any terms and conditions of any grant of approval, permission, authority or licence of any Governmental Authority;

- (llll) "**Letters of Credit**" has the meaning ascribed thereto in Subsection 5.2(n);
- (mmmm) "**Letter of Transmittal**" means the letter of transmittal forms to be delivered by Gear to Gear Shareholders of record in connection with the Arrangement;
- (nnnn) "**Liabilities**" means any and all liabilities and obligations, whether under common law, in equity, under Applicable Laws or otherwise, whether tortious, contractual, vicarious, statutory or otherwise, whether absolute or contingent, and whether based on fault, strict liability or otherwise;
- (oooo) "**Lloyd Office Lease**" means the lease agreement dated *[date redacted]*, between *[party name redacted]*, as lessor, and Gear Energy Ltd., as lessee (as the same may be amended, renewed, extended, restated or otherwise modified from time to time);
- (pppp) "**Losses**" means, in respect of a Person and in relation to a matter, any and all losses, Claims, damages, costs, expenses, awards, orders, settlements, charges (including all penalties, assessments and fines), judgements and other Liabilities and obligations (whether under common law, in equity, Applicable Laws or otherwise; whether tortious, contractual, vicarious, statutory or otherwise; whether absolute or contingent; and whether based on fault, strict liability or otherwise) which such Person suffers, sustains, pays or incurs in connection with such matter and includes Taxes, reasonable costs of outside legal counsel (on a solicitor and client basis) and other professional advisors and consultants and reasonable costs of investigating and defending Claims arising from the matter, regardless of whether such Claims are sustained;
- (qqqq) "**Mandatory Reporting Rules**" has the meaning ascribed thereto in Subsection 3.9(b);
- (rrrr) "**Mailing Date**" means the date on which the Circular is mailed to the Gear Shareholders in connection with the Meeting;
- (ssss) "**Material Adverse Change**" or "**Material Adverse Effect**" means any fact or state of facts, circumstance, change, effect, occurrence or event that, individually or in the aggregate, is or would reasonably be expected to be, material and adverse to the Excluded Assets or Excluded Liabilities of Gear, other than any fact or state of facts, circumstance, change, effect, occurrence or event relating to or resulting from:
- (i) any changes in general economic, financial, currency exchange, securities, credit or commodity prices in Canada or elsewhere;
 - (ii) conditions affecting the oil and natural gas exploration, exploitation, development and production industry as a whole in the jurisdictions in which Gear operates its business;
 - (iii) any decline in crude oil, natural gas or related hydrocarbon prices on a current or forward basis;
 - (iv) any changes in Laws (including the Tax Act) or royalties;
 - (v) any matter which has been disclosed in writing to Cenovus in the Gear Disclosure Letter or disclosed in a filing made by Gear since January 1, 2023 and prior to the Agreement Date with any securities commission or similar regulatory authority in compliance, or intended compliance, with Applicable Canadian Securities Laws, which is available for public viewing on the SEDAR+ website at www.sedarplus.ca under Gear's profile;

- (vi) any changes in GAAP;
- (vii) the announcement of the execution of this Agreement or the transactions contemplated hereby;
- (viii) the failure of the business conducted with the Excluded Assets to meet any internal or published projections, forecasts or estimates of revenues, earnings, cash flow or production of Petroleum Substances or natural gas (it being understood that the causes underlying such failure may be taken into account in determining whether a Material Adverse Effect has occurred);
- (ix) any changes in the trading price or trading volumes of the securities of Gear (it being understood that the causes underlying such change in trading price or trading volume may be taken into account in determining whether a Material Adverse Effect has occurred); or
- (x) any changes or effects arising from matters permitted or contemplated by this Agreement or the Arrangement or consented to or approved in writing by Cenovus;

provided, however, that the change or effect referred to in (i), (ii), (iii), (iv) or (vi) above does not primarily relate only to (or have the effect of primarily relating only to) the Excluded Assets or Excluded Liabilities or disproportionately affect the Excluded Assets or Excluded Liabilities, as the case may be, compared to other entities with similar assets or Liabilities operating in the oil and gas industry, in which case, the relevant exclusion from this definition of Material Adverse Change referred to in (i), (ii), (iii), (iv) or (vi) above will not be applicable;

- (tttt) "**Material Contract**" means any Contract to which Gear or Newco is or may become a party or to which any of their respective assets are or may become subject:
 - (i) that, if terminated or modified or if it ceased to be in effect, would reasonably be expected to cause a Material Adverse Change;
 - (ii) that contains any right on the part of any Person, including joint venture partners or entities, to acquire property rights from Gear;
 - (iii) in respect of which the applicable transaction has not yet been consummated for the acquisition or disposition of assets or securities or other equity interests of another Person;
 - (iv) that restricts the ability of Gear to offer to purchase or purchase the assets or equity securities of another Person;
 - (v) which entitles a party to rights of termination, the terms or conditions of which may or will be altered, or which entitle a party to any fee, payment, penalty or increased consideration, in each case as the result of the execution of this Agreement, the consummation of the transactions contemplated hereby or a "change of control" of Gear;
 - (vi) in respect of a partnership, joint venture or similar arrangement in which the interest of Gear exceeds \$[*amount redacted*] (book value or fair market value);

- (vii) pursuant to which Gear will, or could reasonably be expected to, expend more than an aggregate of \$[*amount redacted*] or receive or be entitled to receive a revenue of more than \$[*amount redacted*], in either case in the next 12 months and out of the ordinary course of Gear's business;
- (viii) that relates directly or indirectly to the guarantee of any liabilities or obligations or to indebtedness (currently outstanding or which may become outstanding) for borrowed money;
- (ix) that restricts the incurrence of indebtedness by Gear (including by requiring the granting of an equal and rateable lien), the incurrence of any liens on any properties or assets of Gear, or restricting the payment of dividends by Gear;
- (x) that creates an exclusive dealing arrangement or right of first offer or refusal;
- (xi) that limits or restricts in any material respect: (A) the ability of Gear to engage in any line of business or carry on business in any geographic area; or (B) the scope of Persons to whom Gear may sell products;
- (xii) that contain "earn out" or other contingent payment obligations, or remaining indemnity or similar obligations (other than: (A) asset retirement obligations or plugging and abandonment obligations set forth in the reserve report of Gear or as otherwise reflected in the Gear Financial Statements; (B) customary indemnity obligations with respect to the post-closing ownership and operation of acquired assets; or (C) pursuant to indemnity agreements with its directors and officers and as contemplated by the by-laws of Gear, standard indemnity agreements in financial services (including credit facilities) and underwriting and agency agreements and indemnities provided in the ordinary course to industry partners and service providers) that would reasonably be expected to result in:
 - (A) earn out payments, contingent payments or other similar obligations to a third party (but excluding indemnity payments) in any year in excess of \$[*amount redacted*]; or
 - (B) earn out payments, contingent payments or other similar obligations to a third party, including indemnity payments, in excess of \$[*amount redacted*] in the aggregate after the Agreement Date;
- (xiii) that provides for midstream services to, or the sale by, Gear of hydrocarbons for a term greater than or equal to 1 year and does not allow Gear to terminate it without penalty to Gear within 30 days;
- (xiv) that provides for a "take-or-pay" clause or any similar prepayment obligations, minimum volume commitments or capacity reservation fees to a gathering, transportation or other arrangement downstream of the wellhead, or similar arrangement that otherwise guarantees or commit volumes of hydrocarbons from Gear's oil and gas properties; or
- (xv) with any Governmental Authority or Aboriginal Group and related to the Excluded Assets;

- (uuuu) "**Meeting**" means the special meeting of the Gear Shareholders to be held to consider and vote on the Arrangement Resolution and any other matters outlined in the Notice of Meeting in respect thereof, and any adjournments thereof;
- (vvvv) "**misrepresentation**" has the meaning ascribed thereto in the Securities Act;
- (wwwv) "**Newco**" has the meaning ascribed thereto in the recitals;
- (xxxx) "**Newco Assets**" means, collectively, the assets to be transferred from Gear to Newco pursuant to the Asset Conveyance Agreement;
- (yyyy) "**Newco Employment Offer**" has the meaning ascribed thereto in Subsection 3.6(a);
- (zzzz) "**Newco Shares**" means the common shares of Newco as constituted on the Agreement Date;
- (aaaa) "**Normal Course Inventory Amount**" has the meaning ascribed thereto in the Asset Conveyance Agreement;
- (bbbb) "**Option Surrender Agreement**" means the agreements to be entered into by Gear and each of the holders of Gear Options in a form satisfactory to Cenovus, acting reasonably, pursuant to which each such holder has agreed or shall agree to surrender such Gear Options in accordance with the provisions of Section 2.6 hereof and the Plan of Arrangement;
- (cccc) "**Outside Date**" means February 28, 2025 or such later day as may be agreed to by the Parties, acting reasonably;
- (dddd) "**Parties**" means Cenovus, Gear and Newco and "**Party**" means any of them;
- (eeee) "**Permitted Encumbrances**" means:
- (i) liens for taxes, assessments and governmental charges that are not due and payable or delinquent;
 - (ii) liens incurred or created in the ordinary course of business as security in favour of a Person that is conducting the development or operation of the property to which such liens relate and that are not due and payable or delinquent;
 - (iii) mechanics', builders', materialmen's or other similar liens in respect of services rendered or goods supplied for which payment is not yet due and payable or delinquent;
 - (iv) easements, rights of way, servitudes and other similar rights in land, (including rights of way and servitudes for highways and other roads, railways, sewers, drains, gas and oil pipelines, gas and water mains, electric light, power, telephone, telegraph and cable television conduits, poles, wires and cables);
 - (v) the right reserved to or vested in any municipality or Governmental Authority by the terms of any lease, licence, franchise, grant or permit or by any provision of Applicable Law, to terminate any such lease, licence, franchise, grant or permit or to require annual or other periodic payments as a condition of the continuance thereof;

- (vi) rights of general application reserved to or vested in any Governmental Authority to levy Taxes on Petroleum Substances or any of them or the income therefrom, or to control, limit or regulate production rates or the operation or use of any property;
 - (vii) statutory exceptions to title and the reservations, limitations, provisos and conditions in any original grants from the Crown of any mines and minerals within, upon or under any lands;
 - (viii) the terms and conditions of Title and Operating Documents governing the Excluded Assets or the Newco Assets, as applicable, provided that any Encumbrance created under or pursuant to any such Title and Operating Document will be a Permitted Encumbrance only if it also satisfies another proviso of this definition;
 - (ix) contracts for the purchase, sale, handling, processing, transportation or storage of Petroleum Substances or for the contract operation of any of the Excluded Assets that are terminable without penalty on 31 days' or less notice;
 - (x) all Encumbrances, obligations, duties, terms and conditions identified or set forth in a Schedule to the Asset Conveyance Agreement; and
 - (xi) any Encumbrances under a Party's existing credit facilities;
- (ffff) "**Person**" includes any individual, firm, partnership, joint venture, venture capital fund, association, trust, trustee, executor, administrator, legal personal representative, estate group, body corporate, corporation, unincorporated association or organization, Governmental Authority, syndicate or other entity, whether or not having legal status;
- (ggggg) "**Personal Information**" means any information that is defined as "personal information" under Applicable Laws;
- (hhhhh) "**Petroleum Substances**" has the meaning ascribed thereto in the Asset Conveyance Agreement;
- (iiiiii) "**Plan of Arrangement**" means the plan of arrangement attached hereto as Schedule "A", as amended or supplemented from time to time in accordance with the terms thereof;
- (jjjjj) "**Recipient**" has the meaning ascribed thereto in Section 4.3;
- (kkkkk) "**Registrar**" means the Registrar of Corporations for the Province of Alberta duly appointed under Section 263 of the ABCA;
- (lllll) "**Regulatory Approvals**" means, any consent, waiver, permit, exemption, review, order, decision or approval of, or any registration and filing with, any Governmental Authority, or the expiry, waiver or termination of any waiting period imposed by Law or a Governmental Authority, in each case required or advisable under Laws in connection with the Arrangement, including the Competition Act Approval, but excluding the Interim Order and the Final Order;
- (mmmmm) "**Representatives**" shall have the meaning ascribed thereto in Subsection 3.5(a) hereof;
- (nnnnn) "**Securities Act**" means the *Securities Act*, R.S.A. 2000, c. S-4, as amended;

- (ooooo) "**Sproule**" means Sproule Associates Limited independent oil and natural gas reservoir engineers of Calgary, Alberta;
- (ppppp) "**subsidiary**" has the meaning ascribed thereto in the Securities Act;
- (qqqqq) "**Specific Conveyances**" has the meaning ascribed thereto in the Asset Conveyance Agreement;
- (rrrrr) "**Superior Proposal**" has the meaning set out in Subsection 3.5(b)(vii)(A);
- (sssss) "**Tax**" or "**Taxes**" shall mean any and all taxes, duties, fees, excises, premiums, assessments, imposts, levies and other charges or assessments of any kind whatsoever however denominated, including any interest, penalties or other additions that may become payable in respect thereof, imposed by any Taxing Authority, whether computed on a separate, consolidated, unitary, combined or other basis, which taxes shall include, without limiting the generality of the foregoing, all income or profits taxes (including, but not limited to, federal income taxes and provincial income taxes), payroll and employee withholding taxes, employment insurance premiums, unemployment insurance, social insurance taxes, Canada Pension Plan contributions, sales and use taxes, value added taxes, ad valorem taxes, excise taxes, franchise taxes, gross receipts taxes, capital taxes, production taxes, recapture, withholding taxes, employee health taxes, surtaxes, customs, import and export taxes, business license taxes, occupation taxes, real and personal property taxes, stamp taxes, environmental taxes, transfer taxes, workers' compensation and other governmental charges, and other obligations of the same or of a similar nature to any of the foregoing, which the applicable Person is required to pay, withhold, remit or collect;
- (ttttt) "**Tax Act**" means the *Income Tax Act* (Canada) R.S.C. 1985, c. 1 (5th Supp.);
- (uuuuu) "**Tax Returns**" means any report, return, statement, claim for refund, election, declaration or other information (including withholding tax returns and reports and information returns and reports) with respect to any Tax required to be filed or actually filed with a Taxing Authority, including any schedule or attachment thereto, and including any amendment thereof, and where relevant, any statement required by a Taxing Authority be provided to a third party with respect to Taxes;
- (vvvvv) "**Taxing Authority**" means any Governmental Authority responsible for the imposition of any Tax (domestic or foreign);
- (wwwww) "**Termination Notice**" has the meaning ascribed thereto in Subsection 3.6(a);
- (xxxxx) "**Title and Operating Documents**" has the meaning ascribed thereto in the Asset Conveyance Agreement;
- (yyyyy) "**Third Party Consent**" means any consent, approval, notice, order, rule, authorization, acknowledgement, registration, declaration, filing, inquiry, penalty, waiver or release necessary or otherwise required by any third party that may be arbitrarily or unreasonably withheld on its own terms;
- (zzzzz) "**Transferred Information**" has the meaning ascribed thereto in Subsection 4.3;
- (aaaaa) "**TSX**" means the Toronto Stock Exchange;

(bbbbbb) "TSXV" means the TSX Venture Exchange; and

(cccccc) "U.S. Securities Act" means the *United States Securities Act of 1933*, as amended.

1.2 Interpretation Not Affected by Headings, etc.

The division of this Agreement into articles, sections and subsections is for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "herein" and "hereunder" and similar expressions refer to this Agreement (including the Schedules hereto) and not to any particular article, section or other portion hereof and include any agreement or instrument supplementary or ancillary hereto. The term "third party" means any Person other than the Parties and their respective affiliates.

1.3 Numbers and Inclusive Terminology.

Words importing the singular number include the plural and vice versa and words importing the use of any gender include all genders. Whenever used in this Agreement, the words "includes" or "including" and similar terms of inclusion will not, unless expressly modified by the words "only" or "solely", be construed as terms of limitation but will rather mean "includes but is not limited to" and "including without limitation", so that references to included matters will be regarded as illustrative without being either characterizing or exhaustive.

1.4 Date for Any Action

If any date on which any action is required to be taken hereunder is not a Business Day, such action shall be taken on the next succeeding day that is a Business Day.

1.5 Entire Agreement

This Agreement, the Asset Conveyance Agreement and the Gear Confidentiality Agreement together with the agreements and documents herein and therein referred to, and the exhibits and schedules hereto and thereto constitute the entire agreement between the Parties pertaining to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, among the Parties with respect to the subject matter hereof and thereof. For greater certainty, the Gear Support Agreements and Option Surrender Agreements are separate agreements between the parties thereto and are unaffected by this Section 1.5. To the extent there is any inconsistency between this Agreement and the Gear Confidentiality Agreement, this Agreement shall supersede the Gear Confidentiality Agreement.

1.6 Currency

All sums of money referred to in this Agreement are expressed in lawful money of Canada.

1.7 Accounting Matters

Unless otherwise stated, all accounting terms used in this Agreement shall have the meanings attributable thereto under GAAP and all determinations of an accounting nature that are required to be made shall be made in a manner consistent with GAAP, and which incorporates International Financial Reporting Standards as adopted by the Canadian Accounting Standards Board.

1.8 Gear Disclosure Letter

Reference to "disclosure in writing" or similar reference on or prior to the Agreement Date herein shall, in the case of disclosure to Cenovus be references exclusively to the Gear Disclosure Letter or this Agreement. Inclusion of an item in the Gear Disclosure Letter shall not, in and of itself, establish the materiality of an item or any standard of materiality. Further, no item in the Gear Disclosure Letter relating to any possible breach or violation of any contract or Law shall be construed as an admission or indication that any such breach or violation exists or has actually occurred, and nothing in the Gear Disclosure Letter constitutes an admission of liability or obligation of any member of the Gear Group to any Person or shall confer or give to any Person any remedy, Claim, liability, reimbursement, cause of action or other right. It is expressly understood and agreed that the disclosure of any fact or item in any section of the Gear Disclosure Letter shall be deemed to qualify, or be an exception to (or, as applicable, disclosure for purposes of) the representations and warranties of Gear that are contained in the corresponding section of this Agreement or, if applicable, the specifically enumerated section of this Agreement identified in the Gear Disclosure Letter, and the disclosure of any item in one section of the Gear Disclosure Letter shall constitute disclosure for any other section where the relevance of that item is reasonably apparent on its face that such item is responsive to the disclosure required by such other section of the Gear Disclosure Letter.

1.9 References to Legislation

References in this Agreement to any statute or sections thereof shall include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.

1.10 Knowledge

Where any representation or warranty contained in this Agreement is expressly qualified by reference to the knowledge of a Party, it refers to the actual knowledge of: (a) in the case of Gear: Kevin Johnson, David Hwang, Jason Kaluski, Bryan Dozzi and Steve Power; and (b) in the case of Cenovus, Jeff Lawson, in each case after reasonable inquiry.

1.11 No Strict Construction

The Parties acknowledge that their respective outside legal counsel have reviewed and participated in settling the terms of this Agreement, and the Parties hereby agree that any rule of construction to the effect that any ambiguity is to be resolved against the drafting party will not be applicable in the interpretation of this Agreement.

1.12 Schedules

The following schedules attached hereto are incorporated into, and form an integral part of, this Agreement:

- Schedule "A" – Plan of Arrangement
- Schedule "B" – Form of Gear Support Agreement
- Schedule "C" – Form of Asset Conveyance Agreement
- Schedule "D" – Form of Escrow Agreement
- Schedule "E" – Adjustment of Cenovus Contribution Amount

ARTICLE 2
THE ARRANGEMENT AND MEETING

2.1 Plan of Arrangement

- (a) Subject to the terms and conditions of this Agreement, the Parties agree to carry out the Arrangement in accordance with the terms of the Plan of Arrangement.
- (b) Gear shall use reasonable commercial efforts to obtain the Interim Order by December 20, 2024, but in any event by no later than January 24, 2025 or such later date as is agreed to by Cenovus and Gear acting reasonably. Gear will apply to the Court, in a manner acceptable to Cenovus, acting reasonably, for the Interim Order and thereafter will diligently seek the Interim Order and, upon receipt thereof, Gear will promptly carry out the terms of the Interim Order to the extent applicable to it. The Interim Order will provide, among other things:
- (i) for the calling and holding of the Meeting, including the record date for determining the Persons to whom notice of the Meeting is to be provided and for the manner in which such notice is to be provided;
 - (ii) that, subject to the approval of the Court, the requisite approval for the Arrangement Resolution shall be:
 - (A) at least 66 $\frac{2}{3}$ % of the votes cast on the Arrangement Resolution by the Gear Shareholders present in person or represented by proxy at the Meeting; and
 - (B) if required under Applicable Canadian Securities Laws, a simple majority of the votes cast on the Arrangement Resolution by Gear Shareholders present in person or represented by proxy at the Meeting after excluding the votes cast by those Persons whose votes are required to be excluded in accordance with Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*;
 - (iii) that in all other respects, the terms, restrictions and conditions of Gear's articles and by-laws shall apply in respect of the Meeting, except that quorum for the Meeting shall be persons present not being less than two (2) in number and holding or representing not less than 10% of the Gear Shares entitled to be voted at the Meeting;
 - (iv) the method and manner in which amendments, revisions or supplements to the Circular (and any other materials sent by Gear in connection with the Meeting), including material changes, may be mailed, filed or otherwise publicly disseminated to the Gear Shareholders and such other Persons as may be required by the Interim Order;
 - (v) for the grant of Dissent Rights to those registered Gear Shareholders as contemplated in the Plan of Arrangement;
 - (vi) that the Meeting may be adjourned or postponed from time to time in accordance with the terms of this Agreement without the need for additional approval of the Court;
 - (vii) confirmation of the record date for purposes of determining the Gear Shareholders entitled to receive materials and vote at the Meeting in accordance with the Interim Order;

- (viii) that such record date will not change in respect of any adjournment(s) or postponement(s) of the Meeting, unless required by the ABCA or Applicable Canadian Securities Laws;
 - (ix) for the notice requirements with respect to the presentation of the application to the Court for the Final Order; and
 - (x) for such other matters as the Parties may agree in writing, each acting reasonably.
- (c) Provided all necessary approvals for the Arrangement Resolution are obtained from the Gear Shareholders, Gear shall, as soon as reasonably practicable following the Meeting, submit the Arrangement to the Court and apply for the Final Order.
- (d) As soon as reasonably practicable, but in any event no later than two Business Days following the issuance of the Final Order, and subject to satisfaction or waiver of the conditions set out in Article 5, each of Cenovus on the one hand and Gear on the other hand, shall execute and deliver such closing documents and instruments and Gear shall forthwith proceed to file the Articles of Arrangement, the Final Order and such other documents as may be required to give effect to the Arrangement with the Registrar pursuant to Subsection 193(4.1) of the ABCA, whereupon the transactions comprising the Arrangement shall occur and shall be deemed to have occurred in the order set out in the Plan of Arrangement without further act or formality.

2.2 Circular and Meeting

- (a) As promptly as practicable following the execution of this Agreement and in compliance with the Interim Order and Applicable Laws, Gear and Newco shall: (i) prepare the Circular and shall use all reasonable commercial efforts to cause the Circular to be mailed to the Gear Shareholders and filed with applicable securities regulatory authorities and other Governmental Authorities in all jurisdictions where the same are required to be filed by December 23, 2024 or as soon as reasonably practicable thereafter and, in any event, by January 24, 2025 or such later date as may be agreed to by the Parties acting reasonably; and (ii) shall use all reasonable commercial efforts to hold the Meeting by January 31, 2025 or as soon as reasonably practicable thereafter and, in any event, by the Outside Date and not adjourn, postpone or cancel (or propose the same) the Meeting without the prior written consent of Cenovus (such consent not to be unreasonably withheld, conditioned or delayed), except in the case of an adjournment or postponement required for quorum purposes or by Applicable Laws or by a Governmental Authority, at which meeting the Arrangement Resolution shall be submitted to the Gear Shareholders entitled to vote upon such resolution for approval.

- (b) Gear and Newco shall cause the Circular to be prepared in compliance, in all material respects, with Applicable Canadian Securities Laws and to provide the Gear Shareholders and the Court with information in sufficient detail to permit them to form a reasoned judgment concerning the matters to be considered at the Meeting and shall include, without limitation: (i) information describing Gear and Newco and its business, operations and affairs required to be included in the Circular (including information incorporated in the Circular by reference) under Applicable Canadian Securities Laws; (ii) a summary of the terms of the Newco Shares to be issued to Gear Shareholders; (iii) a summary of the terms and conditions of this Agreement; (iv) a summary and a copy of the Fairness Opinion; (v) a summary of the Gear Support Agreements; and (vi) the approvals, determinations, and recommendations of the board of directors of Gear as set out in Subsection 2.2(c).
- (c) The Circular shall state that the board of directors of Gear has received the Fairness Opinion and 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 this Agreement and the transactions contemplated hereby; and (iv) resolved to recommend that the Gear Shareholders vote in favour of the Arrangement.
- (d) Cenovus shall, in a timely manner, provide Gear with the Cenovus Information, and such other information relating to Cenovus as Gear may reasonably request for inclusion in the Circular (including all necessary third party consents), so as to permit Gear to comply with the timeline set out above in this Section 2.2 and Applicable Canadian Securities Laws.
- (e) Gear shall, subject to compliance with Applicable Canadian Securities Laws, include the Cenovus Information in the Circular substantially in the form provided by Cenovus and Gear shall provide Cenovus and its Representatives with an opportunity to review and comment on the Circular and any other relevant documentation and shall give reasonable and due consideration to all comments of Cenovus and its outside legal counsel. The Circular shall be in form and content satisfactory to Gear, Newco and Cenovus, each acting reasonably, and shall comply with Applicable Canadian Securities Laws.
- (f) Gear and Newco shall ensure that the Circular (other than the Cenovus Information) does not, at the time of the mailing of the Circular, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or that is necessary to make the statements contained therein not misleading in light of the circumstances under which they are made.
- (g) Cenovus shall ensure that the Cenovus Information provided by it for inclusion in the Circular does not, at the time of the mailing of the Circular, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or that is necessary to make the statements contained therein not misleading in light of the circumstances under which they are made.
- (h) The Letter of Transmittal shall be prepared by Gear and shall be in a form approved by Cenovus and sent by Gear to each Gear Shareholder of record together with the Circular.
- (i) Gear shall use reasonable commercial efforts to provide written notice of the application for the Final Order, in a form acceptable to Cenovus, acting reasonably, to the counterparties to each of the Assumed Contracts.

2.3 Court Proceedings

In connection with the Court proceedings relating to obtaining the Interim Order and the Final Order, Gear shall:

- (a) provide Cenovus and its outside legal counsel with reasonable opportunity to review and comment upon drafts of all material to be filed with the Court in connection with the Arrangement, prior to the filing of that material, and give reasonable and due consideration to all comments of Cenovus and its outside legal counsel;
- (b) provide Cenovus and its outside legal counsel on a timely basis a description of any information required to be supplied by Cenovus for inclusion in any material to be filed with the Court in connection with the Arrangement, prior to the filing of that material, and will accept the reasonable comments of Cenovus and its outside legal counsel with respect to any such information required to be supplied by Cenovus and included in such material and any other matters contained therein;
- (c) provide counsel to Cenovus, on a timely basis, with copies of any notice of appearance and evidence served on Gear or its counsel in respect of the application for the Interim Order and the application for the Final Order or any appeal therefrom, and of any notice (written or oral) received by Gear indicating an intention to oppose the granting of the Interim Order or the Final Order or to appeal the Interim Order or the Final Order;
- (d) not object to outside legal counsel to Cenovus to making such submissions on the application for the Interim Order and the application for the Final Order as such counsel considers appropriate, acting reasonably, provided that Gear is advised of the nature of any submissions prior to the hearing and such submissions are consistent in all material respects with this Agreement and the Arrangement;
- (e) subject to Laws, not file any material with, or make any written submissions to, the Court in connection with the Arrangement or serve any such material, and will not agree to modify or amend materials so filed or served, except as contemplated hereby or with Cenovus's prior written consent, such consent not to be unreasonably withheld, conditioned or delayed; on the condition that nothing herein shall require Cenovus to agree or consent to, and Cenovus shall not be deemed to agree or consent to, any increased purchase price or other consideration or other modification or amendment to such filed or served materials that expands or increases Cenovus's obligations, or diminishes or limits Cenovus's rights, set forth in any such filed or served materials or under this Agreement;
- (f) oppose any proposal from any Person that the Interim Order or the Final Order contain any provisions inconsistent with this Agreement, and if required by the terms of the Interim Order or the Final Order or by Law to return to Court with respect to the Interim Order or the Final Order do so only after notice to, and in consultation and cooperation with, Cenovus; and
- (g) if at any time after the issuance of the Final Order and prior to the Effective Date, Gear is required by the terms of the Final Order or by Applicable Law to return to Court with respect to the Final Order, it shall do so after notice to, and in consultation and cooperation with Cenovus.

2.4 Effective Date

The Arrangement shall become effective at the Effective Time on the Effective Date. The Certificate shall be conclusive evidence that the Arrangement has become effective as of the Effective Time. The Parties shall use their reasonable commercial efforts to cause the Effective Date to occur on January 31, 2025 or as soon thereafter as reasonably practicable and, in any event, on or prior to the Outside Date.

2.5 Dissenting Gear Shareholders

Gear will give Cenovus prompt notice of receipt of any written communication from any Gear Shareholder or other stakeholder in opposition to the Arrangement, notice of any dissent or purported exercise by any Gear Shareholder of Dissent Rights received by Gear, any withdrawal of such a notice, and any other instruments served pursuant to Dissent Rights and any written communications sent by or on behalf of Gear to any Gear Shareholder exercising or purporting to exercise Dissent Rights in relation to the Arrangement. Gear shall not make any payment or settlement offer, or agree to any such settlement, or conduct any negotiations prior to the Effective Time with respect to any such dissent, notice or instrument without the prior written consent of Cenovus.

2.6 Treatment of Gear Options

- (a) The particulars of Gear Options outstanding as at the Agreement Date have been disclosed to Cenovus in the Gear Disclosure Letter, including: (i) the names of holders of Gear Options and the number of Gear Options held by them; (ii) the date of grant; (iii) the date of expiry; (iv) the exercise price of each Gear Option; and (v) the number of Gear Shares issuable on exercise of each Gear Option.
- (b) Gear agrees that prior to the time that the application for the Interim Order is heard it shall use all reasonable commercial efforts to obtain an Option Surrender Agreement, in a form satisfactory to Cenovus acting reasonably, from each holder of Gear Options, which Option Surrender Agreement shall provide that each outstanding Gear Option shall be, and shall be deemed to be, terminated and cancelled for nominal consideration.
- (c) Gear, Newco and Cenovus acknowledge and agree that, for Canadian tax purposes, no deduction will be claimed by Gear or any Person not dealing at arm's length with Gear for purposes of the Tax Act (which, for greater certainty, after the Effective Time, shall include Cenovus) in respect of any amounts payable to holders of Gear Options under the Plan of Arrangement and Gear will, and Cenovus will cause Gear to, elect in the prescribed form, and do all such things as required to make the election, under subsection 110(1.1) of the Tax Act, that neither Gear nor any Person who does not deal at arm's length with Gear for purposes of the Tax Act (which, for greater certainty, after the Effective Time, shall include Cenovus) will deduct, in computing income for the purposes of the Tax Act, any amount in respect of any consideration payable to holders of Gear Options as contemplated by this Agreement and the Plan of Arrangement. Gear will, and Cenovus will cause Gear to, provide holders of Gear Options with evidence in writing of such election under subsection 110(1.1) of the Tax Act.

2.7 Applicable U.S. Securities Laws

The Arrangement shall be structured and executed such that, assuming the Court considers the fairness of the terms and conditions of the Arrangement and grants the Final Order, the issuance and distribution of the Gear New Common Shares, Newco Shares and Cenovus Notes issuable and distributable

to Gear Shareholders under the Arrangement will not require registration under the U.S. Securities Act, in reliance upon the exemption provided Section 3(a)(10) thereof, and any applicable state securities laws, in reliance upon exemptions therefrom. Each Party agrees to act in good faith, consistent with the intent of the Parties and the intended treatment of the Arrangement as set out in this Section 2.7.

2.8 Gear Support Agreements

Gear has, concurrently with the signing of this Agreement, delivered Gear Support Agreements to Cenovus which have been executed by each of the directors and officers of Gear.

2.9 Newco

Newco shall indemnify and save harmless Cenovus and Gear and the directors, officers and agents of Cenovus from and against any and all Liabilities, Claims and Losses (excluding any loss of profits or consequential damages) to which Cenovus or the directors, officers or agents of Cenovus may be subject or which Cenovus or Gear or the directors, officers or agents of Cenovus, may suffer or incur, whether under the provisions of any statute or otherwise, in any way caused by, or arising, directly or indirectly, from or in consequence of:

- (a) any misrepresentation or alleged misrepresentation contained in the Gear Information or in any material filed by or on behalf of Newco in connection with the transactions contemplated by this Agreement in compliance or intended compliance with any Applicable Laws;
- (b) any order made or any inquiry, investigation or proceeding initiated by any securities commission or other competent authority based upon any untrue statement or omission, or alleged untrue statement or omission, of a material fact or any misrepresentation or any alleged misrepresentation in the Gear Information or in any material filed by or on behalf of Newco in connection with the transactions contemplated by this Agreement in compliance or intended compliance with Applicable Laws;
- (c) any matter relating, directly or indirectly, to Newco including, without limitation, the formation or organization of Newco, the acquisition by Newco of the Newco Assets (in so far as such Liabilities, Claims and Losses (excluding any loss of profits or consequential damages) arise solely in connection with the Newco Assets, the Gear Employee Obligations or any other compensation arrangements of Newco); or
- (d) Newco not complying with any requirement of Applicable Laws in connection with the transactions contemplated in this Agreement,

except that Newco will not be liable in any such case to the extent that any such Liabilities, Claims and Losses arise out of or are caused by any untrue statement or omission, or alleged untrue statement or omission, of a material fact or any misrepresentation or any alleged misrepresentation in the Circular that is based on the Cenovus Information included in the Circular, the negligence of Cenovus or any director, officer or agent of Cenovus or the non-compliance by Cenovus with any requirement of Applicable Laws in connection with the transactions contemplated by this Agreement; and notwithstanding anything else in this Agreement, the foregoing indemnity will survive completion of the Arrangement and any termination of this Agreement and there shall be no obligation on any Person to first pursue any indemnities or other rights or other remedies against the other Person, including Cenovus or Gear, prior to pursuing or enforcing rights of the indemnity provided herein.

ARTICLE 3 COVENANTS

3.1 Covenants of Cenovus

From the Agreement Date until the earlier of the Effective Time or the termination of this Agreement in accordance with Article 8, except as otherwise expressly permitted or specifically contemplated by this Agreement, as expressly agreed to in writing by Gear, or as otherwise required by Applicable Laws or except with the prior written consent of Gear (such consent not to be unreasonably withheld or delayed) (other than in connection with obtaining the Regulatory Approvals, which approvals shall be governed by the provisions of Section 3.3):

- (a) Cenovus will forthwith carry out the terms of the Interim Order and the Final Order to the extent applicable to it and will use reasonable commercial efforts to assist Gear in obtaining such orders and to carry out the intent or effect of this Agreement and the Arrangement;
- (b) Cenovus will promptly provide to Gear, for review by Gear and its counsel, prior to filing or issuance of the same, any proposed public disclosure document or portion thereof containing any information about or relating to the Arrangement or Gear, subject to Cenovus's obligations under Applicable Canadian Securities Laws to make continuous disclosure and timely disclosure of material information, and Gear agrees to keep such information confidential until it is publicly filed;
- (c) Cenovus shall not take any action, refrain from taking any action, permit any action to be taken or not taken, inconsistent with this Agreement, which might directly or indirectly interfere or affect the consummation of the Arrangement, or that would render, or may reasonably be expected to render, any representation or warranty made by it in this Agreement untrue in any material respect;
- (d) Cenovus will promptly notify Gear in writing of:
 - (i) any material Governmental Authority or third party complaints, investigations or hearings (or communications indicating that the same may be contemplated) in respect of the Arrangement;
 - (ii) all material matters relating to Claims pending or, to the knowledge of Cenovus, threatened, related to the Arrangement;
 - (iii) any circumstance or development that, to the knowledge of Cenovus which might reasonably be expected to impede, interfere with or delay the Arrangement, or prevent the completion of the Arrangement; and
 - (iv) any change affecting any representation or warranty provided by Cenovus in this Agreement where such change is or may be of such a nature to render any representation or warranty misleading or untrue in any material respect.
- (e) Cenovus shall provide to Gear, in a timely and expeditious manner, the Cenovus Information for inclusion in the Circular and any amendments or supplements thereto, in each case complying in all material respects with all Applicable Canadian Securities Laws as of the date of the Circular;

- (f) Cenovus shall use its reasonable commercial efforts to satisfy, or cause the satisfaction of, the conditions set out in Sections 5.1 and 5.3 as soon as reasonably practicable following execution of this Agreement to the extent that the satisfaction of the same is within the control of Cenovus;
- (g) Cenovus shall take all reasonable commercial actions to give effect to the transactions contemplated by this Agreement; and
- (h) Cenovus shall take all necessary action to ensure that it has sufficient funds to carry out its obligations under this Agreement and the Plan of Arrangement including the payment of the Cash Maximum, the Cenovus Contribution Amount and the outstanding principal amount of the Gear Credit Facility.

3.2 Covenants of Gear

From the Agreement Date until the earlier of the completion of the Arrangement or the termination of this Agreement in accordance with Article 8, except as otherwise expressly permitted or specifically contemplated by this Agreement, as expressly agreed to in writing by Cenovus, or as otherwise required by Applicable Laws (other than in connection with obtaining the Regulatory Approvals, which approvals shall be governed by the provisions of Section 3.3):

- (a) Gear shall conduct its business related to the Assets in the usual and ordinary course of business consistent with past practice (for greater certainty, where it is an operator of any oil or natural gas property which comprise the Assets, or any portion thereof, it shall operate and maintain such property in material compliance with Applicable Law, in a proper and prudent manner in accordance with good industry practice and the agreements governing the ownership and operation of such property). Other than in the usual and ordinary course of business consistent with past practice in an amount not to exceed \$[*amount redacted*] Gear will not, without the prior written consent of Cenovus, which consent will not be unreasonably withheld, conditioned or delayed, make or commit to make any single capital or operating expenditure in respect of the Excluded Assets; provided that in respect of any such expenditure (i) where the failure to make, or commit to make such capital or operating expenditure could result in the loss of an interest in an Excluded Asset; or (ii) which Gear, acting reasonably, has determined is necessary for the preservation of life, health, the Environment or property in respect of any of the Assets, Cenovus's prior written consent shall not be required where it cannot be obtained prior to it being necessary to make such expenditure;
- (b) Except in connection with the Arrangement as contemplated by this Agreement or the Plan of Arrangement, Gear shall not, without the prior consultation with, and the prior written consent of, Cenovus (not to be unreasonably withheld), directly or indirectly: (i) sell, pledge, lease, license, dispose of, convey or encumber (except for Permitted Encumbrances) any of the Assets; (ii) surrender, release or abandon the whole or any part of the Assets (excluding abandonment and reclamation activities in the ordinary course and oil and natural gas lease expiries as disclosed in the Gear Disclosure Letter); (iii) in respect of the Excluded Assets, perform any abandonment or reclamation activities except to the extent necessary to avoid any breach of Applicable Laws or as disclosed in the Gear Disclosure Letter; (iv) renew or amend the Bonnyville Lease; (v) acquire or agree to acquire (by merger, amalgamation, consolidation or acquisition of shares or assets) any corporation, partnership or other business organization or division thereof or make any investment therein either by purchase of shares or securities, contributions of capital or property transfer; (vi) incur any indebtedness for borrowed money in excess of existing credit facilities, or any other material liability or obligation or issue any debt securities or assume, guarantee, endorse or otherwise become responsible for, the obligations

of any other individual or entity, or make any loans or advances, other than in respect of fees payable to legal, financial and other advisors in the ordinary course of business or as otherwise contemplated in this Agreement or in respect of the Arrangement; (vii) authorize, recommend or propose any release or relinquishment of any Material Contract right; (viii) waive, release, grant or transfer any material rights of value or modify or change in any material respect any existing material license, lease, contract, production sharing agreement, government land concession or other material document; (ix) enter into or terminate any hedges, swaps or other financial instruments or like transactions; or (x) authorize or propose any of the foregoing, or enter into or modify any contract, agreement, commitment or arrangement to do any of the foregoing; *provided, however*, that Gear shall be permitted to pledge or encumber any of the Newco Assets and to sell or dispose of a portion of the Newco Assets, to the extent that such pledge, Encumbrance, sale or disposition does not violate any other term or provision of this Agreement and would not reasonably be expected to impede, interfere with or delay the Arrangement, or prevent the completion of the Arrangement or the transactions contemplated by this Agreement or the Asset Conveyance Agreement;

- (c) Gear will promptly provide to Cenovus, for review by Cenovus and its counsel, prior to filing or issuance of the same, any proposed public disclosure document, including without limitation, any news release or material change report, subject to Gear's obligations under Applicable Canadian Securities Laws to make continuous disclosure and timely disclosure of material information, and Cenovus agrees to keep such information confidential until it is filed as part of the Gear Public Record;
- (d) Except in connection with the Arrangement as contemplated by this Agreement or the Plan of Arrangement, Gear shall not, directly or indirectly, do or permit any of the following to occur: (i) amend its constating documents; (ii) make, declare, set aside or pay any dividend or other distribution or make any other payment (whether in cash, shares or property, or any combination thereof) in respect of its outstanding shares other than its December monthly dividend of \$0.005 per Gear Share to be paid on December 31, 2024 to Gear Shareholders of record on December 13, 2024; (iii) issue (other than on exercise or surrender of the currently outstanding Gear Options), assume, grant, sell, cause or permit a Lien to be created on or pledge or agree to issue, assume, grant, sell, cause or permit a Lien to be created on or pledge any securities of Gear or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, Gear Shares; (iv) redeem, purchase or otherwise acquire or offer to redeem, purchase or otherwise acquire any of its outstanding shares or other securities; (v) adjust, split, combine or reclassify any of its securities; (vi) adopt a plan of liquidation or resolutions providing for the winding-up, liquidation, dissolution, merger, consolidation or reorganization of Gear; (vii) reduce the stated capital of any of its outstanding shares; (viii) amend or modify the terms of the Gear Option Plan or any of its securities; (ix) amend its existing accounting policies, practices, methods and principles or adopt new accounting policies, in each case except as required in accordance with GAAP; or (x) enter into, modify or terminate any contract, agreement, commitment or arrangement with respect to any of the foregoing;
- (e) No member of the Gear Group shall take any action, refrain from taking any action, permit any action to be taken or not taken, inconsistent with this Agreement or the Asset Conveyance Agreement, which might directly or indirectly interfere or affect the consummation of the Arrangement or the Conveyance, or that would render, or may reasonably be expected to render, any representation or warranty made by Gear or Newco in this Agreement untrue;
- (f) Gear will promptly notify Cenovus in writing of:

- (i) any material Governmental Authority or third party complaints, investigations or hearings (or communications indicating that the same may be contemplated) in respect of any member of the Gear Group or in respect of the Arrangement or the Conveyance;
 - (ii) all material matters relating to Claims, pending or, to the knowledge of Gear, threatened, against any member of the Gear Group or related to the Arrangement or the Conveyance;
 - (iii) any circumstance or development that, to the knowledge of Gear, would result in a Material Adverse Change or significantly impact the ability of Gear to consummate the Arrangement or the Conveyance;
 - (iv) any change affecting any representation or warranty provided by Gear or Newco in this Agreement or the Asset Conveyance Agreement where such change is or may be of such a nature to render any representation or warranty misleading or untrue in any material respect; and
 - (v) any change in any material fact or matter disclosed in writing or included in any of the information provided to Cenovus and its Representatives in the course of their evaluation of Gear which would reasonably be considered material to Cenovus in the context of this Agreement or which might materially impede the ability of Gear to consummate the transactions contemplated hereby including the Asset Conveyance Agreement; provided that the delivery of any such notification will not modify, amend or supersede any fact or matter disclosed in writing or included in such information or any representation or warranty of Gear contained in this Agreement or the Asset Conveyance Agreement or in any certificate or other instrument delivered in connection herewith and will not affect any right of Cenovus hereunder;
- (g) Gear will maintain its status as a "reporting issuer" (or similarly designated entity) not in default under the securities legislation in force in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario;
 - (h) Gear shall use reasonable commercial efforts to cause the delisting of the Gear Shares on the TSX and the listing of the Newco Shares on the TSXV, in each case to be effective as soon as reasonably practicable following the Effective Date;
 - (i) Gear shall use reasonable commercial efforts to provide Cenovus with the access to information and personnel, as may reasonably be requested by Cenovus, to assist with the integration of the Gear business related to the Excluded Assets;
 - (j) except for proxies and non-substantive communications with the holders of Gear securities and communications that Gear is required to keep confidential pursuant to Applicable Law, Gear shall furnish promptly to Cenovus, or Cenovus's counsel, a copy of each notice, report, schedule or other document delivered, filed or received by Gear or Newco from holders of Gear securities or regulatory agencies in connection with: (i) the Arrangement or the Conveyance; (ii) the Meeting; (iii) any filings under Applicable Laws in connection with the transactions contemplated by this Agreement or the Asset Conveyance Agreement; and (iv) any dealings with stock exchanges or regulatory agencies in connection with the transactions contemplated by this Agreement or the Asset Conveyance Agreement;

- (k) Gear shall use reasonable commercial efforts to cause the resignation of its directors and officers effective at the Effective Time;
- (l) Gear shall use reasonable commercial efforts to secure mutual releases, in a form and substance satisfactory to Cenovus and Gear (each acting reasonably), in favour of Cenovus, Gear and the individual signatory thereto, from each director and officer of Gear;
- (m) Gear shall convene and hold the Meeting, at which meeting the Arrangement Resolution shall be submitted to the Gear Shareholders entitled to vote upon such resolution for approval, and Gear shall provide notice to Cenovus of the Meeting and allow Cenovus's Representatives to attend such meeting;
- (n) Gear shall solicit proxies to be voted at the Meeting in favour of matters to be considered at the Meeting, including the Arrangement Resolution; *provided, however*, for greater certainty, that Gear shall have no obligation to hire any third party proxy solicitation agent;
- (o) Gear shall advise Cenovus, as Cenovus may request, and on a daily basis on each of the last five Business Days prior to the proxy cut-off date for the Meeting, as to the aggregate tally of the proxies received by Gear in respect of the Arrangement Resolution and any other matters to be considered at the Meeting;
- (p) Gear shall conduct the Meeting in accordance with the by-laws of Gear and any instrument governing the Meeting (including, without limitation, the Interim Order), as applicable, and otherwise in accordance with Applicable Laws;
- (q) Gear and Newco shall make all filings and applications under Applicable Laws that are required to be made by them in connection with the Arrangement and the Asset Conveyance Agreement and shall take all reasonable commercial action necessary to be in compliance, in all material respects, with such Applicable Laws;
- (r) Gear shall continue to deduct or withhold from each payment to be made to any of its present or former employees (which includes officers) and directors and to all other Persons including, without limitation, all Persons who are non-residents of Canada for the purposes of the Tax Act, all amounts that are required to be so deducted or withheld by any Applicable Laws and Gear shall remit or pay such deducted or withheld amounts to the proper Taxing Authority within the time frames prescribed by such Applicable Laws;
- (s) Gear shall: (i) duly and on a timely basis file all material Tax Returns required to be filed by it on or prior to the Effective Date and all such Tax Returns shall be complete and correct in all material respects; (ii) timely pay all material Taxes which are due and payable other than those that are being (or have been) contested in good faith; (iii) not make or rescind any tax filings outside the ordinary course of business; (iv) not amend any Tax Return outside the ordinary course of business; (v) not make a request for a ruling from a Taxing Authority; (vi) not settle any Claim, action, suit, litigation, proceeding, arbitration, investigation, audit or controversy relating to Taxes; (vii) not change any of its methods of reporting income, deductions or other amounts for tax purposes in a manner that would reasonably be expected to be material to Gear, except as required by GAAP; (viii) not enter into any Tax allocation, Tax sharing, Tax indemnity or any other similar agreement relating to any Taxes; (ix) not surrender or forfeit any right to claim any abatement, reduction, deduction, exemption, credit or refund in respect of any Taxes; (x) not consent to the extension or waiver of the limitation period applicable to any Tax matter without first obtaining consent from Cenovus; and (xi) properly reserve in the Gear

Financial Statements, and any interim or annual financial statements filed by or on behalf of Gear on and after the Agreement Date, in accordance with GAAP, for all material Taxes accruing in respect of Gear which are not due or payable prior to the Effective Date;

- (t) Gear shall ensure that it has available funds to permit the payment of the Cenovus Termination Fee pursuant to Section 6.1 having regard to its other Liabilities and obligations, and will take all such actions as may be necessary to ensure that it maintains such availability to ensure that it is able to pay such amount when required;
- (u) Each of Gear and Newco shall use its reasonable commercial efforts to satisfy or cause the satisfaction of the conditions set out in Sections 5.1 and 5.2 as soon as reasonably practicable following execution of this Agreement to the extent that the satisfaction of the same is within the control of Gear and/or Newco;
- (v) Newco shall, and Gear covenants and agrees to cause Newco to, take all steps, to do and perform all such acts and things and to execute and deliver all such agreements, documents and other instruments as are necessary or desirable to effect and complete the transactions contemplated herein and in the Plan of Arrangement in accordance with the terms and conditions hereof and thereof and any and all covenants and agreements contained herein and in the Plan of Arrangement shall, to the extent that they are required to be performed by Newco, be and be deemed to also be covenants and agreements of Gear and each of Gear and Newco shall take all reasonable commercial actions to give effect to the transactions contemplated by this Agreement; and
- (w) Gear shall provide prior written notice to the counterparties to the Assumed Contracts of the application for the Final Order and the assignment to be effected pursuant to the Plan of Arrangement and the Asset Conveyance Agreement and in the event that Gear receives notice from any of the counterparties to such Assumed Contracts that it intends to attend the application for the Final Order for the purposes of objecting to the Final Order, Gear shall provide Cenovus with copies of such notices on an as received basis and to the extent that such notices are received, Gear shall use reasonable commercial efforts to resolve any objections noted in such notices prior to the date set for the Final Order to the satisfaction of Cenovus, acting reasonably.

3.3 Regulatory Approvals

- (a) As soon as reasonably practicable after the date hereof, each Party, or where appropriate, the Parties jointly, shall make all notifications, filings, applications and submissions with Governmental Authorities required or in the reasonable opinion of the Parties advisable, and shall use reasonable commercial efforts to obtain and maintain, the Competition Act Approval and such other Regulatory Approvals reasonably deemed by any of the Parties to be necessary to discharge their respective obligations under this Agreement or otherwise advisable under Laws in connection with the Arrangement and this Agreement.
- (b) In connection with the Competition Act Approval, Cenovus, with such assistance and information from Gear as it reasonably requires, shall within five Business Days after the date hereof duly file with the Commissioner, a request for an advance ruling certificate under Section 102 of the Competition Act or in the alternative a no action letter together with a waiver of the obligation to notify pursuant to paragraph 113(c) of the Competition Act. If an advance ruling certificate or a no action letter together with a waiver of the obligation to notify shall not have been obtained within 10 Business Days after the filing of the request therefor, either Party may, at any time thereafter acting reasonably, notify the other Party that it intends to file a notification

pursuant to Part IX of the Competition Act, in which case each Party shall file its respective notification pursuant to Part IX of the Competition Act as promptly as practicable but in any event within 10 Business Days following the date on which the notifying Party notified the other Party of its intention to file such notification.

- (c) Subject to Law, the Parties shall cooperate with one another in connection with obtaining the Regulatory Approvals including providing or submitting on a timely basis, and as promptly as practicable, all documentation and information that is required, or advisable, in connection with obtaining the Regulatory Approvals and use their reasonable best efforts to ensure that such information does not contain a misrepresentation. Without limiting the generality of the foregoing, Cenovus and Gear shall: (i) respond as promptly as reasonably practicable under the circumstances to any inquiries received from any Governmental Authority for additional information or documentation; (ii) not extend any waiting period without the prior written consent of the other party (such consent not to be unreasonably withheld, conditioned or delayed); and (iii) not enter into any agreement with any Governmental Authority not to consummate the transactions contemplated by this Agreement without the prior written consent of the other Party (such consent not to be unreasonably withheld, conditioned or delayed). Cenovus shall pay 100% of the filing fees associated with obtaining the Competition Act Approval.
- (d) The Parties: (i) shall cooperate with and keep one another fully informed as to the status of and the processes and proceedings relating to obtaining the Regulatory Approvals; (ii) shall not make any submissions or filings with any Governmental Authority in respect of any filings, investigations or other inquiries related to the Arrangement or this Agreement unless it consults with the other Party in advance and gives the other Party a reasonable opportunity to review drafts of any submissions or filings; and (iii) shall not participate in any meetings or any conversations with any Governmental Authority in respect of any filings, investigations or other inquiries related to the Arrangement or this Agreement unless it consults with the other Party in advance and, to the extent not precluded by such Governmental Authority, gives the other Party a reasonable opportunity to attend and participate in any meetings or communications. Despite the foregoing, submissions, filings or other written communications with any Governmental Authority may be redacted as necessary before sharing with the other Party to address reasonable solicitor-client or other privilege or confidentiality concerns or prevent the disclosure of competitively-sensitive information, provided that a Party must provide external outside legal counsel to the other Party non-redacted versions of drafts or final submissions, filings or other written communications with any Governmental Authority on the basis that the redacted information will not be shared with its clients.
- (e) Gear and Newco shall, prior to the Effective Date, make all filings and applications required for Newco to obtain a valid BA Code and to hold and maintain a valid General Eligibility designation and otherwise meet all qualification requirements necessary to be eligible to accept, receive and/or register, as applicable, all Specific Conveyances in accordance with Applicable Laws.

3.4 Access to Books and Records and Post-Closing Cooperation

Within five Business Days following the Effective Date, Newco shall arrange for the delivery to Cenovus of the minute books of Gear and each of its predecessors and copies of the Books and Records which relate to the Excluded Assets (including, for greater certainty land records applicable thereto) and the Excluded Liabilities of Gear not transferred to Newco pursuant to the Asset Conveyance Agreement. All other Books and Records shall remain the possession of Newco and, following the Effective

Date, Newco shall cooperate and provide Gear with access (during normal business hours and upon reasonable notice) to the Books and Records possessed by Newco which relate to the period prior to the Effective Date. Newco shall provide copies of any information requested by Gear comprising the Books and Records at Gear's sole expense. Notwithstanding the provisions of the Gear Confidentiality Agreement, Gear and Cenovus shall not be restricted from using the Books and Records and the information contained therein to assist Gear and Cenovus in enforcing its rights pursuant to this Agreement or any other agreement entered into by Gear or Cenovus in connection with the Arrangement, to enforce its rights as against third parties pursuant to the terms of any of the Books and Records, or to the extent that reference to such information is necessary or desirable in connection with corporate, financial or tax matters relating to Gear and Cenovus.

3.5 Gear's Covenants Regarding Non-Solicitation

- (a) Gear shall, in respect of any Acquisition Proposal which has been initiated prior to the Agreement Date or is reasonably expected to be made: (i) immediately cease and cause to be terminated all existing discussions or negotiations (including, without limitation, through any of officers, directors, employees, advisors, representatives, agents and affiliates or the officers, directors, employers, advisors, representatives and agents of its affiliates (collectively, the "**Representatives**") of Gear), if any, with any third parties (other than Cenovus); (ii) as at and from the Agreement Date until termination of this Agreement pursuant to Article 8, discontinue providing access to any of its confidential information and not allow or establish further access to any of its confidential information, or any data room, virtual or otherwise; (iii) shall (pursuant to and in accordance with each applicable confidentiality agreement) promptly request the return or destruction of all information provided to any third parties that have entered into a confidentiality agreement with Gear and shall use reasonable commercial efforts to cause such requests to be honoured; and (iv) will not release, waive, terminate or otherwise forbear in the enforcement of, amend or modify, or enter into or participate in any discussions, negotiations or agreements to release, waive or otherwise forbear or amend or modify, in respect of, any rights or other benefits under any confidentiality agreements to which Gear is a party, including, without limitation, any "standstill provisions" thereunder. Gear undertakes to enforce all standstill, non-disclosure, non-disturbance, non-solicitation and similar covenants that it has entered into prior to the Agreement Date.
- (b) Gear shall not, directly or indirectly, do, or authorize or permit any of its Representatives to do, any of the following:
- (i) solicit, assist, initiate or knowingly facilitate, entertain or encourage or take any action to solicit, assist, initiate or knowingly facilitate, entertain or encourage any Acquisition Proposal, or engage in any communication regarding the making of any proposal or offer that constitutes or may constitute or may reasonably be expected to lead to an Acquisition Proposal, including, without limitation, by way of furnishing information or access to properties, facilities or books or records;
 - (ii) withdraw, amend, qualify or modify, or propose to withdraw, amend, qualify or modify, in any manner adverse to Cenovus or which could otherwise reasonably be expected to impede, interfere with or delay the Arrangement, or prevent the completion of the Arrangement, the approvals, determinations and recommendations of the board of directors of Gear as set out in Subsection 2.2(c);

- (iii) make any public announcement or take any other action inconsistent with the approvals, determinations and recommendations of the board of directors of Gear as set out in Subsection 2.2(c);
- (iv) enter into or otherwise engage or participate in any negotiations or any discussions regarding any inquiry, proposal or offer that constitutes or may constitute or could reasonably be expected to lead to any Acquisition Proposal, or furnish or provide access to any information with respect to its securities, business, properties, operations or conditions (financial or otherwise) in connection with or in furtherance of an Acquisition Proposal, or otherwise cooperate in any way with, or assist or knowingly participate in, facilitate or encourage, any effort or attempt of any other Person to do or seek to do any of the foregoing;
- (v) accept, recommend, approve, agree to, endorse or propose publicly to accept, recommend, approve, agree to or endorse any Acquisition Proposal, or take no position or a neutral position with respect to a publicly announced or publicly proposed Acquisition Proposal; or
- (vi) accept, approve, endorse or enter into (other than a confidentiality agreement permitted by and in accordance with Subsection 3.5(b)((vii))) or publicly propose to accept, approve, endorse or enter into any agreement, understanding or arrangement (including any letter of intent or agreement in principle) in respect of or in any way related to any Acquisition Proposal or providing for the payment of any break, termination or other fees or expenses to any Person if Gear, completes the transactions contemplated hereby;

provided, however, that notwithstanding any other provisions of Subsection 3.5(a) or this Subsection 3.5(b), Gear and its Representatives may:

- (vii) at any time prior to the Meeting, enter into, or participate in, any discussions or negotiations with a third party who (without any solicitation, initiation or encouragement, directly or indirectly, after the Agreement Date, by Gear or any of its Representatives) seeks to initiate such discussions or negotiations and, subject to execution of a confidentiality agreement substantially similar to the Gear Confidentiality Agreement (provided that such confidentiality agreement shall provide for the disclosure thereof, along with the information provided thereunder, to Cenovus), may furnish to such third party information concerning Gear and its business, affairs, properties and assets, in each case if, and only to the extent that:
 - (A) the third party has first made an unsolicited written *bona fide* Acquisition Proposal which did not result from a breach of this Section 3.5, and the board of directors of Gear determines in good faith: (A) that funds or other consideration necessary for the consummation of such Acquisition Proposal are available; (B) that the Acquisition Proposal is not subject to any due diligence or access condition other than to permit access to the books, records or senior officers of the Gear Group which is not more extensive than that which would customarily be provided for confirmatory due diligence purposes and which access shall not extend beyond the fifth calendar day after which such access is first afforded to the Person making such Acquisition Proposal; (C) that the board of directors of Gear and any relevant committee thereof has determined in good faith (after receipt of advice from its financial advisor and outside legal counsel as reflected in the minutes of the board of directors of Gear) is

reasonably capable of completion with undue delay within the timelines and on the terms and conditions proposed, taking into account all legal, financial, regulatory and other aspects of such Acquisition Proposal and the Person or group of Persons making such Acquisition Proposal, taking into account all legal, financial, regulatory and other aspects of such Acquisition Proposal and the Person making such Acquisition Proposal; (D) that the Acquisition Proposal would if consummated in accordance with its terms (but not assuming away any risks of non-completion), result in a transaction financially superior for the Gear Shareholders than the transaction contemplated by this Agreement (including taking into account any modifications to this Agreement proposed by Cenovus as contemplated by Subsection 3.5(d)); and (E) after receiving the advice of its outside legal counsel and financial advisors, as reflected in minutes of the board of directors of Gear, that the taking of such action is necessary for the board of directors of Gear in the discharge of its fiduciary duties under Applicable Laws (a "**Superior Proposal**"); and

- (B) prior to furnishing such information to or entering into or participating in any such negotiations or initiating any discussions with such third party, Gear provides notice to Cenovus to the effect that it is furnishing information to or entering into or participating in discussions or negotiations with such Person or entity and provides to Cenovus the information required to be provided under Subsection 3.5(d);
 - (viii) comply with Division 3 of Multilateral Instrument 62-104 — *Take-Over Bids and Issuer Bids* and similar provisions under Applicable Canadian Securities Laws relating to the provision of directors' circulars and make appropriate disclosure with respect thereto to its securityholders; and
 - (ix) at any time prior to the Meeting, withdraw any approval or recommendation contemplated by Subsection 3.5(b)(ii) and accept, recommend, approve or enter into an agreement to implement a Superior Proposal but only if prior to such acceptance, recommendation, approval or implementation, (A) the board of directors of Gear shall have concluded in good faith, after considering all proposals to adjust the terms and conditions of this Agreement as contemplated by Subsection 3.5(d) and after receiving the advice of its outside legal counsel and financial advisors, as reflected in minutes of the board of directors of Gear, that such Superior Proposal is in the best interests of Gear and that the taking of such action is necessary for the board of directors in the discharge of its fiduciary duties under Applicable Laws, (B) Gear has complied with its obligations set out in Subsections 3.5(c) and (d) hereof, and (C) Gear has terminated this Agreement in accordance with Subsection 8.1(f) and has concurrently therewith paid the Cenovus Termination Fee pursuant to Section 6.1.
- (c) Gear shall promptly (and in any event within 24 hours of receipt by Gear) notify Cenovus (at first orally and then in writing) of any Acquisition Proposal (or any amendment thereto) or any request for non-public information relating to Gear, its assets, or any amendments to the foregoing received by Gear. Such notice shall include a copy of any written Acquisition Proposal (and any amendment thereto) received by Gear or, if no written Acquisition Proposal has been received, a description of the material terms and conditions of, and the identity of the Person making any inquiry, proposal, offer or request (to the extent then known by Gear). Gear shall also promptly provide such further and other details of the Acquisition Proposal or any amendment thereto as Cenovus may reasonably request (to the extent then known by Gear).

Gear shall keep Cenovus promptly and fully informed of the status, including any change to material terms, of any Acquisition Proposal or any amendment thereto, shall respond promptly to all reasonable inquiries by Cenovus with respect thereto, and shall promptly provide to Cenovus copies of all correspondence and other written material sent to or provided to Gear by any Person in connection with such inquiry, proposal, offer or request or sent or provided by Gear to any Person in connection with such inquiry, proposal, offer or request.

- (d) Following receipt of a Superior Proposal, Gear shall give Cenovus, orally and in writing, at least five Business Days advance notice of any decision by its board of directors to accept, recommend, approve or enter into an agreement to implement a Superior Proposal, which notice shall: (i) confirm that the board of directors of Gear has determined that such Acquisition Proposal constitutes a Superior Proposal; (ii) identify the third party making the Superior Proposal; (iii) confirm that the entering into of a definitive agreement to implement such Superior Proposal is not subject to any financing condition or due diligence or access condition; and (iv) confirm that a definitive agreement to implement such Superior Proposal has been settled between Gear and such third party in all material respects, and Gear will concurrently provide a true and complete copy thereof and, will thereafter promptly provide any amendments thereto, to Cenovus. During the five Business Day period commencing on the delivery of such notice, Gear agrees not to accept, recommend, approve or enter into any agreement to implement such Superior Proposal and not to release the party making the Superior Proposal from any standstill provisions and shall not change, withdraw, withhold, amend, modify or qualify, or propose publicly to change, withdraw, withhold, amend, modify or qualify the approvals, determinations and recommendations of the board of directors of Gear as set out in Subsection 2.2(c). In addition, during such five Business Day period, or such longer period as the Parties may agree, Gear shall, and shall cause its financial and legal advisors to, negotiate in good faith with Cenovus and its financial and legal advisors to make such adjustments in the terms and conditions of this Agreement and the Arrangement as would enable Gear to proceed with the Arrangement, as amended, rather than the Superior Proposal. In the event Cenovus confirms in writing its commitment to amend this Agreement to increase the consideration payable by Cenovus pursuant to the Arrangement and so advises the board of directors of Gear prior to the expiry of such five Business Day period: (i) the board of directors of Gear shall review any proposal made by Cenovus to amend this Agreement and the Arrangement in good faith in order to determine whether such proposal would, upon acceptance, result in the Acquisition Proposal previously constituting a Superior Proposal ceasing to be a Superior Proposal; and (ii) Gear shall negotiate in good faith with Cenovus to make such amendments to the terms of this Agreement and the Arrangement as would enable Gear to proceed with the transactions contemplated by this Agreement on such amended terms. If the board of directors of Gear determines that such Acquisition Proposal would cease to be a Superior Proposal: (x) Gear shall promptly so advise Cenovus and Gear and Cenovus shall amend this Agreement to reflect such offer made by Cenovus, and shall take and cause to be taken all such actions as are necessary to give effect to the foregoing; and (y) the board of directors of Gear shall not accept, recommend, approve or enter into any agreement to implement such Acquisition Proposal and shall not release the Person making the Acquisition Proposal from any standstill provisions and shall not change, withdraw, withhold, amend, modify or qualify or propose publicly to change, withdraw, withhold, amend, modify or qualify the approvals, determinations and recommendations of the board of directors of Gear as set out in Subsection 2.2(c). Notwithstanding the foregoing, and for greater certainty, Cenovus shall have no obligation to make or negotiate any changes to this Agreement in the event that Gear is in receipt of a Superior Proposal. Gear acknowledges that each successive material modification of any Superior Proposal shall constitute a new Superior Proposal for purposes of the requirement under this Subsection 3.5(d) to initiate a new five Business Day notice period.

- (e) The board of directors of Gear shall reaffirm its recommendation of the Arrangement by news release promptly, and in any event within five calendar days of being requested to do so by Cenovus (or in the event that the Meeting to approve the Arrangement is scheduled to occur within such five calendar day period, prior to the scheduled date of such meeting), in the event that: (i) any Acquisition Proposal is publicly announced unless the board of directors of Gear has determined that such Acquisition Proposal constitutes a Superior Proposal in accordance with this Section 3.5; or (ii) the Parties have entered into an amended agreement pursuant to Subsection 3.5(d) that results in any Acquisition Proposal not being a Superior Proposal. Gear shall provide Cenovus and its outside legal counsel with a reasonable opportunity to review the form and content of any such news release and shall make all reasonable amendments to such news release as requested by Cenovus and its counsel.
- (f) Cenovus agrees that all information that may be provided to it by Gear with respect to any Superior Proposal pursuant to this Section 3.5 shall be treated as if it were "Confidential Information" as that term is defined in the Gear Confidentiality Agreement and such information shall not be disclosed or used except in accordance with the Gear Confidentiality Agreement or in order to enforce its rights under this Agreement in legal proceedings.
- (g) Each Party shall ensure that its Representatives are aware of the provisions of this Section 3.5. Gear shall be responsible for any breach of this Section 3.5 by its Representatives.

3.6 Employment Matters

- (a) Not less than 15 days prior to the Effective Date, Gear shall provide a written termination notice to each of the Gear Employees ("**Termination Notice**"). Each Termination Notice shall provide that the employment of the applicable Gear Employee will terminate on the Effective Date effective as at the Effective Time, with such termination to be conditional on and effective only in the event of the closing of the Arrangement.
- (b) Concurrently with the provision of the Termination Notices as set out in Subsection 3.6(a), Newco shall have the right, but not the obligation, to make offers of employment to any Gear Employee in its sole discretion ("**Newco Employment Offer**"), with such employment commencing on the Effective Date immediately after the Effective Time, conditional on and effective only in the event of the closing of the Arrangement. Each Newco Employment Offer shall be on terms and conditions that are substantially similar to the existing terms and conditions of employment for each applicable Gear Employee immediately prior to the Effective Date, and will recognize the applicable Gear Employee's past service with Gear. The Newco Employment Offer shall be open for acceptance by such Gear Employee for seven calendar days from the date of receipt.
- (c) Gear shall be responsible for all payments owing up to the Effective Date to each Gear Employee including, without limitation, all wages owing up to the Effective Date, any amounts owing under the Gear Employee Plans, and any pay in lieu of notice, termination pay, severance pay, damages for wrongful dismissal or similar payments owing to such Gear Employees as a result of the termination of their employment or engagement pursuant to Subsection 3.6(a). Any pay in lieu of notice, termination pay, severance pay or similar payments to a Gear Employee that exceed such Gear Employee's statutory entitlements pursuant to applicable employment standards legislation shall be conditional upon the execution by such Gear Employee of a full and final release in favour of Gear and Newco in a form satisfactory to Gear and Cenovus, each acting reasonably.

- (d) Gear will pay all vacation pay accrued and owing up to the Effective Date to each Gear Employee who does not receive a Newco Employment Offer or who receives but does not accept a Newco Employment Offer. Newco will recognize and assume liability for all vacation pay accrued and owing prior to the Effective Date for each Gear Employee who accepts a Newco Employment Offer, in accordance with Gear's standard policies and procedures in respect of vacation entitlements.
- (e) On or prior to the Effective Time, Gear shall transfer to Newco, and Newco shall assume, all Gear Employee Plans or Gear shall cause the Gear Employee Plans to be terminated effective as at the Effective Time.
- (f) Notwithstanding any provisions of this Agreement to the contrary, nothing herein shall require Newco to employ any Gear Employee for any minimum period of time following the Effective Date and nothing herein, express or implied, shall confer upon any Gear Employee any rights or remedies, nor shall anything herein be construed to establish, amend or modify any Gear Employee Plans.
- (g) Not less than ten (10) Business Days prior to the Effective Date or such other notice period that may be required pursuant to any written agreement between Gear and any independent contractor of Gear, Gear shall provide a written termination notice to each of Gear's independent contractors. Such written notice shall provide that the engagement of such independent contractor engagement will terminate on the Effective Date effective as at the Effective Time, with such termination to be conditional on and effective only in the event of the closing of the Arrangement. Gear will be responsible for paying each such independent contractor all fees earned or accrued by such independent contractors but unpaid up to and including the Effective Date.
- (h) Concurrently with the Termination Notices or the written notices that are provided as required by Subsections 3.6(a) and 3.6(g) herein, Gear agrees to use reasonable commercial efforts to assist Cenovus with making any offer of engagement to any Gear Employees or independent contractors (other than Gear Employees that Newco intends to make offers of employment to in accordance with Subsection 3.6(b) and independent contractors that Newco intends to engage following the Effective Time) Cenovus elects to make offers of engagement to in its sole and absolute discretion.

3.7 Adjustment of Cenovus Contribution Amount

The Parties hereby agree that the Cenovus Contribution Amount shall be adjusted in accordance with Schedule "E" and the Escrow Agreement. The Parties further agree that the Adjustment Amount, any amount released under the terms of the Escrow Agreement to Cenovus and any amount otherwise payable to Cenovus under the terms of the Escrow Agreement or under Schedule "E" hereto (offset by any amounts payable to Newco under the terms of the Escrow Agreement or under Schedule "E" hereto), shall be treated as an adjustment to the amount paid by Cenovus for the Gear Shares under the terms of this Agreement.

3.8 Payment of Cash Amounts

On the Effective Date in accordance with the Plan of Arrangement, Cenovus shall pay the following:

- (a) Cenovus shall deposit with the Depositary sufficient cash to satisfy the aggregate of the Cash Maximum;
- (b) Cenovus shall deposit with the Escrow Agent, the Escrow Amount;
- (c) Cenovus shall pay ATB the necessary funds to fully satisfy all amounts outstanding pursuant to the Credit Facility as shown in the payout letter delivered in accordance with Subsection 5.2(f) for repayment and termination of the Credit Facility at the Effective Time and Gear shall have provided to ATB, at least five Business Days prior to the Effective Date, notice of such repayment, in form satisfactory to Gear and Cenovus acting reasonably;
- (d) Gear shall pay the Gear Transaction Costs or Cenovus shall be otherwise satisfied that the obligation for payment of such Gear Transaction Costs shall have been fully-assumed by Newco prior to the Effective Time; and
- (e) Cenovus shall pay to Newco an amount equal to the Closing Cenovus Contribution Amount.

3.9 Tax Matters

- (a) Following the Effective Time, Cenovus will cause to be prepared and filed on a timely basis all Tax Returns for Gear for periods ending on or before the effective time of Step 3.1(e) of the Plan of Arrangement and for which Tax Returns have not been filed as of the Effective Time. Newco will cooperate fully with Cenovus and make available to Cenovus in a timely fashion all data and other information as may reasonably be required for the preparation of all such Tax Returns and Newco will preserve that data and other information until the expiration of any applicable limitation period for maintaining books and records under the Tax Act with respect to such Tax Returns.
- (b) The Parties will cooperate reasonably and in good faith to determine whether the transactions set out in this Agreement and any related transactions are required to be reported to any applicable Taxing Authority pursuant to section 237.3 or 237.4 of the Tax Act or any provisions of similar effect (the "**Mandatory Reporting Rules**"). Each Party will advise each other Party if it intends to make a filing under the Mandatory Reporting Rules and the Parties shall cooperate reasonably and in good faith to make such reporting in a timely manner. Each Party agrees to share a draft of any such filing with the other Parties no later than thirty (30) days prior to the due date for such filing and to consider in good faith any changes requested by another Party.
- (c) Cenovus, Gear, Newco, the Depositary and any other Person that makes a payment under the Plan of Arrangement or this Agreement shall be entitled to deduct and withhold from any amount otherwise payable or otherwise deliverable under the Plan of Arrangement or this Agreement such amounts as Cenovus, Gear, Newco, the Depositary, or such other Person is required to deduct and withhold, or reasonably believes to be required to deduct and withhold, from such amount otherwise payable or otherwise deliverable under Applicable Law in respect of Taxes. Any such amounts will be deducted, withheld and remitted from the amount otherwise payable or deliverable pursuant to the Plan of Arrangement or this Agreement and shall be treated for all purposes under the Plan of Arrangement or this Agreement as having been paid to the Person in respect of which such deduction, withholding and remittance was made; provided that such deducted and withheld amounts are actually remitted to the appropriate Governmental Authority.

- (d) Gear covenants and agrees to make an election under subsection 256(9) of the Tax Act to not have subsection 256(9) apply in respect of the acquisition of control of Gear resulting from the acquisition of Gear Shares by Cenovus pursuant to the Plan of Arrangement and this Agreement.

3.10 Directors' and Officers' Insurance

Following the Effective Time, none of the Parties shall take, cause, or permit to be taken any action to terminate or adversely affect any "run-off" directors' and officers' liability insurance which is obtained by Gear pursuant to Subsection 5.2(o).

ARTICLE 4 REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of Cenovus

Cenovus hereby makes the representations and warranties set out in this Section 4.1 to, and in favour of, Gear and Newco and acknowledges that Gear and Newco are relying upon such representations and warranties in connection with the matters contemplated by this Agreement. Any investigation by Gear and its advisors shall not mitigate, diminish or affect the representations and warranties of Cenovus pursuant to this Agreement.

- (a) Organization and Qualification. Cenovus has been duly amalgamated and is validly subsisting under the Applicable Laws of its jurisdiction of formation and has the requisite power and authority to own its assets and properties as now owned and to carry on its business as now conducted.
- (b) Authority Relative to this Agreement. Cenovus has the requisite corporate power and authority to execute this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement, the Asset Conveyance Agreement and the Escrow Agreement and the consummation by Cenovus of the transactions contemplated by the Arrangement and the Asset Conveyance Agreement, and the entering into of the Escrow Agreement, have been duly authorized by the board of directors of Cenovus and no other proceedings on the part of Cenovus are necessary to authorize this Agreement, the Asset Conveyance Agreement, the Escrow Agreement, the Arrangement or the other transactions contemplated herein or therein. This Agreement has been, and the Asset Conveyance Agreement and the Escrow Agreement will be, duly executed and delivered by Cenovus and constitutes a legal, valid and binding obligation of Cenovus enforceable against it in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other Applicable Laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered.
- (c) No Violations. Except as contemplated by this Agreement:
- (i) neither the execution and delivery of this Agreement, the Asset Conveyance Agreement or the Escrow Agreement by Cenovus nor the consummation of the transactions contemplated by the Arrangement nor compliance by Cenovus with any of the provisions hereof will:
- (A) violate, conflict with, or result in a breach of any provision of, require any consent, approval or notice under, or constitute a default (or an event which,

with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration under, any of the terms, conditions or provisions of: (A) the articles or by-laws of Cenovus; or (B) any note, bond, mortgage, indenture, loan agreement, deed of trust, agreement, lien, contract or other instrument or obligation to which Cenovus is a party or to which it, or any of its properties or assets, may be subject;

- (B) subject to compliance with applicable statutes and regulations, violate any judgment, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule or regulation applicable to Cenovus or any of its properties or assets; or
- (C) cause the suspension or revocation of any authorization, consent, approval or license currently in effect;

(except, in the case of each of clauses (A), (B) and (C) above, for such violations, conflicts, breaches, defaults, terminations, accelerations, suspensions or revocations which, or any consents, approvals or notices which if not given or received, would not significantly impede the ability of Cenovus to consummate the transactions contemplated by the Arrangement); or

- (ii) other than the Competition Act Approval and in connection with or in compliance with the provisions of Applicable Laws in relation to the completion of the Arrangement or which are required to be fulfilled following the Arrangement, and except for the requisite approvals of the Gear Shareholders, the Court, Governmental Authorities and the TSX and the TSXV:

- (A) there is no legal impediment to Cenovus's consummation of the Arrangement; and
- (B) no filing or registration with, or authorization, consent or approval of, any Governmental Authority is required of Cenovus in connection with the consummation of the Arrangement, except for such filings or registrations which, if not made, or for such authorizations, consents or approvals which, if not received, would not significantly impede the ability of Cenovus to consummate the Arrangement.

- (d) Funds Available. Cenovus has sufficient funds available or availability under its credit facilities, to pay the aggregate of the Cash Maximum, Cenovus Contribution Amount and the outstanding principal amount of the Gear Credit Facility payable pursuant to this Agreement and the Plan of Arrangement.
- (e) Investment Canada. Cenovus is not a "non-Canadian" within the meaning of the *Investment Canada Act* (Canada).

4.2 Representations and Warranties of Gear

Gear and Newco hereby make the representations and warranties set out in this Section 4.2 to and in favour of Cenovus and acknowledge that Cenovus is relying upon such representations and warranties in connection with the matters contemplated by this Agreement. Any investigation by Cenovus

and its advisors shall not mitigate, diminish or affect the representations and warranties of Gear pursuant to this Agreement.

- (a) Organization and Qualification. Each of Gear and Newco has been duly incorporated, amalgamated or created, as the case may be, and is validly subsisting under the Applicable Laws of its jurisdiction of formation and has the requisite power and authority to own its assets and properties as now owned and to carry on its business as now conducted.
- (b) Authority Relative to this Agreement. Each of Gear and Newco has the requisite corporate power and authority to execute this Agreement, the Escrow Agreement and the Asset Conveyance Agreement to carry out its obligations hereunder and thereunder. The execution and delivery of this Agreement and the Asset Conveyance Agreement and the consummation by Gear and Newco of the transactions contemplated by the Arrangement and the Asset Conveyance Agreement, and the entering into of the Escrow Agreement, have been duly authorized by the board of directors of each of Gear and Newco and no other proceedings on the part of Gear and Newco are necessary to authorize this Agreement, the Arrangement and the Asset Conveyance Agreement or the other transactions contemplated herein or therein other than the approval of the Arrangement Resolution by Gear Shareholders and approval of the Circular and matters relating to the Meeting by the board of directors of Gear and Newco. This Agreement has been, and the Asset Conveyance Agreement and the Escrow Agreement will be, duly executed and delivered by each of Gear and Newco and constitute, or will constitute, legal, valid and binding obligations of each of Gear and Newco enforceable against it in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other Applicable Laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered.
- (c) Subsidiaries. Gear has no subsidiaries other than the Gear Subsidiaries and Gear does not hold any interests in any other Person other than the Gear Subsidiaries.
- (d) Ownership of Subsidiaries. Gear is the beneficial direct or indirect owner of all of the outstanding securities and other interests of the Gear Subsidiaries with good title thereto free and clear of any and all Encumbrances. Except pursuant to this Agreement and the Plan of Arrangement, no Person has any agreement, warrant, commitment, option, or right or privilege (whether pre-emptive or contractual) capable of becoming an agreement or option, for the purchase, directly or indirectly, of any securities or other ownership interests of the Gear Subsidiaries and none of the outstanding securities of the Gear Subsidiaries were issued in violation of or subject to the pre-emptive or similar rights of any Person. All outstanding securities or other ownership interests of the Gear Subsidiaries have been duly authorized and validly issued, are fully paid and non-assessable and are not subject to, nor were they issued in violation of, any pre-emptive right.
- (e) No Violations. Except as contemplated by this Agreement or as set forth in the Gear Disclosure Letter:
 - (i) neither the execution and delivery of this Agreement, the Escrow Agreement, nor the Asset Conveyance Agreement by Gear and Newco nor the consummation of the transactions contemplated by the Arrangement, this Agreement or the Asset Conveyance Agreement, nor compliance by Gear or Newco with any of the provisions of this Agreement, the Escrow Agreement or the Asset Conveyance Agreement will:

- (A) violate, conflict with, or result in a breach of any provision of, require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration under, or result in the creation of any Encumbrance (other than Permitted Encumbrances) upon any of the Assets, under any of the terms, conditions or provisions of: (A) the articles or by-laws of any member of the Gear Group; (B) any note, bond, mortgage, indenture, loan agreement, deed of trust, agreement, lien, contract or other instrument or obligation to which any member of the Gear Group is a party or to which any of them, or any of their respective properties or assets, may be subject or by which any member of the Gear Group is bound; or (C) any Material Contract;
- (B) subject to compliance with applicable statutes and regulations, violate any judgment, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule or regulation in Canada applicable to any member of the Gear Group or any of their respective properties or assets; or
- (C) cause the suspension or revocation of any authorization, consent, approval or license currently in effect;

except, in the case of each of clauses (A), (B) and (C) above, for such violations, conflicts, breaches, defaults, terminations, accelerations or creations of Encumbrances (other than Permitted Encumbrances), which, or any consents, approvals or notices which if not given or received, would not, individually or in the aggregate, result in a Material Adverse Change or significantly impact the ability of Gear and Newco to consummate the Arrangement or the Conveyance; or

- (ii) other than the Competition Act Approval and in connection with or in compliance with the provisions of Applicable Laws in relation to the completion of the Arrangement or the Conveyance or which are required to be fulfilled following the Arrangement, and except for the requisite approvals of the Gear Shareholders, the Court, Governmental Authorities and the TSX and the TSXV:
 - (A) there is no legal impediment to the consummation by Gear or Newco of the Arrangement or the Conveyance; and
 - (B) no filing or registration with, or authorization, consent or approval of, any Governmental Authority is required of Gear in connection with the consummation of the Arrangement or the Conveyance, except for such filings or registrations which, if not made, or for such authorizations, consents or approvals which, if not received, would not, individually or in the aggregate, result in a Material Adverse Change or impact the ability of Gear and Newco to consummate the Arrangement or the Conveyance.

- (f) Litigation. As of the Agreement Date, except as set forth in the Gear Disclosure Letter, there are no Claims in existence or pending or, to the knowledge of Gear, threatened, affecting or that would reasonably be expected to affect Gear, or affecting or that would reasonably be expected to affect any of the Assets, at law or in equity or before or by any court or Governmental Authority which Claim involves a possibility of any judgment against or liability of Gear or would significantly impede the ability of Gear or Newco to consummate the Arrangement or the Conveyance.

- (g) Third Party Consents. Except as set forth in the Gear Disclosure Letter, no Third Party Consent is required to be obtained, made or given by any third party in connection with the Arrangement, with respect to: (i) the consummation by Gear and Newco of the transactions contemplated by the Arrangement; and (ii) the conveyance of the Newco Assets pursuant to the Asset Conveyance Agreement.
- (h) Taxes, etc. Except as set forth in the Gear Disclosure Letter:
- (i) Each member of the Gear Group, other than Steppe Petroleum (USA) Inc., is a "taxable Canadian corporation" and is not a non-resident of Canada for purposes of the Tax Act;
 - (ii) all material Tax Returns required to be filed by or on behalf of any members of the Gear Group, other than Steppe Petroleum (USA) Inc., have been filed and such Tax Returns are complete and correct in all material respects. All material Taxes shown to be payable on such Tax Returns or on subsequent assessments or reassessments with respect thereto have been paid in full to the appropriate Taxing Authority pursuant to Applicable Laws on a timely basis, and no other material Taxes are payable by any member of the Gear Group with respect to items or periods covered by such Tax Returns;
 - (iii) Gear has timely paid to the appropriate Taxing Authority in accordance with Applicable Laws all material Taxes, including any instalments or prepayments of Taxes, that are due and payable on or prior to the Agreement Date whether or not shown as being due on any Tax Return, or, where payment is not yet due, Gear has established adequate accruals in conformity with GAAP in the Gear Financial Statements for the period covered by such financial statements for any such material Taxes;
 - (iv) Gear has withheld, deducted or collected all material amounts required to be withheld, deducted or collected by it on account of Taxes and has remitted all such amounts to the appropriate Taxing Authority when required by Applicable Laws to do so, and complied in all material respects with all Applicable Laws relating to the reporting of such Taxes;
 - (v) no claim has been made in writing by any Taxing Authority in a jurisdiction where Gear does not file Tax Returns that Gear is or may be subject to material Tax by that jurisdiction and Gear has not carried on business in a jurisdiction in which it does not file a Tax Return in respect of income;
 - (vi) no deficiencies have been asserted in writing to Gear by any Taxing Authority with respect to a material amount of Taxes of Gear that have not yet been settled;
 - (vii) Gear is not a party to any action or proceeding for assessment or collection of a material amount of Taxes, nor has such an event been asserted in writing to Gear by any Taxing Authority or threatened against Gear or any of its assets. No audit by Taxing Authorities of Gear is in process or to the knowledge of Gear, pending;
 - (viii) there are no Encumbrances (other than Permitted Encumbrances) with respect to Taxes upon any of the assets of any member of the Gear Group;
 - (ix) Gear is not a party to or bound by any tax sharing, indemnity, or allocation agreement which could reasonably result in Gear becoming (A) liable for any material Taxes or other claims of any party or (B) required to make material payments with respect to any

Tax benefits (whether actual Tax benefits or deemed Tax benefits) or Tax assets, including transaction tax benefits arising from a prior transaction;

- (x) there are no outstanding agreements extending or waiving the statutory period of limitations applicable to any material claim for, or the period for the collection or assessment or reassessment of Taxes due from Gear for any taxable period and no request for any such waiver or extension is currently pending;
- (xi) Gear has made available to Cenovus true, correct and complete copies of all material Tax Returns, together with any notices of assessment or reassessment of Gear and all correspondence with any Taxing Authority relating to Taxes, for any taxation year or period that remains open for assessment or reassessment as of the date hereof;
- (xii) there are no facts, circumstances or events that exist or have existed which have resulted or may result in the application of any of sections 15, 17, 78 to 80.04 or 224 of the Tax Act (or any similar provision of an applicable Law of any province or territory of Canada) to any member of the Gear Group;
- (xiii) each member of the Gear Group has complied in all respects with the intercompany transfer pricing provisions of each Applicable Canadian Law relating to Taxes, including the contemporaneous documentation and disclosure requirements thereunder;
- (xiv) no member of the Gear Group has any liability for Taxes of any other Person including, for greater certainty, under sections 159 or 160 of the Tax Act (or any similar provisions of federal, state, local or foreign law);
- (xv) no member of the Gear Group has engaged in any transaction that is or could be a "reportable transaction" as defined in subsection 237.3(1) of the Tax Act or a "notifiable transaction" as defined in subsection 237.4(1) of the Tax Act;
- (xvi) the "paid-up capital" of the Gear Shares, for purposes of the Tax Act, is not less than \$90,000,000;
- (xvii) as at December 31, 2023:
 - (A) the undepreciated capital cost of depreciable property of class 41 of Gear, for purposes of the Tax Act, is not less than \$47,000,000;
 - (B) the "cumulative Canadian oil and gas property expense" (as defined in the Tax Act) of Gear is not less than \$113,000,000;
 - (C) the "cumulative Canadian development expense" (as defined in the Tax Act) of Gear is not less than \$149,000,000;
 - (D) the "cumulative Canadian exploration expense" (as defined in the Tax Act) of Gear is not less than \$52,000,000; and
 - (E) the non-capital losses of Gear, for purposes of the Tax Act, are not less than \$267,000,000;

and, since December 31, 2023, Gear has not taken any action, or entered into any transaction, outside of the ordinary course of business that would have the effect of reducing any amount set forth in (A) to (E), other than in connection with transactions contemplated by this Agreement; and

- (xviii) there are no unpaid Taxes that would result in any Governmental Authority refusing to process any Specific Conveyances pursuant to the Asset Conveyance Agreement, by virtue of Ministerial Order 096/2024.
- (i) Securities Laws. Gear is a "reporting issuer" in each of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario and the Gear Shares are listed and posted for trading on the TSX. Gear is in material compliance with, and is not in default of, the requirements of the Applicable Canadian Securities Laws. Except as contemplated by this Agreement and the Plan of Arrangement, no delisting, substitutional listing, suspension of trading in or cease trading order with respect to the Gear Shares is pending or, to the knowledge of Gear, threatened. The documents and information comprising the Gear Public Record did not, at the respective times they were filed with the relevant securities regulatory authorities, contain any misrepresentation, unless such document or information was subsequently corrected or superseded in the Gear Public Record prior to the Agreement Date. Gear has not filed any confidential material change report that, at the Agreement Date, remains confidential.
- (j) Capitalization. As of the Agreement Date, the authorized capital of Gear consists of an unlimited number of Gear Shares and preferred shares, issuable in series. As of the Agreement Date, 263,588,672 Gear Shares and no preferred shares are issued and outstanding. Other than Gear Options providing for the issuance of up to 17,703,000 Gear Shares, there are no options, warrants or other rights, plans, agreements or commitments of any nature whatsoever requiring the issuance, sale or transfer by Gear of any securities of Gear (including Gear Shares) or any securities convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to acquire, any securities of Gear (including Gear Shares). All outstanding Gear Shares are duly authorized, validly issued, fully paid and non-assessable and are not subject to, nor were they issued in violation of, any pre-emptive rights and all Gear Shares issuable upon the exercise of Gear Options in accordance with the terms of such securities will be duly authorized, validly issued, fully paid and non-assessable and will not be subject to any pre-emptive rights. Other than the Gear Shares, there are no securities of Gear outstanding which have the right to vote generally with Gear Shareholders on any matter.
- (k) No Orders. No order, ruling or determination having the effect of suspending the sale of, or ceasing the trading of, the Gear Shares or any other securities of Gear has been issued by any Governmental Authority and is continuing in effect and no proceedings for that purpose have been instituted, are pending or, to the knowledge of Gear, are contemplated or threatened under any Applicable Laws or by any Governmental Authority.
- (l) Shareholders' and Similar Agreements. Gear is not a party to any unanimous shareholders agreement, shareholder agreement, pooling, voting or other similar arrangement or agreement relating to the ownership or voting of any securities of Gear. To the knowledge of Gear, there are no irrevocable proxies or voting agreements with respect to any securities issued by Gear, other than the Gear Support Agreements.
- (m) Rights Plan. The board of directors of Gear has not adopted and Gear is not a party to any shareholder rights plan or any other form of plan, agreement, contract or instrument that shall

trigger any rights to acquire Gear Shares or other securities of Gear or rights, entitlements or privileges in favour of any Person upon the entering into of this Agreement or the Arrangement.

- (n) Material Agreements. Other than this Agreement, Gear has not entered into any material agreements which are required to be filed by Gear under National Instrument – *Continuous Disclosure Obligations*, except for those agreements which have been so filed by Gear and form part of the Gear Public Record.
- (o) Filings. Gear has filed all material documents to be filed by it with all applicable Governmental Authorities and all such other documents were, as of their respective dates, in compliance in all material respects with all Applicable Laws and at the time filed, did not contain any untrue statement of material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.
- (p) Financial Statements. The Gear Financial Statements, and any interim or annual financial statements filed by or on behalf of Gear on and after the Agreement Date with the securities regulatory authorities, in compliance, or intended compliance, with any Applicable Canadian Securities Laws, were or, when so filed, will have been prepared in accordance with GAAP, and present or, when so filed, will present fairly in accordance with GAAP in the consolidated financial position, results of operations and changes in financial position of Gear on a consolidated basis as of the dates thereof and for the periods indicated therein (subject, in the case of any unaudited interim financial statements, to normal year-end audit adjustments). There has been no material change in Gear's accounting policies, except as described in the notes to the Gear Financial Statements, since January 1, 2023.
- (q) Financial Reporting. Gear maintains a system of internal control over financial reporting (as such term is defined in National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*) providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP and has otherwise complied with National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*, except where the failure to maintain such a system would not reasonably be expected to cause a Material Adverse Change on Gear; management of Gear has assessed the effectiveness of the Gear's internal control over financial reporting, as at December 31, 2023, and has concluded that such internal controls over financial reporting was effective as of such date.
- (r) Disclosure Controls and Procedures. Gear maintains disclosure controls and procedures that comply with the requirements of Applicable Canadian Securities Laws; such disclosure controls and procedures have been designed to ensure that information required to be disclosed by Gear in the reports that it files or submits under Applicable Canadian Securities Laws is recorded, processed, summarized and reported within the time periods specified in such Laws; such disclosure controls and procedures were effective as of December 31, 2023 at a reasonable assurance level.
- (s) Absence of Undisclosed Liabilities. Gear has no material obligations of any nature (matured or unmatured, fixed or contingent), other than:
 - (i) those set forth or adequately provided for in the most recent balance sheet and associated notes thereto included in the Gear Financial Statements (the "**Gear Balance Sheet**");

- (ii) those incurred in the ordinary course of business and not required to be set forth in the Gear Balance Sheet in accordance with GAAP;
- (iii) those incurred in the ordinary course of business since the date of the Gear Balance Sheet and consistent with past practices; and
- (iv) those incurred in connection with the execution of this Agreement.

As of the Agreement Date, the amounts owing by Gear under the Gear Credit Facility are as set forth in the Gear Disclosure Letter.

- (t) Liabilities. Except for the Liabilities forming the Excluded Liabilities, after giving effect to the Plan of Arrangement and the Asset Conveyance Agreement, there will be no other Liabilities that Cenovus could be liable for, or which Gear could be liable for following the Effective Time.
- (u) Books and Records. The Books and Records, in all material respects: (i) have been maintained in accordance with good business practices on a basis consistent with prior years; (ii) are stated in reasonable detail and accurately and fairly reflect the material transactions and dispositions of the assets of Gear and its subsidiaries; and (iii) accurately and fairly reflect the basis for the Gear Financial Statements. The corporate records and minute books of Gear and Newco have been maintained substantially in compliance with Applicable Laws and are complete and accurate in all material respects except with respect to the minutes of the meetings of the board of directors of Gear and the committees thereof that have not been approved by the board of directors of Gear as of the date hereof, and full access thereto has been provided to Cenovus.
- (v) Registration, Exemption Orders, Licenses, etc. Subject to Subsection 3.3(e), each member of the Gear Group has obtained and is in material compliance with all Governmental Authorizations necessary in connection with its business as it is now, individually or in the aggregate, being or proposed to be conducted, except where the failure to obtain or be in compliance could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Change or significantly impact the ability of Gear or Newco to consummate the Arrangement or the Conveyance. Such Governmental Authorizations are in full force and effect in accordance with their terms, and no event has occurred or circumstance exists that (with or without notice or lapse of time) may constitute or result in a violation of any such Governmental Authorization, except where the violation would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Change or significantly impact the ability of Gear or Newco to consummate the Arrangement or the Conveyance. No proceedings are pending or, to the knowledge of Gear, threatened, which could result in the revocation or limitation of any Governmental Authorization, and all steps have been taken and filings made on a timely basis with respect to each Governmental Authorization and its renewal, except where the failure to take such steps and make such filings would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Change or significantly impact the ability of Gear or Newco to consummate the Arrangement or the Conveyance.
- (w) Compliance with Laws. No member of the Gear Group is in violation of any Applicable Laws which violation could reasonably be expected to result in a Material Adverse Change or significantly impact the ability of Gear or Newco to consummate the Arrangement or the Conveyance. The operations and business of each member of the Gear Group is and has been carried out in compliance with and not in violation of any Applicable Laws, other than non-compliance or violation which would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Change or significantly impact the ability of Gear or

Newco to consummate the Arrangement or the Conveyance, and no member of the Gear Group has received any notice of any alleged violation of any such Applicable Laws.

- (x) Restrictions on Business Activities. There is no judgment, injunction or order binding upon Gear that has or could reasonably be expected to have the effect of prohibiting, restricting or impairing Gear's business, operations or assets or result in, individually or in the aggregate, a Material Adverse Change or significantly impact the ability of Gear or Newco to consummate the Arrangement or the Conveyance.
- (y) Gear Reserves Reports. Gear has made available to Sproule, prior to the issuance of the Gear Reserves Reports for the purpose of preparing the Gear Reserves Reports, all information requested by Sproule, which information did not contain any misrepresentation at the time such information was provided. Except with respect to changes in commodity prices, Gear has no knowledge of a material adverse change in any production, cost, price, reserves or other relevant information related to the Excluded Assets provided to Sproule since the dates that such information was provided. Gear believes that the Gear Reserves Reports reasonably present the quantity and pre-tax present worth values of the crude oil, natural gas liquids and natural gas reserves attributable to the Excluded Assets as of the effective dates of the reports based upon information available at the time such reserve information was prepared, and Gear believes that, at the date of such reports, such reports did not overstate the aggregate quantity or pre-tax present worth values of such reserves or the estimated reserves producible from the Excluded Assets.
- (z) Environmental.

Except as set forth in the Gear Disclosure Letter:

- (i) the Assets have been operated at all times in material compliance with Environmental Laws;
- (ii) with respect to the Assets, there have been no spills, releases, deposits or discharges of Hazardous Substances, or wastes into the earth, subsoil, underground waters, air or into any body of water or any municipal or other sewer or drain water systems, or on or underneath any location, that have not been remediated in compliance with Applicable Laws;
- (iii) no orders, directions or notices from any Governmental Authority pursuant to any Environmental Laws relating to the Assets have been received by Gear which have not been complied with in all material respects;
- (iv) Gear has not failed to report to the proper Governmental Authority the occurrence of any event which is required to be so reported by any Environmental Law in respect of the Assets;
- (v) Gear holds all material environmental licences, permits and approvals required in connection with the ownership and operation of those Assets which Gear operates, all such environmental licences, permits and approvals are in full force and effect, and Gear has not received any notification that any environmental licence, permit and approval referred to above is about to be reviewed, made subject to limitation or conditions, revoked, withdrawn or terminated; and

- (vi) there are no pending or, to the knowledge of Gear, threatened Claims or Encumbrances (other than Permitted Encumbrances) resulting from Environmental Laws with respect to any of the Assets.
- (aa) Insurance. Policies of insurance that are in force as of the Agreement Date naming the appropriate member of the Gear Group as an insured party adequately and reasonably cover all risks as are customarily covered by oil and gas producers in the industry in which the Gear Group operates and having regard to the nature of the risk insured and the relative cost of obtaining insurance, protect such member of the Gear Group's interests. All such policies shall remain in force and effect and shall not be cancelled prior to the Effective Date.
- (bb) Proceeds of Crime. Neither Gear nor any of its directors or officers, and to the knowledge of Gear no employee, consultant, agent nor representative of any member of the Gear Group has, directly or indirectly: (i) made or authorized any contribution, payment or gift of funds or property to any official, employee or agent of any governmental agency, authority or instrumentality of any jurisdiction; or (ii) made any contribution to any candidate for public office, in either case, where either the payment or the purpose of such contribution, payment or gift was, is, or would be prohibited under the *Corruption of Foreign Public Officials Act* (Canada), the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), the *Foreign Corrupt Practice Act of 1977* (United States) or the rules and regulations promulgated thereunder or under any other legislation of any relevant jurisdiction covering a similar subject matter applicable to Gear or such Persons.
- (cc) Title. Although it does not warrant title, Gear does represent and warrant that:
 - (i) Gear's interests in the Excluded Assets are free and clear of all Encumbrances (other than Permitted Encumbrances) created by, through or under Gear and, subject to the provision of the Title and Operating Documents, Gear shall be entitled to hold and convey the Excluded Assets without any lawful interruption by any Person claiming by, through or under Gear;
 - (ii) Gear has not received written notice of any default or purported default under the leases, licenses, permits, concessions, concession agreements, contracts, subleases, reservations or other agreements from which Gear derives its interests in the Excluded Assets that have not been remedied in all material respects;
 - (iii) Gear is not aware of and has done no act or thing whereby any of its interests in the Excluded Assets or any of them might be cancelled, reduced or determined, nor has it encumbered or alienated or become aware of any Encumbrance of the Excluded Assets or any interest therein, other than by way of Permitted Encumbrances; and
 - (iv) Gear has paid or caused to be paid within applicable time limits all relevant deposits, rentals and royalties, and has performed and observed or caused to be performed and observed all obligations and covenants, required to keep the leases which comprise part of the Excluded Assets in full force and effect.
- (dd) Sufficiency of Assets. Except as set forth in the Gear Disclosure Letter, the Excluded Assets are sufficient for the continued conduct of the business of Gear in respect of the Excluded Assets following the Effective Date, consistent with past practice, and in particular, the Excluded Assets, as at the Effective Date, shall include inventories of Petroleum Substances not less than the Normal Course Inventory Amount.

- (ee) Pre-emptive Rights. Except as set forth in Schedule "B" of the Asset Conveyance Agreement as it relates to the Newco Assets, Gear does not have any knowledge of any outstanding rights of first refusal or other pre-emptive rights of purchase which entitle any Person to acquire any of the rights, title, interests, property, licenses or assets of Gear in respect of the Assets that will be triggered or accelerated by the Arrangement or the Conveyance.
- (ff) Area of Mutual Interest or Exclusion. The Excluded Assets are not subject to an agreement that provides for an area of mutual interest or an area of exclusion.
- (gg) Opinion of the Financial Advisors. The board of directors of Gear has received the Fairness Opinion.
- (hh) Brokers and Finders. Except as disclosed in the Gear Disclosure Letter, Gear has not retained nor will it retain any financial advisor, broker, agent or finder or paid or agreed to pay any financial advisor, broker, agent or finder on account of this Agreement or the Asset Conveyance Agreement, any transaction contemplated hereby or any transaction presently ongoing or contemplated for which Cenovus could be liable or for which Gear could be liable following the Effective Time.
- (ii) Long Term and Derivative Transactions. As of the Agreement Date, except as disclosed in the Gear Disclosure Letter, Gear has no obligations or Liabilities, direct or indirect, vested or contingent in respect of any rate swap transactions, basis swaps, forward rate transactions, commodity swaps, commodity options, equity or equity index swaps, equity or equity index options, bond options, interest rate options, foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross currency rate swap transactions, currency options, production sales transactions having terms greater than 90 days or any other similar transactions (including any option with respect to any of such transactions) or any combination of such transactions.
- (jj) No Limitation. There is no non-competition, exclusivity or other similar agreement, commitment or understanding in place to which Gear is a party or by which it is otherwise bound that would now or hereafter in any way limit the business or operations of Gear in a particular manner or to a particular locality or geographic region or for a limited period of time, and the execution, delivery and performance of this Agreement or the Asset Conveyance Agreement does not and will not result in the restriction of Gear from engaging in its business or from competing with any Person or in any geographic area.
- (kk) Board Approval. The board of directors of Gear, after considering the terms of the Arrangement and the Fairness Opinion, 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 this Agreement and the transactions contemplated hereby; and (iv) resolved to recommend that the Gear Shareholders vote in favour of the Arrangement.
- (ll) No Guarantees. Other than pursuant to the Assumed Contracts, the by-laws of Gear or Applicable Laws, Gear has not guaranteed, endorsed, assumed, indemnified or accepted any responsibility for, or has or will guarantee, endorse, assume, indemnify or accept any responsibility for, contingently or otherwise, any indebtedness or the performance of any obligation of any Person.
- (mm) Payments to Employees, Etc. To the knowledge of Gear, each member of the Gear Group has withheld from each payment made to any of its present or former employees, officers or

directors, or to the other Persons, all material amounts required by Law or administrative practice to be withheld by it on account of income Taxes, pension plan contributions, employment insurance premiums, employer health taxes and similar Taxes, and levies, and has remitted such withheld amounts within the required time to the appropriate Governmental Authority. To the knowledge of Gear, each member of the Gear Group has charged, collected and remitted on a timely basis all material sales, goods and services, value added and other commodity Taxes as required under Applicable Laws on any sale, supply or delivery made by them.

- (nn) No Reduction of Interests. Except as is reflected in the land reports included in Schedule "A" to the Asset Conveyance Agreement, none of the Excluded Assets are subject to reduction by reference to payout of or production penalty on any well or otherwise or to change to an interest of any other size or nature by virtue of or through any right or interest granted by, through or under Gear.
- (oo) Royalties, Rentals and Taxes Paid. All royalties, and all *ad valorem*, property, production, severance and similar taxes, assessment and rentals payable on or before the Agreement Date and based on, or measured by, Gear's ownership of the Assets, the production of Petroleum Substances derived therefrom or the receipt of proceeds therefrom under the leases and other title and operating documents pertaining to the Assets and all *ad valorem*, property, production, severance and similar taxes and assessments based upon or measured by the ownership of the Assets or the production of Petroleum Substances derived therefrom or allocated thereto or the proceeds of sales thereof payable on or before the Agreement Date that Gear is directly or indirectly obligated to pay in connection therewith have been properly paid in full, except where the failure to do so would not individually or in the aggregate result in a Material Adverse Change.
- (pp) Offset Obligations. None of the Excluded Assets are subject to any offset obligations (including obligations to drill wells, surrender rights or pay compensatory royalties) which have not been fully complied with or permanently waived.
- (qq) Production Allowables and Production Penalties. With respect to the Assets, except as disclosed in the Gear Disclosure Letter:
- (i) none of the wells have been produced in excess of applicable production allowables imposed by any Applicable Laws or any Governmental Authority and Gear has no knowledge of any impending change in production allowables imposed by any Applicable Laws or any Governmental Authority that may be applicable to any of such wells, other than changes of general application in the jurisdiction in which such wells are situate; and
 - (ii) Gear has not received notice of any production penalty or similar production restriction of any nature imposed or to be imposed by any Governmental Authority, including gas oil ratio, off target and overproduction penalties imposed by any Governmental Authority that may be applicable to the wells, and, to its knowledge, none of such wells are subject to any such penalty or restriction.
- (rr) Operation and Condition of Wells. All wells:
- (i) for which Gear was or is operator, were or have been drilled and, if and as applicable, completed, operated and abandoned (and if abandoned, plugged and abandoned and the

wellsite therefor properly restored) in accordance with good and prudent oil and gas industry practices in Canada and all Applicable Laws during all periods in which Gear was operator thereof; and

- (ii) for which Gear was not or is not operator, to Gear's knowledge, were or have been drilled and, if and as applicable, completed, operated and abandoned (and if abandoned, plugged and abandoned and the wellsite therefor properly restored) in accordance with good and prudent oil and gas industry practices in Canada and all Applicable Laws during all periods in which Gear was not operator thereof.
- (ss) Operation and Condition of Tangibles. Gear's tangible depreciable property used or intended for use in connection with the Assets:
 - (i) for which Gear was or is operator, was or has been constructed, operated and maintained in accordance with good and prudent oil and gas industry practices in Canada and all Applicable Laws during all periods in which Gear was operator thereof and is in good condition and repair, ordinary wear and tear excepted; and
 - (ii) for which Gear was not or is not operator, to Gear's knowledge, was or has been constructed, operated and maintained in accordance with good and prudent oil and gas industry practices in Canada and all Applicable Laws during all periods in which Gear was not operator thereof and is in good condition and repair, ordinary wear and tear excepted.
- (tt) Flow-Through Obligations. Gear has not entered into any agreements or made any covenants with any parties with respect to the issuance of "flow-through" shares or the incurring and renunciation of Canadian exploration expense or Canadian development expense, except where such amounts have been fully expended and renounced as required thereunder.
- (uu) No Withholding. The data and information in respect of Gear and Newco and their assets, Liabilities, business and operations provided by Gear and Newco and their Representatives to Cenovus or its Representatives was and is accurate and correct in all material respects as at the respective dates thereof and, in respect of any information provided or requested, did not withhold from Cenovus any material information or documents concerning either Gear or Newco or their respective assets or Liabilities during the course of Cenovus's review of Gear and Newco.
- (vv) Funds Available. Gear has, and will until the Effective Time have, sufficient funds available or available under its credit facilities to pay the Cenovus Termination Fee pursuant to Section 6.1.
- (ww) No Dividends. There are no dividends declared or other distributions or payments that are unpaid or due to be paid by Gear to the Gear Shareholders except as contemplated herein or in the Plan of Arrangement and other than its regular monthly December dividend of \$0.005 per Gear Share to be paid on December 31, 2024 to Gear Shareholders of record on December 13, 2024.
- (xx) No Other Assets. Other than the Excluded Assets, the Gear Group collectively have only the Newco Assets acquired by Newco pursuant to the Asset Conveyance Agreement.
- (yy) No Contracts. Following the Effective Time, Gear, will be a party to, and the Excluded Assets will be otherwise subject to, only those contracts, agreements, obligations and commitments as

set forth and described in the Gear Disclosure Letter and the Title and Operating Documents applicable to the Excluded Assets, copies of which have been made available to Cenovus or its Representatives for their review prior to the Agreement Date.

- (zz) No Security Registrations. As of the Agreement Date, there are no security registrations against the assets of any member of the Gear Group under the *Personal Property Security Act* (Alberta) or other security registration legislation in any other jurisdiction except for those set forth and described in the Gear Disclosure Letter.
- (aaa) Material Contracts.
- (i) To the knowledge of Gear, each Material Contract is legal, valid, binding and in full force and effect and is enforceable by Gear in accordance with its terms (subject to bankruptcy, insolvency and other Laws affecting creditors' rights generally, and to general principles of equity).
 - (ii) To the knowledge of Gear, Gear has performed in all material respects all obligations required to be performed by it to date under the Material Contracts and Gear is not in material breach or default under any Material Contract, nor does there exist any condition that with the passage of time or the giving of notice or both would result in such a material breach or default.
 - (iii) Gear does not know of, or has received any notice (whether written or oral) of any material breach or default under a Material Contract.
 - (iv) Gear has not received any notice (whether written or oral) that any party to a Material Contract intends to cancel, terminate or otherwise modify or not renew its relationship with Gear, and, to the knowledge of Gear, no such action has been threatened.
- (bbb) Intellectual Property. Except as would not and would not be reasonably expected, individually or in the aggregate, to result in a Material Adverse Change:
- (i) Gear owns all right, title and interest in and to, or has validly licensed (and is not in breach of such licenses), all Intellectual Property Rights that are material to the conduct of the business, as presently conducted, of Gear;
 - (ii) to the knowledge of Gear, all Intellectual Property Rights owned or licensed by Gear, that are material to the conduct of its business, as presently conducted, are valid and enforceable and do not breach, violate, infringe or interfere with any rights of any other Person and Gear has not received any notice, complaint, threat or claim alleging the infringement, misappropriation, misuse or violation of any Intellectual Property Right of any third party;
 - (iii) to the knowledge of Gear, no third party is infringing upon the Intellectual Property Rights owned or licensed by Gear;
 - (iv) Gear has used and continues to use reasonable commercial efforts (including measures to protect the secrecy and confidentiality, where appropriate) to protect the Intellectual Property Rights owned or licensed by Gear; and

- (v) entering into this Agreement will not trigger any material change of control payments or fees under any seismic license agreements.
- (ccc) Employees.
- (i) The Gear Disclosure Letter sets forth a complete and accurate list as of the Agreement Date as to each Gear Employee's name, job title, work location, date of hire, status as full- or part-time, annual salary or wage rates, commissions and bonuses, benefits, vacation entitlement (including any accrued and unused vacation days) and whether such Gear Employee is subject to a written employment agreement.
 - (ii) To the knowledge of Gear, Gear is in compliance in all material respects with all terms and conditions of employment and all Applicable Laws respecting employment, collective bargaining, workers compensation including pay equity, wages, hours of work, overtime, privacy, human rights and occupational health and safety, and there are no material outstanding claims, complaints, investigations or orders under any such Laws, and there is no basis at Law for such claim, including any claim relating to unfair labour practices.
 - (iii) Gear has not been subject to, nor are there any material outstanding and unresolved inspection orders made under any occupational health and safety legislation against Gear. There have been no fatal or critical accidents involving any Gear Employees or former Gear Employees where Gear is in violation of any occupational health and safety legislation in any respect.
 - (iv) To the knowledge, of Gear, all amounts due or accrued for all salary, wages, bonuses, commissions, vacation with pay, sick days and benefits under Gear Employee Plans and other similar accruals have either been paid or are accurately reflected in the books and records of Gear.
 - (v) Except as disclosed in the Gear Disclosure Letter, there are no change of control payments, golden parachutes, severance payments, retention payments, contracts or other agreements with current or former Gear Employees providing for cash or other compensation or benefits upon the consummation of, or relating to, the Arrangement or any other transaction contemplated by this Agreement, including change of control of Gear.
- (ddd) Independent Contractors. To the knowledge of Gear, all independent contractors of Gear have been properly classified as independent contractors. Gear has not erroneously treated workers as independent contractors who should be characterized as employees.
- (eee) Workers Compensation. Gear maintains an account in good standing with all applicable Workers' Compensation Boards, in the applicable jurisdictions, and has a clearance certificate confirming that such authority has no Claim as against Gear.
- (fff) Union Matters.
- (i) none of the Gear Employees or independent contractors are unionized and there are no existing or, to the knowledge of Gear, threatened strikes, labour disputes, work slow-downs or stoppages, grievances, controversies, or other labour relations difficulties affecting Gear that remain unresolved;

- (ii) Gear has not entered into and is not a party to, either directly or by operation of Law, any collective agreement, labour Contract, letter of understanding, letter of intent, voluntary recognition agreement or other legally binding commitment with any labour union, trade union, bargaining agent or employee organization or group that may qualify as a trade union or association with respect to any Gear Employee or contractor providing services to Gear;
- (iii) within the last three (3) years, no labour union, trade union, bargaining agent or employee organization or group that may qualify as a trade union or association holds bargaining rights with respect to any Gear Employee or contractor providing services to Gear by way of certification, interim certification, voluntary recognition, or succession rights, or has applied to be certified as the bargaining agent of any such Gear Employee or contractors;
- (iv) Gear has not made any agreements, whether directly or indirectly, with any labour union, employee association or other similar entity or made commitments or conducted negotiations with any labour union or employee association or other similar entity with respect to any future agreements; and
- (v) Gear has not engaged in any unfair labour practices and no unfair labour practice complaint, grievance or arbitration proceeding is pending or threatened against Gear. No arbitration proceeding arising out of or under any collective agreement is pending or threatened against Gear, and no labour strike, slow down or work stoppage, picketing action, lockout or other job action is or has ever been pending or threatened by any representative of any union or other representation of Gear Employees or former Gear Employees against or affecting Gear.

(ggg) Employee Plans.

- (i) The Gear Disclosure Letter sets forth a complete and accurate list of all Gear Employee Plans. Each Gear Employee Plan is and has been established, registered, sponsored, maintained, funded, administered, and operated in accordance with its terms and all Applicable Law.
- (ii) No provision in any Gear Employee Plan or of any agreement, and no act or omission of Gear, in any way limits, impairs, modifies, or otherwise affects the right of Gear to unilaterally amend or terminate any Gear Employee Plan (other than as indicated in the amendment provisions of the Gear Option Plan) and no commitment to increase benefits under any Gear Employee Plan or to adopt any additional Gear Employee Plan has been made.
- (iii) None of the Gear Employee Plans: (A) is a registered pension plan; (B) is a multi-employer plan; or (C) provide post-employment or post-retirement benefits for current or former Gear Company Employees, directors or officers of Gear, or any dependant, survivor, beneficiary or estate thereof.
- (iv) Except as disclosed in the Gear Disclosure Letter, neither the execution, delivery or performance of this Agreement and the transactions contemplated herein, nor the consummation of the Arrangement, will, either alone or in combination with any other event increase or accelerate any funding, vesting, payment or entitlement under any

Gear Employee Plan, including, without limitation, any change of control, retention, golden parachute, bonus or similar payment.

- (v) To the knowledge of Gear, all contributions, premiums, and material Taxes required to be made or paid by Gear, as the case may be, under the terms of each Gear Employee Plan or by Law have been made in a timely fashion in accordance with Applicable Law and in accordance with the terms of the applicable Gear Employee Plan.
 - (vi) To the knowledge of Gear, other than routine claims for benefits, no Gear Employee Plan is subject to any pending action, investigation, examination, claim (including claims for Taxes, interest, penalties, fines or excise taxes) or any other proceeding initiated by any Person, and, to the knowledge of Gear, there exists no state of facts which could reasonably be expected to give rise to any such action, investigation, examination, claim or other proceeding.
- (hhh) Competition Act. For purposes of Section 110 of the Competition Act, Gear, together with any entities it controls, has assets in Canada or sales in, from or into Canada that exceed \$93 million, as calculated in accordance with the Competition Act.
- (iii) AFEs. Except in connection with the AFEs listed in the Gear Disclosure Letter, and excluding operating expenses incurred in the normal course of operations of the Excluded Assets, there are no AFEs or other financial commitments pertaining to the Excluded Assets under which individual expenditures in excess of \$50,000, or multiple expenditures in an annual period of \$250,000 in the aggregate, are or may be required to be made by Gear after the Effective Date.
- (jjj) Aboriginal Groups. Gear:
- (i) has not received any written demand from any Aboriginal Group representative; and
 - (ii) is not a party to any negotiations or discussions with any Aboriginal Group, the primary objective of which is the development and execution of an agreement specifically relating to the Excluded Assets.

4.3 Privacy Issues

- (a) For the purposes of this Section 4.3, "**Transferred Information**" means any Personal Information to be disclosed or conveyed to one Party or any of its Representatives or agents (for purposes of this Section 4.3, the "**Recipient**") by or on behalf of the other Party (for purposes of this Section 4.3, the "**Disclosing Party**") as a result of or in conjunction with the transactions contemplated herein, and includes all such Personal Information disclosed to the Recipient on or prior to the Agreement Date.
- (b) Each Disclosing Party acknowledges and confirms that any Transferred Information which it discloses to a Recipient is necessary for the purposes of determining if the Parties shall proceed with the transactions contemplated in this Agreement and the Asset Conveyance Agreement, and if the determination is made to proceed with such transactions contemplated, to complete them.
- (c) Each Disclosing Party covenants and agrees to, upon request, use reasonable commercial efforts to advise the Recipient of: (i) the purposes for which the Transferred Information was initially collected from or in respect of the individual to which such Transferred Information relates; (ii)

any additional purposes where the Disclosing Party has notified the individual of such additional purpose; and (iii) in each case, whether it obtained the consent of such individual to such use or disclosure or it was not required by Applicable Law to obtain such consent.

- (d) In addition to its other obligations hereunder, each of the Parties covenants and agrees to, and shall use reasonable commercial efforts to cause its Recipients to:
- (i) prior to the completion of the transactions contemplated herein:
 - (A) collect, use and disclose the Transferred Information solely for the purpose of reviewing and completing the transactions contemplated herein, including for the purpose of determining whether to complete such transactions;
 - (B) protect the Transferred Information by making reasonable security arrangements against such risks as unauthorized access, collection, use, disclosure, copying, modification, disposal or destruction; provided, however, that such arrangements include, at a minimum, safeguards that are appropriate to the sensitivity of the Transferred Information; and
 - (C) if the transactions contemplated hereby do not proceed, return the Transferred Information to the Disclosing Party or destroy it, at the Disclosing Party's election, within a reasonable time;
 - (ii) after the completion of the transactions contemplated herein:
 - (A) collect, use and disclose the Transferred Information under its control only for those purposes for which the Transferred Information was initially collected, permitted to be used or disclosed, unless:
 - (I) the Disclosing Party or the Recipient has first notified such individual about whom the Transferred Information related of any additional purpose, and where required by Applicable Law, obtained the consent of such individual to such additional purpose; or
 - (II) such use or disclosure is permitted or authorized by Applicable Law, without notice to, or consent from, such individual;
 - (B) protect the Transferred Information under its control by making reasonable security arrangements against such risks as unauthorized access, collection, use, disclosure, copying, modification, disposal or destruction; provided, however, that such arrangements include, at a minimum, safeguards that are appropriate to the sensitivity of the Transferred Information; and
 - (C) give effect to any withdrawal of consent made by an individual to whom the Transferred Information under its control relates; and
 - (iii) notwithstanding any other provision herein, where the disclosure or transfer of Transferred Information to the Recipient requires the consent of, or the provision of notice to, the individual to which such Transferred Information relates, to not require or accept the disclosure or transfer of such Transferred Information until the Disclosing Party has first notified such individual of such disclosure or transfer and the purpose for

same, and where required by Applicable Law, obtained the individual's consent to same and to only collect, use and disclose such information to the extent necessary to complete the transactions contemplated herein and as authorized or permitted by Applicable Laws.

- (e) Where required by Applicable Law, Gear agrees to promptly notify the individuals about whom the Transferred Information relates that the transactions contemplated herein have taken place and that their Transferred Information has been disclosed in connection herewith.

ARTICLE 5 CONDITIONS PRECEDENT

5.1 Mutual Conditions Precedent

The respective obligations of the Parties to consummate the transactions contemplated by this Agreement, and in particular the completion of the Arrangement, are subject to the satisfaction, on or before the Effective Time, or such other time specified, of the following conditions, each of which may only be waived by the mutual written consent of both Parties without prejudice to each Party's right to rely on any other of such conditions:

- (a) on or prior to January 24, 2025 (or such later date as the Parties may agree acting reasonably) the Interim Order shall have been granted in form and substance satisfactory to each of Cenovus and Gear, acting reasonably, and such order shall not have been set aside or modified in a manner unacceptable to Cenovus or Gear, each acting reasonably, on appeal or otherwise;
- (b) the Arrangement Resolution, in the form and substance satisfactory to each of Gear and Cenovus, each acting reasonably, shall have been approved by the Gear Shareholders at the Meeting, in accordance with the Interim Order;
- (c) the Mailing Date shall have occurred on or before January 24, 2025 (or such later date as the Parties may agree acting reasonably);
- (d) Dissent Rights shall not have been validly exercised, and not withdrawn, with respect to more than 5% of the issued and outstanding Gear Shares;
- (e) on or prior to the Outside Date, the Final Order shall have been granted in form and substance satisfactory to each of Cenovus and Gear, each acting reasonably, and such order shall not have been set aside or modified in a manner unacceptable to Cenovus or Gear, each acting reasonably, on appeal or otherwise;
- (f) the Articles of Arrangement to be filed with the Registrar in accordance with the Arrangement shall be in form and substance satisfactory to each of Cenovus and Gear, each acting reasonably;
- (g) the Effective Date shall have occurred on or prior to the Outside Date;
- (h) the TSX shall have conditionally approved the delisting of the Gear Shares and the TSXV shall have conditionally approved the listing of the Newco Shares on terms and conditions satisfactory to Gear and Cenovus, each acting reasonably;
- (i) the Competition Act Approval shall have been obtained;

- (j) all required regulatory and governmental approvals and consents necessary for the completion of the Arrangement and the Conveyance, other than those otherwise contemplated in this Section 5.1, shall have been obtained on terms and conditions satisfactory to each of Gear and Cenovus, each acting reasonably;
- (k) no action shall have been taken under any existing Applicable Law, nor any statute, rule, regulation or order which is enacted, enforced, promulgated or issued after the Agreement Date by any Governmental Authority, that:
 - (i) makes illegal or otherwise directly or indirectly restrains, enjoins or prohibits the Arrangement or any other transactions contemplated by this Agreement or the Asset Conveyance Agreement; or
 - (ii) results in a judgment or assessment of material damages directly or indirectly relating to the transactions contemplated by this Agreement or the Asset Conveyance Agreement; and
- (l) the applicable Parties shall have delivered or caused to be delivered the following documents:
 - (i) the Asset Conveyance Agreement duly executed by all of the Parties;
 - (ii) the Escrow Agreement duly executed by all of the Parties and the Escrow Agent; and
 - (iii) fully executed copies of all other agreements, documents and instruments that are required or are necessary to be tabled pursuant to the Plan of Arrangement in order to evidence or give effect to the transactions contemplated thereby.

The foregoing conditions are for the mutual benefit of the Parties and may be asserted by either Party regardless of the circumstances and may be waived by any Party (with respect to such Party) in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights that such Party may have.

5.2 Additional Conditions to Obligations of Cenovus

The obligation of Cenovus to consummate the transactions contemplated by this Agreement, and in particular to complete the Arrangement, is subject to the satisfaction, on or before the Effective Date or such other time specified, of the following conditions:

- (a) each of Gear and Newco shall have complied in all material respects with its respective covenants herein, and each of Gear and Newco shall have provided to Cenovus a certificate of two senior officers of such Party certifying compliance with such covenants; provided that Gear shall be entitled to cure any breach of a covenant within five Business Days after receipt of written notice thereof from Cenovus (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date);
- (b) the representations and warranties of Gear set forth in this Agreement and the Asset Conveyance Agreement shall be true and correct (for representations and warranties qualified as to materiality, true and correct in all respects and for all other representations and warranties, true and correct in all material respects) as of the Effective Date as if made on and as of such date (except to the extent such representations and warranties speak as of an earlier date, the accuracy

of which shall be determined as of that specified date) and each of Gear and Newco shall have provided to Cenovus a certificate of two senior officers certifying such accuracy on the Effective Date, provided that each of Gear and Newco shall be entitled to cure any breach of a representation and warranty within five Business Days after receipt of written notice thereof from Cenovus (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date);

- (c) Gear shall have furnished Cenovus with:
 - (i) certified copies of the resolutions duly passed by the board of directors of each of Gear and Newco approving the execution and delivery of this Agreement and the Asset Conveyance Agreement and the performance by Gear and Newco, respectively, of its obligations under this Agreement and the consummation of the transactions contemplated by this Agreement and the Asset Conveyance Agreement;
 - (ii) certified copies of the Arrangement Resolution;
 - (iii) resignations of all directors and officers of Gear from all such positions and offices with Gear, in a form acceptable to Gear and Cenovus, each acting reasonably;
 - (iv) releases from all directors and officers of Gear, and all Gear Employees who are terminated in accordance with this Agreement, of all Claims against Gear, Cenovus and their affiliates, other than Claims for indemnification in respect of acts or omissions of such individuals in their capacity as a director or officer of Gear under the corporate by-laws of Gear, in a form acceptable to Gear and Cenovus, each acting reasonably;
- (d) all Third Party Consents required to be obtained to complete: (i) the consummation by Gear and Newco of the transactions contemplated by the Arrangement; and (ii) the conveyance of the Newco Assets pursuant to the Asset Conveyance Agreement, shall have been obtained to the satisfaction of Cenovus, acting reasonably;
- (e) on or after the Agreement Date and prior to the Effective Time, no Claim shall have been made against Gear which would result in a Material Adverse Change, as determined by Cenovus, acting reasonably, after taking into consideration the advice of independent outside legal counsel, engaged by Gear to provide such advice, and acceptable to Cenovus, acting reasonably, as to the merits of such Claim;
- (f) ATB shall have provided a payout letter or other evidence satisfactory to Cenovus, acting reasonably, with respect to the repayment and termination of the Gear Credit Facility;
- (g) Gear shall have paid the Gear Transaction Costs or Cenovus shall be otherwise satisfied that the obligation for payment of such Gear Transaction Costs shall have been fully-assumed by Newco prior to the Effective Time;
- (h) no Material Adverse Change shall have occurred on or after the Agreement Date and prior to the Effective Time;
- (i) Cenovus shall be satisfied that upon completion of the Arrangement no other Person shall hold or own any Gear Shares and no Person shall have any agreement, option or any right or privilege (whether by law, pre-emptive, by contract or otherwise) capable of becoming an agreement or

option for the purchase, subscription, allotment or issuance of any issued or unissued, Gear Shares;

- (j) neither Gear nor Steppe Petroleum (USA) Inc. shall have any employees or contractors and Cenovus shall be satisfied, acting reasonably, that at and following the Effective Time, Newco has assumed, and indemnified Gear in respect of any and all Gear Employee Obligations;
- (k) Cenovus shall be satisfied acting reasonably that the "paid-up capital" of the Gear Shares, for purposes of the Tax Act, is not less than \$90,000,000;
- (l) Gear and Newco shall have delivered the following items to Cenovus, all of which shall be in form and substance satisfactory to Cenovus, acting reasonably:
 - (i) new share certificates, or direct registration system statements issued in the name of Cenovus, or an affiliate of Cenovus, as directed by Cenovus representing all of the issued and outstanding Gear Shares;
 - (ii) subleases in respect of the Calgary Office Lease and the Lloyd Office Lease, wherein Gear shall be the sublandlord and Newco shall be the subtenant; and
 - (iii) to the extent Specific Conveyances are to be executed by Newco and Gear only, duly executed copies of the Specific Conveyances, and to the extent such Specific Conveyances are to be electronic transfers through an electronic transfer system, Gear shall have provided a screen shot of the uploaded electronic transfers to Newco for each applicable electronic system;
- (m) Gear shall have: (i) resolved all written objections from the counterparties to the Assumed Contracts of the assignment and novation to be effected pursuant to the Plan of Arrangement and the Asset Conveyance Agreement to the satisfaction of Cenovus; or (ii) if any such objection has been received and the party raising such objection has notified the Court prior to the grant of the Final Order, the Final Order shall have been issued which shall provide for such assignment and novation;
- (n) Newco shall have made arrangements to replace all letters of credit (the "**Letters of Credit**") issued by ATB with either: (i) cash collateral in an amount equal to the value of the Letters of Credit; (ii) a replacement letter of credit issued under a new loan facility to be put in place by Newco following the Agreement Date; or (iii) such other arrangements as agreed to between Gear and Cenovus acting reasonably, such that on the Effective Date, Cenovus shall be satisfied that no Letters of Credit shall be outstanding in the name of Gear or shall otherwise be included as part the Excluded Liabilities; and
- (o) Gear shall have secured "run-off" directors' and officers' liability insurance for the directors and officers of Gear in a form satisfactory to Cenovus, acting reasonably.

The conditions in this Section 5.2 are for the exclusive benefit of Cenovus and may be asserted by Cenovus regardless of the circumstances or may be waived by Cenovus in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Cenovus may have.

5.3 Additional Conditions to Obligations of Gear

The obligation of Gear and Newco to consummate the transactions contemplated by this Agreement, and in particular to complete the Arrangement, is subject to the satisfaction, on or before the Effective Date or such other time specified, of the following conditions:

- (a) Cenovus shall have complied in all material respects with its covenants herein, and Cenovus shall have provided to Gear and Newco a certificate of two senior officers certifying compliance with such covenants; provided that Cenovus shall be entitled to cure any breach of a covenant within five Business Days after receipt of written notice thereof from Gear (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date);
- (b) the representations and warranties of Cenovus set forth in this Agreement shall be true and correct (for representations and warranties qualified as to materiality, true and correct in all respects and for all other representations and warranties, true and correct in all material respects) as of the Effective Date as if made on and as of such date (except to the extent such representations and warranties speak as of an earlier date, the accuracy of which shall be determined as of that specified date), and Cenovus shall have provided to Gear a certificate of two senior officers or authorized signatories certifying such accuracy on the Effective Date; provided that Cenovus shall be entitled to cure any breach of a representation and warranty within five Business Days after receipt of written notice thereof from Gear (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date); and
- (c) Cenovus shall have furnished Gear with:
 - (i) certified copies of the resolutions duly passed by the board of directors of Cenovus approving the execution and delivery of this Agreement and the performance by Cenovus of its obligations under this Agreement and the consummation of the transactions contemplated by this Agreement; and
 - (ii) releases from Gear and their affiliates releasing all directors and officers of Gear from any Claims, in a form acceptable to Gear and Cenovus, each acting reasonably.

The conditions in this Section 5.3 are for the benefit of Gear and Newco and may be asserted by Gear, on its own behalf and on behalf of Newco, regardless of the circumstances or may be waived by Gear, on its own behalf and on behalf of Newco, in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Gear and Newco may have.

5.4 Notice and Effect of Failure to Comply with Covenants or Conditions

- (a) Each Party shall give prompt notice to the other of the occurrence, or failure to occur, at any time from the Agreement Date to the Effective Date, of any event or state of facts that would, or would be likely to: (i) cause any of the representations or warranties of such Party contained herein to be untrue or inaccurate in any material respect; or (ii) result in the failure to comply with or satisfy any covenant or condition to be complied with or satisfied by any Party hereunder; provided, however, that no such notification shall affect the representations or warranties of the Parties or the conditions to the obligations of the Parties hereunder.

- (b) If any of the conditions precedent set out in any of Sections 5.1, 5.2 or 5.3 are not satisfied or waived by the Party for whose benefit such condition is provided on or before the date required for the satisfaction thereof, then the Party for whose benefit the condition precedent is provided may, in addition to any other remedies it may have at law or equity, terminate this Agreement as provided for in Subsection 8.1(d), provided that, prior to the filing of the Articles of Arrangement, the Party intending to rely thereon has delivered a written notice to the other Party specifying in reasonable detail all breaches of covenants, representations and warranties or other matters that the Party delivering such notice is asserting as the basis for the non-fulfillment of the applicable condition or conditions precedent and shall provide in such notice that the other Party shall be entitled to cure any breach of a covenant or representation and warranty or other matters within five Business Days after receipt of such notice (except that no cure period shall be provided for a breach that, by its nature, cannot be cured and, in no event, shall any cure period extend beyond the Outside Date). More than one such notice may be delivered by a Party.

5.5 Satisfaction of Conditions

The conditions set out in this Article 5 are conclusively deemed to have been satisfied, waived or released when, with the agreement of the Parties, Articles of Arrangement are filed with the Registrar in accordance with the ABCA to give effect to the Arrangement.

ARTICLE 6 AGREEMENT AS TO DAMAGES AND OTHER ARRANGEMENTS

6.1 Cenovus Damages

If at any time after the execution and delivery of this Agreement and prior to the termination of this Agreement:

- (a) the board of directors of Gear: (i) fails to make any of the recommendations or determinations required to be made by it in Subsection 2.2(c) in a manner adverse to Cenovus; (ii) changes, withdraws, withholds, amends, modifies or qualifies, or proposes to change, withdraw, withhold, amend, modify or qualify any of the recommendations or determinations required to be made by it in Subsection 2.2(c) in a manner adverse to Cenovus; (iii) fails to publicly reaffirm any of its recommendations or determinations referred to in Subsection 2.2(c) in the manner and within the time period set out in Subsection 3.5(e); or (iv) resolves to do any of the foregoing and this Agreement is terminated pursuant to Subsection 8.1(e);
- (b) this Agreement is terminated pursuant to Subsection 8.1(b) and prior to such termination, a *bona fide* Acquisition Proposal (or *bona fide* intention to make an Acquisition Proposal) is publicly announced, proposed, offered or made to Gear or the Gear Shareholders prior to the date of the Meeting and: (i) remains outstanding at the time of the Meeting; (ii) the Gear Shareholders do not approve the Arrangement Resolution or the Arrangement Resolution is not submitted for their approval at the Meeting; and (iii) the transaction relating to the Acquisition Proposal referenced above is consummated within 12 months following the date of the Meeting or if the Meeting is not held, the date the Meeting was initially scheduled;
- (c) the board of directors of Gear (or any committee thereof) accepts, recommends, approves, agrees to, endorses or enters into, or proposes publicly to accept, recommend, approve, agree to, endorse or enter into an agreement, understanding or letter of intent to implement an Acquisition Proposal and this Agreement is terminated pursuant to Subsection 8.1(e);

- (d) Gear enters into a definitive agreement with respect to a Superior Proposal pursuant to Subsection 3.5(b)(ix) and terminates this Agreement pursuant to Subsection 8.1(f); or
- (e) Gear breaches any of its obligations under Section 3.5, in any material respect, and this Agreement is terminated pursuant to Subsection 8.1(e);

(each of the above, if not timely cured, if applicable, or waived by Cenovus, being (upon expiration of the applicable cure period) hereinafter referred to as a "**Cenovus Damages Event**") provided that at such date Gear does not have the right to terminate this Agreement pursuant to Subsection 8.1(d), Gear shall pay to Cenovus \$3,360,000 (the "**Cenovus Termination Fee**") in consideration for the disposition of Cenovus's rights under this Agreement as liquidated damages, in immediately available funds, to an account designated by Cenovus, within two Business Days after the occurrence of the first Cenovus Damages Event, and after the occurrence of such Cenovus Damages Event, but prior to payment of such amount, Gear shall be deemed to hold any amount owing to Cenovus under this Section 6.1 in trust for Cenovus. Gear shall only be obligated to pay one Cenovus Termination Fee pursuant to this Section 6.1. Gear acknowledges that the agreements contained in this Section 6.1 are an integral part of the transactions contemplated by this Agreement, and that without these agreements Cenovus would not enter into this Agreement, and that any payment of the Cenovus Termination Fee as set out in this Section 6.1 is in consideration for the disposition of Cenovus's rights under this Agreement which are a genuine pre-estimate of the damages, including opportunity costs, which Cenovus will suffer or incur as a result of the Cenovus Damages Event giving rise to such damages and resultant termination of this Agreement, and are not penalties. Gear irrevocably waives any right it may have to raise as a defence that any such amounts are excessive or punitive.

6.2 Liquidated Damages and Specific Performance

Each of Cenovus and Gear acknowledges that the payment of the amount set out in Section 6.1 is a payment of liquidated damages and represents a genuine pre-estimate of the damages that Cenovus will suffer or incur as a result of the event giving rise to such damages and the resultant termination of this Agreement and is not a penalty. Gear irrevocably waives any right it may have to raise as a defence that any such liquidated damages payable by it are excessive or punitive. For greater certainty, Cenovus agrees that receipt of an amount pursuant to Section 6.1 is the sole monetary remedy of Cenovus hereunder, provided, however, that this limitation shall not apply in the event of fraud or intentional breach of this Agreement by Gear or Newco. Nothing in this Article 6 shall preclude Cenovus from seeking and obtaining injunctive relief to restrain any breach or threatened breach of the covenants of Gear or Newco set out in this Agreement or specific performance of any of such covenants of the other Party, without the necessity of posting bond or security in connection therewith.

ARTICLE 7 AMENDMENT

7.1 Amendment

This Agreement may, at any time and from time to time before or after the holding of the Meeting, be amended by written agreement of the Parties without, subject to Applicable Laws, further notice to, or authorization from, the Gear Shareholders and any such amendment may, without limitation:

- (a) change the time for performance of any of the obligations or acts of Cenovus, Gear or Newco hereunder;

- (b) waive any inaccuracies in, or modify, any representation or warranty contained herein or in any document delivered pursuant hereto;
- (c) waive compliance with, or modify, any of the covenants contained herein and waive or modify performance of any of the obligations of Cenovus, Gear or Newco hereunder; or
- (d) waive satisfaction of, or modify, any of the conditions precedent set out herein;

provided that no such amendment reduces or adversely affects the consideration to be received by the Gear Shareholders without approval by the Gear Shareholders given in the same manner as required for the approval of the Arrangement.

ARTICLE 8 TERMINATION

8.1 Termination

This Agreement may be terminated at any time prior to the Effective Date:

- (a) by mutual written consent of the Parties;
- (b) by either Cenovus or Gear if the Gear Shareholders fail to approve the Arrangement Resolution by the requisite vote at the Meeting (including any adjournment or postponement thereof) in accordance with the Interim Order;
- (c) by either Cenovus or Gear, if the Effective Time shall not have occurred on or prior to the Outside Date, except that the right to terminate this Agreement under this Subsection 8.1(c) shall not be available to any Party whose failure to fulfill any of its obligations has been the cause of, or resulted in, the failure of the Effective Time to occur by such date;
- (d) by either Party as provided in Subsection 5.4(b), provided that the failure to satisfy the particular condition precedent being relied upon as a basis for termination of this Agreement did not occur as a result of a breach by the Party seeking to rely on the condition precedent of any of its covenants or obligations under the Agreement;
- (e) by Cenovus upon the occurrence of a Cenovus Damages Event, as provided in Section 6.1; or
- (f) by Gear upon the occurrence of a Cenovus Damages Event, as set out in Subsection 6.1(d), and the payment by Gear to Cenovus of the Cenovus Termination Fee, provided that Gear has complied with its obligations set out in Section 3.5.

In the event of the termination of this Agreement in the circumstances set out in this Section 8.1, this Agreement shall forthwith become void and be of no further force or effect and no Party shall have any liability or further obligation to the other hereunder except with respect to the obligations set out in any of Section 4.3, Article 6, (provided that in the case of Subsection 6.1(b), the right to payment pursuant to a public announcement of or making of an Acquisition Proposal arose prior to the termination of this Agreement); Article 9 and Article 10, all of which shall survive such termination. For greater certainty, the termination of this Agreement pursuant to this Article 8 shall not affect the rights or obligations of any Party under the Gear Confidentiality Agreement and the Gear Confidentiality Agreement shall remain in full force and effect, subject to any further agreement of the Parties.

Unless otherwise provided herein, the exercise by either Party of any right of termination hereunder shall be without prejudice to any other remedy available to such Party at law or in equity.

ARTICLE 9
NOTICES

9.1 Notices

All notices and other communications hereunder shall be in writing and shall be deemed duly given or made as of the date of receipt if delivered personally, sent by overnight courier (providing proof of delivery) or sent by registered or certified mail (return receipt requested, postage prepaid) or on the date of transmission if sent by e-mail (excluding automatic "undeliverable" or similar replies), in each case, to the Parties at the following addresses (or at such other address or email address for a Party as shall be specified by like notice):

- (a) if to Cenovus, addressed to it at:

Cenovus Energy Inc.
225 – 6th Avenue SW
Calgary, Alberta, T2P 0M5

Attention: Jeff Lawson, Senior Vice President, Corporate Development & Acting Chief
Sustainability Officer
E-mail: *[email redacted]*

with a copy to:

McCarthy Tétrault LLP
4000, 421 – 7th Avenue SW
Calgary, AB, T2P 4K9

Attention: John Piasta
E-mail: *[email redacted]*

(b) prior to the consummation of the Arrangement, if to Gear, addressed to it at:

Gear Energy Ltd.
800, 205 – 5th Avenue SW
Bow Valley Square II
Calgary, Alberta, T2P 2V7

Attention: Kevin Johnson, President and Chief Executive Officer
E-mail: *[email redacted]*

with a copy to:

Burnet, Duckworth & Palmer LLP
2400, 525 – 8th Avenue S.W.
Calgary, Alberta, T2P 1G1

Attention: Edward (Ted) Brown
E-mail: *[email redacted]*

following the consummation of the Arrangement, if to Gear, addressed to it at:

Gear Energy Ltd.
c/o Cenovus Energy Inc.
225 – 6th Avenue SW
Calgary, Alberta, T2P 0M5

Attention: Jeff Lawson, Senior Vice President, Corporate Development & Acting Chief
Sustainability Officer
E-mail: *[email redacted]*

with a copy to:

McCarthy Tétrault LLP
4000, 421 – 7th Avenue SW
Calgary, AB, T2P 4K9

Attention: John Piasta
E-mail: *[email redacted]*

(c) if to Newco, addressed to it at:

2640847 Alberta Ltd.
800, 205 – 5th Avenue SW
Bow Valley Square II
Calgary, Alberta, T2P 2V7

Attention: Kevin Johnson, President and Chief Executive Officer
E-mail: *[email redacted]*

with a copy to:

Burnet, Duckworth & Palmer LLP
2400, 525 – 8th Avenue S.W.
Calgary, Alberta, T2P 1G1
Attention: Edward (Ted) Brown
E-mail: [*email redacted*]

ARTICLE 10 GENERAL

10.1 Assignment and Enurement

This Agreement shall be binding upon and enure to the benefit of the Parties and their respective successors and assigns; provided that this Agreement may not be assigned by any Party without the prior written consent of the other Parties.

10.2 Disclosure

Each Party shall receive the prior consent, not to be unreasonably withheld, of the other Party prior to issuing or permitting any of its directors, officers, employees or agents to issue, any news release or other written statement with respect to this Agreement or the Arrangement. Notwithstanding the foregoing, if either Party is required by Applicable Laws, or the rules of any stock exchange on which any of its securities may be listed, to make any disclosure relating to this Agreement or the transactions contemplated by this Agreement, such disclosure may be made, but that Party shall use reasonable commercial efforts to consult with the other Party as to the nature and wording of such disclosure prior to it being made.

10.3 Costs

Except as expressly set out herein, each Party covenants and agrees to bear its own costs and expenses in connection with the transactions contemplated by this Agreement.

10.4 Severability

If any one or more of the provisions (or any part thereof) of this Agreement is determined to be invalid, illegal or unenforceable in any respect in any jurisdiction, such provision or provisions (or part or parts thereof) shall be, and shall be conclusively deemed to be, as to such jurisdiction, severable from the balance of this Agreement and:

- (a) the validity, legality or enforceability of the remaining provisions of this Agreement will not in any way be affected or impaired by the severance of the provisions (or parts thereof) so severed; and
- (b) the invalidity, illegality or unenforceability of any provision (or part thereof) of this Agreement in any jurisdiction shall not affect or impair such provision (or part thereof) or any other provisions of this Agreement in any other jurisdiction.

10.5 Further Assurances

Each Party hereto shall, from time to time and at all times hereafter, at the request of the other Party, but without further consideration, do all such further acts, and execute and deliver all such further documents and instruments as the other Party may reasonably request in order to fully perform and carry out the terms and intent of this Agreement.

10.6 Time of Essence

Time shall be of the essence of this Agreement.

10.7 Governing Law

This Agreement shall be governed by and construed in accordance with the Laws of the Province of Alberta and the Laws of Canada applicable therein and the Parties hereto irrevocably attorn to the jurisdiction of the courts of the Province of Alberta in respect of all disputes arising under or in relation to this Agreement.

10.8 Waiver

No waiver by a Party shall be effective unless it is set out in a written instrument signed by such Party and any waiver shall affect only the matter, and the occurrence thereof, specifically identified in the applicable written instrument and shall not extend to any other matter or occurrence.

10.9 Counterparts

This Agreement may be executed in counterparts and by facsimile or portable document format (PDF), each of which shall be deemed an original, and all of which together constitute one and the same instrument.

[Remainder of page left intentionally blank]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first above written.

CENOVUS ENERGY INC.

By: (signed) "Kam Sandhar"
Name: Kam Sandhar
Title: Executive Vice-President & Chief
Financial Officer

By: (signed) "Jeff Lawson"
Name: Jeff Lawson
Title: Senior Vice-President, Corporate
Development & Acting Chief
Sustainability Officer

GEAR ENERGY LTD.

By: (signed) "Kevin Johnson"
Name: Kevin Johnson
Title: President & Chief Executive Officer

2640847 ALBERTA LTD.

By: (signed) "Kevin Johnson"
Name: Kevin Johnson
Title: President & Chief Executive Officer

SCHEDULE "A"
PLAN OF ARRANGEMENT

**PLAN OF ARRANGEMENT
UNDER SECTION 193 OF THE
BUSINESS CORPORATIONS ACT (ALBERTA)**

**ARTICLE 1
DEFINITIONS AND INTERPRETATION**

1.1 Definitions

In this Plan of Arrangement, unless there is something in the subject matter or context inconsistent therewith, terms used herein that are not defined have the meanings ascribed thereto in the Arrangement Agreement, and the following terms shall have the respective meanings set out below and grammatical variations of those terms shall have corresponding meanings:

"**ABCA**" means the *Business Corporations Act, R.S.A. 2000, c. B 9*;

"**Adjustment Amount**" has the meaning ascribed to such term in Schedule "E" to the Arrangement Agreement;

"**Aggregate Elected Cash Consideration**" means the aggregate amount of cash that would be payable to Gear Shareholders pursuant to Section 3.1(e) of this Plan of Arrangement based on all Cash Consideration Elected Amounts without giving effect to any adjustments specified in Section 3.2;

"**Aggregate Elected Newco Share Consideration**" means the aggregate number of Newco Shares that would be issuable to Gear Shareholders pursuant to Section 3.1(e) of this Plan of Arrangement based on the aggregate of all Newco Share Consideration Elected Amounts without giving effect to any adjustments specified in Section 3.2;

"**Agreement Date**" means December 1, 2024;

"**Applicable Canadian Securities Laws**", in any context that refers to one or more Persons, means, collectively, and as the context may require, the securities laws or similar statutes of each of the provinces and territories of Canada, and the respective rules and regulations under such laws, together with applicable national, multilateral and local policy statements, instruments, notices, blanket orders, rulings and policies published and/or promulgated thereunder, as such may be amended from time to time prior to the Effective Date, and all rules, by-laws and regulations of the Toronto Stock Exchange and TSX Venture Exchange, that apply to such Person or Persons or to the business, undertaking, property or securities of such Person or Persons;

"**Arrangement**" means the arrangement, pursuant to Section 193 of the ABCA, on the terms set out in this Plan of Arrangement, as supplemented, modified or amended in accordance with this Plan of Arrangement or made at the direction of the Court in the Final Order;

"**Arrangement Agreement**" means the arrangement agreement made as of the Agreement Date, among Cenovus, Gear and Newco as the same may be amended, amended and restated, modified or supplemented at any time or from time to time;

"**Arrangement Resolution**" means the special resolution in respect of the Arrangement to be considered by the Gear Shareholders at the Meeting;

"**Articles of Arrangement**" means the articles of arrangement in respect of the Arrangement required under Subsection 193(4.1) of the ABCA to be filed with the Registrar after the Final Order has been granted, to give effect to the Arrangement;

"**Asset Conveyance Agreement**" means the conveyance agreement, in the form attached as Schedule "C" to the Arrangement Agreement, to be entered into among Cenovus, Gear and Newco to be made effective in accordance with this Plan of Arrangement;

"**Business Day**" means a day, other than a Saturday, Sunday or statutory holiday, when banks are generally open in the City of Calgary, in the Province of Alberta, for the transaction of commercial business;

"**Cash Consideration Elected Amount**" means, in respect of any Gear Shareholder, an amount of cash, rounded to the nearest whole cent, equal to the product of: (i) such shareholder's Cash Consideration Shares; and (ii) the Cash Consideration per Share, provided that, in respect of any Gear Shareholder that has not deposited, on or before the Election Deadline, a duly completed Letter of Transmittal and Election Form in accordance with the requirements and instructions set out therein, such Gear Shareholder shall be deemed to have elected to receive the Cash Consideration per Share in respect of one-half (1/2) of such Gear Shareholder's Gear Shares (rounded down to the nearest whole Gear Share);

"**Cash Consideration per Share**" means \$0.607;

"**Cash Consideration Shares**" means, in respect of any Gear Shareholder, the number of Gear Shares in respect of which such Gear Shareholder has elected to receive the Cash Consideration per Share in such Gear Shareholder's Letter of Transmittal and Election Form;

"**Cash Maximum**" shall mean \$80,000,000 less the Dissenting Shareholder Amount;

"**Cenovus**" means Cenovus Energy Inc., a corporation existing under the laws of Canada;

"**Cenovus Contribution Amount**" means \$110,000,000, less the aggregate amount of: (i) the Cash Maximum; (ii) the Dissenting Shareholder Amount; (iv) the Credit Facility Amount; and (iv) the Adjustment Amount, provided that after the Effective Time the Cenovus Contribution Amount shall be adjusted upwards (effective as at the effective time of Section 3.1(h)) for any portion of the Escrow Amount paid to Newco or any other payments made to Newco pursuant to the Escrow Agreement or Schedule "E" to the Arrangement Agreement and shall be adjusted (effective as at the effective time of Section 3.1(h)) downwards for any payment made to Cenovus by Newco pursuant to the Escrow Agreement (excluding the Escrow Amount) or Schedule "E" to the Arrangement Agreement;

"**Cenovus Note**" means a non-interest-bearing demand promissory note issued by Cenovus;

"**Certificate of Arrangement**" means the certificate or other proof of filing to be issued by the Registrar pursuant to Subsection 193(11) of the ABCA giving effect to the Arrangement;

"**Circular**" means the notice of Meeting and accompanying management information circular, including all schedules, appendices and exhibits thereto, and instruments of proxy, to be sent to, among others, the Gear Shareholders of record in accordance with the Interim Order in connection with the Meeting, as amended, supplemented or otherwise modified from time to time;

"**Court**" means the Court of King's Bench of Alberta;

"**Credit Facility**" shall have the meaning ascribed to such term in the Arrangement Agreement;

“**Credit Facility Amount**” shall mean the amount determined in accordance with Section 3.8 of the Arrangement Agreement as necessary to be paid by Cenovus to repay and terminate the Credit Facility as of the Effective Time;

"**Depository**" means Odyssey Trust Company, or such other Person as Gear may appoint to act as depository for the Gear Shares in relation to the Arrangement, with approval of Cenovus, acting reasonably;

"**Dissent Rights**" means the rights of dissent in respect of the Arrangement described in Section 5.1 of this Plan of Arrangement;

"**Dissenting Shareholder**" means a registered Gear Shareholder who has duly and validly exercised its Dissent Rights with respect to the Arrangement Resolution pursuant to Article 5 of this Plan of Arrangement and the Interim Order and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights;

"**Dissenting Shareholder Amount**" means an amount equal to the aggregate number of Dissenting Shares multiplied by the Cash Consideration per Share;

"**Dissenting Shares**" means the Gear Shares held by Dissenting Shareholders;

"**Effective Date**" means the date shown on the Certificate of Arrangement giving effect to the Arrangement;

"**Effective Time**" means 12:01 a.m. (Calgary time) on the Effective Date or such other time on the Effective Date as may be agreed to in writing by Gear, Newco and Cenovus;

"**Election Deadline**" means 4:30 p.m. (Calgary time) on the second (2nd) Business Day immediately prior to the date of the Meeting or, if the Meeting is adjourned, the adjourned meeting;

“**Escrow Agreement**” means the escrow agreement, in the form attached as Schedule "D" to the Arrangement Agreement, to be entered into among Cenovus, Gear, Newco and Burnet, Duckworth & Palmer LLP, to be made effective in accordance with this Plan of Arrangement;

“**Escrow Amount**” means \$500,000;

"**Final Order**" means the final order of the Court pursuant to Section 193(4) of the ABCA, as such order may be amended, affirmed or modified by any court of competent jurisdiction;

"**Gear**" means Gear Energy Ltd., a corporation existing under the laws of the Province of Alberta;

"**Gear New Common Shareholders**" means the holders of the Gear New Common Shares;

"**Gear New Common Shares**" means the new common shares of Gear designated as "Class A Common Shares", which shares shall have the rights, privileges, restrictions and conditions attaching thereto as set forth in Schedule 1 to this Plan of Arrangement;

"**Gear Option Plan**" means the amended share option plan of Gear in effect as of the Agreement Date providing for the grant of Gear Options to directors, officers, employees and consultants of Gear;

"**Gear Options**" means the outstanding share options of Gear granted under the Gear Option Plan, whether or not vested, entitling the holders thereof to acquire Gear Shares;

"**Gear Shareholders**" means the holders of the Gear Shares;

"**Gear Shares**" means the common shares of Gear as constituted on the Agreement Date;

"**Governmental Authority**" means any: (i) domestic or foreign federal, territorial, provincial, state or local governmental, regulatory or administrative authority, department, court, agency, commission, board or tribunal or official; (ii) any subdivision, agency, agent or authority of any of the foregoing; or (iii) any quasi-governmental or private body, including any tribunal, commission, regulatory agency or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;

"**Interim Order**" means the interim order of the Court concerning the Arrangement under Subsection 193(4) of the ABCA, containing declarations and directions with respect to the Arrangement, the holding of the Meeting and the provision of notice to affected Persons, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

"**Laws**" means all laws (including, for greater certainty, common law), all statutes, regulations, by-laws, statutory rules, orders, judgments, ordinances, protocols, codes, guidelines, notices and directions enacted by a Governmental Authority (including all Applicable Canadian Securities Laws) and the terms and conditions of any grant of approval, permission, authority or license of any Governmental Authority or self-regulatory authority;

"**Letter of Transmittal and Election Form**" means the letter of transmittal and election form, in the form accompanying the Circular, pursuant to which registered Gear Shareholders are required to specify the amount of Cash Consideration per Share and the amount of Newco Share Consideration per Share, respectively, that such Gear Shareholder has elected to receive pursuant to the Arrangement;

"**Lien**" means any mortgage, charge, pledge, hypothec, security interest, prior claim, encroachments, option, right of first refusal or first offer, occupancy right, covenant, assignment, lien (statutory or otherwise), defect of title, or restriction or adverse right or claim, or other third party interest or encumbrance of any kind, in each case, whether contingent or absolute;

"**Meeting**" means the special meeting of the Gear Shareholders to be held to consider and vote on the Arrangement Resolution and any other matters outlined in the Notice of Meeting in respect thereof, and any adjournments thereof;

"**Newco**" means 2640847 Alberta Ltd., a corporation existing under the laws of the Province of Alberta;

"**Newco Asset Value**" means \$60,000,000;

"**Newco Assets**" means, collectively, the assets to be transferred from Gear to Newco pursuant to the Asset Conveyance Agreement and this Plan of Arrangement;

"**Newco Share Consideration Elected Amount**" means, in respect of any Gear Shareholder, the product of: (i) such shareholder's Newco Share Consideration Shares; and (ii) the Newco Share Consideration per Share, provided that, in respect of any Gear Shareholder that has not deposited, on or before the Election Deadline, a duly completed Letter of Transmittal and Election Form in accordance with the requirements and instructions set out therein, such Gear Shareholder shall be deemed to have elected to receive the Newco Share Consideration per Share in respect of one-half (1/2) of such Gear Shareholder's Gear Shares (rounded up to the nearest whole Gear Share);

"Newco Share Consideration Shares" means, in respect of any Gear Shareholder, the number of Gear Shares in respect of which such Gear Shareholder has elected to receive the Newco Share Consideration per Share in such Gear Shareholder's Letter of Transmittal and Election Form;

"Newco Share Consideration per Share" means 0.3035 of a Newco Share;

"Newco Share Maximum" means 40,000,000 Newco Shares;

"Newco Share Value" means an amount equal to the Newco Value divided by the Newco Share Maximum;

"Newco Shares" means common shares in the capital of Newco;

"Newco Value" means the sum of the Newco Asset Value and the Cenovus Contribution Amount;

"Option Surrender Agreement" means the agreements to be entered into by Gear and each of the holders of Gear Options in a form satisfactory to Cenovus, acting reasonably, pursuant to which each such holder has agreed or shall agree to surrender such Gear Options in accordance with the provisions of Section 2.6 of the Arrangement Agreement and this Plan of Arrangement;

"Person" includes any individual, firm, partnership, joint venture, venture capital fund, association, trust, trustee, executor, administrator, legal personal representative, estate group, body corporate, corporation, unincorporated association or organization, Governmental Authority, syndicate or other entity, whether or not having legal status;

"Plan of Arrangement", "hereof", "herein", "hereunder" and similar expressions means this plan of arrangement, including any appendices hereto, and any amendments, variations or supplements hereto made from time to time in accordance with the terms hereof or the Arrangement Agreement;

"Registrar" means the Registrar of Corporations for the Province of Alberta duly appointed under Section 263 of the ABCA; and

"Tax Act" means the Income Tax Act (Canada) R.S.C. 1985, c. 1 (5th Supp.);

1.2 Interpretation Not Affected by Headings, etc.

The division of this Plan of Arrangement into Articles, Sections, paragraphs and other portions and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation hereof. Unless otherwise indicated, all references to an "Article", "Section" or "paragraph" followed by a number and/or a letter refer to the specified Article, Section or paragraph of this Plan of Arrangement.

1.3 Number and Gender

In this Plan of Arrangement, unless the context otherwise requires, words used herein importing the singular include the plural and vice versa. Words importing gender include all genders. The words "include", "includes" and "including" shall be deemed to be followed by the words "without limitation".

1.4 Date of Any Action

In the event that any date on which any action is required to be taken hereunder by any of the parties hereto is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

1.5 Time

Time shall be of the essence in every matter or action contemplated hereunder. All times expressed herein or in the Letter of Transmittal and Election Form are local time in Calgary, Alberta unless otherwise stipulated herein or therein.

1.6 Currency

Unless otherwise stated, all references in this Plan of Arrangement to sums of money are expressed in lawful money of Canada.

1.7 Schedules

The following schedules are attached to this Plan of Arrangement and are incorporated in and form part hereof:

Schedule 1 - Rights, Privileges, Restrictions and Conditions of Class A Common Shares

**ARTICLE 2
EFFECT OF THE ARRANGEMENT**

2.1 Arrangement Agreement

This Plan of Arrangement is made pursuant to, is subject to the provisions of and forms part of, the Arrangement Agreement.

2.2 Binding Effect

This Plan of Arrangement, upon the filing of the Articles of Arrangement and the issuance of the Certificate of Arrangement, will become effective at, and be binding upon, (i) Gear; (ii) the Gear Shareholders; (iii) the holders of Gear Options; (iv) Newco; (v) Cenovus; (vi) the Depositary; (vii) all counterparties to the Assumed Contracts; (viii) all creditors of Gear; and (ix) all other Persons, as and from the Effective Time, without any further act or formality required on the part of any Person except as expressly provided herein.

2.3 Certificate of Arrangement

The Articles of Arrangement and the Certificate of Arrangement shall be filed and issued, respectively, with respect to the Arrangement in its entirety. The Certificate of Arrangement shall be conclusive evidence that the Arrangement has become effective and that each of the provisions of Article 3 has become effective in immediately sequential order as set out therein.

2.4 Effective Time

No portion of this Plan of Arrangement shall take effect with respect to any party or Person until the Effective Time.

**ARTICLE 3
ARRANGEMENT**

3.1 The Arrangement

At the Effective Time, each of the events set out below shall occur and shall be deemed to occur, without any further act or formality, in the following sequence:

- (a) each Gear Share held by a Dissenting Shareholder shall be transferred to, and acquired by, Cenovus (free and clear of any Liens) and:
 - (i) such Dissenting Shareholder will cease to be a holder of the Gear Shares so transferred and acquired and to have any rights as a Gear Shareholder, other than the right to be paid the fair value for such Gear Shares by Cenovus in accordance with Article 5 of this Plan of Arrangement;
 - (ii) the name of such Dissenting Shareholder shall be removed from the central securities register of Gear Shareholders maintained by or on behalf of Gear as it relates to the Gear Shares so transferred and acquired; and
 - (iii) Cenovus shall be deemed to have been added to the central securities register of Gear Shareholders maintained by or on behalf of Gear as it relates to the Gear Shares so transferred and acquired;
 - (b) the Option Surrender Agreements shall become effective and all Gear Options outstanding immediately prior to the Effective Date shall be, and shall be deemed to be, surrendered, terminated and cancelled in accordance with the Option Surrender Agreements;
 - (c) the Gear Option Plan shall be terminated and neither Gear nor Cenovus shall have any further obligations or liability with respect to the Gear Option Plan;
 - (d) the Asset Conveyance Agreement shall become effective;
 - (e) each issued and outstanding Gear Share (other than those Gear Shares transferred to Cenovus pursuant to Section 3.1(a) of this Plan of Arrangement) shall be transferred to, and acquired by, Cenovus (free and clear of any Liens), and each Person whose Gear Shares are so transferred to Cenovus shall be entitled to receive:
 - (i) subject to Section 3.2, for each of such Person's Cash Consideration Shares, the Cash Consideration per Share; and
 - (ii) subject to Section 3.2, for such Person's Newco Share Consideration Shares, a Cenovus Note having a principal amount (rounded to the nearest cent) equal to the product of (x): such Person's Newco Share Consideration Shares; and (y) the Newco Share Value;
- and
- (iii) such Person shall cease to be holder of the Gear Shares so transferred and acquired and to have any rights as a Gear Shareholder, other than the right to be paid the Cash Consideration Elected Amount, if any, and to receive the Newco Shares as full satisfaction

of the Cenovus Note, if any, to which such Person is entitled in accordance with this Plan of Arrangement;

- (iv) the name of such Person shall be removed from the central securities register of Gear Shareholders maintained by or on behalf of Gear as it relates to the Gear Shares so transferred and acquired; and
 - (v) Cenovus shall, and shall be deemed to be, the transferee of such Gear Shares (free and clear of any Liens) and shall be added to the central securities register of Gear Shareholders maintained by or on behalf of Gear as it relates to the Gear Shares so transferred and acquired;
- (f) the articles of Gear will be amended to create an unlimited number of Gear New Common Shares;
- (g) all Gear Shares held by Cenovus shall be transferred to Gear (free and clear of any Liens), in exchange for:
- (i) an equal number of Gear New Common Shares; and
 - (ii) all of the issued and outstanding Newco Shares,
- and Gear will add to the stated capital account maintained in respect of the Gear New Common Shares an amount equal to the paid-up capital of the Gear Shares immediately prior to this step less the fair market value of the Newco Shares;
- (h) Cenovus shall transfer the Cenovus Contribution Amount to Newco as a contribution to the capital of Newco and Newco shall add such amount to the stated capital account maintained in respect of the Newco Shares;
- (i) the Escrow Agreement shall become effective; and
- (j) Cenovus shall transfer to each holder of a Cenovus Note, in full and final payment, settlement, satisfaction, extinguishment, and discharge of such Cenovus Note, that number of Newco Shares (rounded to the nearest whole Newco Share) as is equal to the principal amount of such Cenovus Note divided by the Newco Share Value.

3.2 Adjustments to Elected Amounts

Notwithstanding the elected amount set forth in any Gear Shareholder's Letter of Transmittal and Election Form, in no event shall Cenovus be required to (i) pay, pursuant to Section 3.1 cash in an aggregate amount that is in excess of the Cash Maximum; or (ii) issue, pursuant to Section 3.1, Cenovus Notes having, in the aggregate, principal amounts in excess of the Newco Value, and, accordingly:

- (a) if the Aggregate Elected Cash Consideration exceeds the Cash Maximum, then, for all purposes of this Plan of Arrangement, each Person whose Gear Shares are transferred to, and acquired by, Cenovus pursuant to Section 3.1(e) shall be deemed:
 - (i) to have a Cash Consideration Elected Amount (rounded to the nearest whole number) equal to the Cash Consideration Elected Amount in such Person's Letter of Transmittal and Election Form *multiplied by* a fraction, rounded to the nearest six decimal places, equal to the Cash Maximum *divided by* the Aggregate Elected Cash Consideration, and

- (ii) to have elected the Newco Share Consideration Elected Amount for the balance of such Person's Gear Shares; and
- (b) if the Aggregate Elected Newco Share Consideration exceeds the Newco Share Maximum, then, for all purposes of this Plan of Arrangement, each Person whose Gear Shares are transferred to, and acquired by, Cenovus pursuant to Section 3.1(e) shall be deemed:
 - (i) to have a Newco Share Consideration Elected Amount (rounded to the nearest whole number) equal to the Newco Share Consideration Elected Amount in such Person's Letter of Transmittal *multiplied by* a fraction, rounded to the nearest six decimal places, equal to the Newco Share Maximum *divided by* the Aggregate Elected Newco Share Consideration; and
 - (ii) to have elected the Cash Consideration Elected Amount for the balance of such Person's Gear Shares.

3.3 No Fractional Shares and Rounding of Cash Consideration

- (a) In no event shall any Person be entitled to receive a fractional Newco Share under this Plan of Arrangement. If the aggregate number of Newco Shares to be issued to a Person under this Plan of Arrangement would result in a fraction of a Newco Share being issuable to such Person, the number of Newco Shares to be issued to such Person shall be rounded down to the closest whole number and, no consideration shall be paid in lieu of the issuance of a fractional Newco Share.
- (b) If the aggregate cash amount to be paid to a Person under this Plan of Arrangement would result in a fraction of \$0.01 being payable to such Person, then the aggregate cash amount such Person shall be entitled to receive shall be rounded down to the nearest whole \$0.01.

3.4 Deemed Fully Paid and Non-Assessable Shares

All Gear Shares, Gear New Common Shares, and Newco Shares issued pursuant hereto shall be deemed to be validly issued and outstanding as fully paid and non-assessable shares for all purposes of the ABCA.

3.5 Supplementary Actions

Notwithstanding that the transaction and events set out in Section 3.1 shall occur and shall be deemed to occur in the order therein set out without any act or formality, Gear, Newco, and Cenovus shall be required to make, do and execute or cause and procure to be made, done and executed all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may be required to further document or evidence any of the transactions or events set out in Section 3.1, including without limitation, any resolutions of directors authorizing the issue, exchange, transfer, redemption or purchase for cancellation of shares, any share transfer powers evidencing the transfer of shares and any receipt therefor, any promissory notes and receipts therefor, and any necessary addition to or deletions from share registers or other registries. Without limiting the foregoing, the Parties shall, forthwith following the Effective Time, make the appropriate entries into their securities registers to reflect the completion of the transactions referred to under Section 3.1 of this Plan of Arrangement.

3.6 U.S. Securities Act Exemption

Notwithstanding any provision herein to the contrary, Gear, Cenovus and Newco agree that this Plan of Arrangement will be carried out with the intention that, assuming the Court considers the fairness of the terms and conditions of the Arrangement and grants the Final Order, the issuance and distribution of the Gear New Common Shares, Newco Shares and Cenovus Notes issuable and distributable to Gear Shareholders pursuant to this Plan of Arrangement will not require registration under the United States Securities Act of 1933, as amended, pursuant to the exemption provided by Section 3(a)(10) thereof, and any applicable state securities laws, in reliance upon exemptions therefrom.

3.7 Paramountcy

From and after the Effective Time: (a) this Plan of Arrangement shall take precedence and priority over any and all Gear Shares and Gear Options issued prior to the Effective Time; (b) the rights and obligations of the registered holders of Newco Shares (other than Cenovus), Gear Shares, Gear Options, Gear New Common Shares, Newco and of Cenovus, Gear, Newco and the Depositary and any transfer agent or other depositary in relation thereto, shall be solely as provided for in this Plan of Arrangement and the Arrangement Agreement; and (c) all actions, causes of action, claims or proceedings (actual or contingent and whether or not previously asserted) based on or in any way relating to any Gear Shares and Gear Options shall be deemed to have been settled, compromised, released and determined without liability except as set forth herein.

ARTICLE 4 CERTIFICATES, DOCUMENTATION AND PAYMENTS

4.1 Gear New Common Share Certificates

No new share certificates shall be issued with respect to the Gear New Common Shares issued in connection with the Arrangement.

4.2 Cenovus Notes

No certificates or other documentation evidencing the Cenovus Notes shall be issued with respect to the Cenovus Notes issued in connection with the Arrangement.

4.3 Certificates and Payments

- (a) Cenovus and Newco shall cause the Depositary, as soon as practicable following the later of the Effective Date and the date of deposit with the Depositary of a duly completed Letter of Transmittal and Election Form and the certificates formerly representing the Gear Shares or other documentation as provided in the Letter of Transmittal and Election Form, to deliver to the Person making such deposit:
- (i) a cheque or wire transfer representing the Cash Consideration Elected Amount (as adjusted in accordance with Section 3.2), if any, which such Person is entitled to receive in accordance with this Plan of Arrangement; and
 - (ii) a book-entry only entry representing the Newco Shares, if any, which such Person is entitled to receive in accordance with this Plan of Arrangement.

- (b) No Person (other than a Dissenting Gear Shareholder) shall be entitled to receive any consideration with respect to the Gear Shares transferred by such Person, and acquired by Cenovus, in accordance with this Plan of Arrangement other than the Cash Consideration Elected Amount (as adjusted in accordance with Section 3.2), if any, and Newco Shares, if any, which they are entitled to receive in accordance with this Plan of Arrangement and, for greater certainty, no Gear Shareholder will be entitled to receive any interest, dividends, premium or other payment in connection therewith.
- (c) The cash payment and/or Newco Shares which a Gear Shareholder is entitled to receive in accordance with this Plan of Arrangement shall, subject to Section 4.6, in each case be delivered or paid to the Depositary to be held in trust for such Gear Shareholder as of the Effective Time for delivery to the Gear Shareholder, without interest and net of all applicable withholding and other taxes, if any, upon delivery of the Letter of Transmittal and Election Form and the certificates formerly representing the Gear Shares held by such Gear Shareholder.
- (d) Cenovus, Gear, Newco, the Depositary, and their respective agents, as applicable, shall be entitled to deduct and withhold from any amounts otherwise payable or otherwise deliverable to any Person under this Plan of Arrangement such amounts as Cenovus, Gear, Newco, the Depositary, or their respective agents, as applicable, are required to deduct and withhold from such amounts under any provision of any Laws. Any such amounts will be deducted, withheld and remitted from the amounts payable pursuant to this Plan of Arrangement to the appropriate Governmental Authority and shall be treated for all purposes under this Agreement as having been paid to such Person in respect of which the deduction, withholding and remittance was made. Moreover, Cenovus, Gear, Newco, the Depositary, and their respective agents, as applicable, are hereby authorized to sell or otherwise dispose of such other portion of the Newco Shares as is necessary to provide sufficient funds to Cenovus, Gear, Newco, the Depositary, or their respective agents, as the case may be, to enable it to comply with all deduction or withholding requirements applicable to it. Any such sale will be made in accordance with applicable Laws and at prevailing market prices and the applicable payor shall not be under any obligation to obtain a particular price for the Newco Shares so sold. Neither the payor, nor any other Person, will be liable for any loss arising out of any sale under this Section 4.3(d).

4.4 Dividends

All dividends and distributions made after the Effective Time with respect to any Newco Shares allotted and issued pursuant to this Plan of Arrangement but for which a certificate has not been issued shall be paid or delivered to the Depositary to be held by the Depositary, subject to Section 4.6, in trust for the holder of such Newco Shares. All monies received by the Depositary shall be invested by it in interest bearing trust accounts upon such terms as the Depositary may reasonably deem appropriate. Subject to this Section 4.4, the Depositary shall pay and deliver to any such holder, as soon as reasonably practicable after application therefor is made by such holder to the Depositary in such form as the Depositary may reasonably require, such dividends and distributions and any interest thereon to which such holder is entitled pursuant to the Arrangement, net of any applicable withholding and other taxes.

4.5 Lost Certificates

In the event any certificate which immediately prior to the Effective Time represented one or more outstanding Gear Shares that were transferred or cancelled pursuant to Section 3.1 shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such certificate to be lost, stolen or destroyed, the Depositary will issue in exchange for such lost, stolen or destroyed certificate, the consideration deliverable in accordance with such Gear Shareholder's Letter of Transmittal and Election Form and this Plan of Arrangement. When authorizing such payment in exchange for any lost,

stolen or destroyed certificate, the Person to whom such consideration is to be delivered shall as a condition precedent to the delivery of such consideration, give a bond satisfactory to Cenovus, Newco and the Depositary (acting reasonably) in such sum as Cenovus and Newco may direct, or otherwise indemnify Cenovus, Newco and Gear in a manner satisfactory to Cenovus, Newco and Gear, acting reasonably, against any claim that may be made against Cenovus and Gear with respect to the certificate alleged to have been lost, stolen or destroyed.

4.6 Surrender of Rights

Any certificate formerly representing Gear Shares not duly surrendered on or prior to the Business Day immediately preceding the third anniversary of the Effective Date shall cease to represent a claim or interest of any kind or nature against, Cenovus, Newco or Gear by a former Gear Shareholder. On such date, subject to Laws, all consideration to which the former Gear Shareholder of such certificates was entitled shall be deemed to have been surrendered and be paid, along with any interest accrued on such consideration, by the Depositary to Cenovus (or any successor) or Newco (or any successor), as applicable. Any payment made by way of cheque by the Depositary pursuant to this Plan of Arrangement that has not been deposited or has been returned to the Depositary or that otherwise remains unclaimed, in each case on or prior to the Business Day immediately preceding the third anniversary of the Effective Date and any right or claim to payment under this Plan of Arrangement that remains outstanding on or prior to the Business Day immediately preceding the third anniversary of the Effective Date shall cease to represent a right or claim of any kind or nature and the right of any affected security holder to receive the consideration for any affected securities pursuant to this Plan of Arrangement shall terminate and be deemed to be surrendered and forfeited to Cenovus (or Gear, as applicable) for no consideration.

ARTICLE 5 DISSENT RIGHTS

5.1 Dissent Rights

- (a) Registered holders of Gear Shares may exercise Dissent Rights with respect to Gear Shares held by such holder in connection with the Arrangement pursuant to, and the manner set forth in, Section 191 of the ABCA as modified by the Interim Order, this Section 5.1 or the Final Order.
- (b) Dissenting Shareholders who duly exercise their Dissent Rights shall be deemed to have transferred the Gear Shares held by them and in respect of which Dissent Rights have been validly exercised to Cenovus free and clear of all Liens, as provided in Section 3.1(a) of this Plan of Arrangement, notwithstanding Section 191 of the ABCA, and if they:
 - (i) are ultimately entitled to be paid fair value for their Gear Shares, they shall be: (A) deemed not to have participated in the transactions in Article 3 (other than Section 3.1(a)); and (B) paid an amount equal to such fair value by Cenovus determined as of the close of business on the last Business Day before the Arrangement Resolution was adopted and will not be entitled to any other payment or consideration, including any payment that would be payable under the Arrangement had such registered Gear Shareholders not exercised their Dissent Rights in respect of such Gear Shares; or
 - (ii) are ultimately not entitled, for any reason, to be paid fair value for their Gear Shares, shall be deemed to have participated in the Arrangement, as of the Effective Time, on the same basis as a non-dissenting registered holder of Gear Shares and shall be entitled to receive only the consideration contemplated in Section 3.1 hereof that such Gear Shareholder

would have received pursuant to the Arrangement if such Gear Shareholder had not exercised Dissent Rights,

but further provided that in no case shall Gear or Cenovus (or any of their respective successors) or any other Person be required to recognize Gear Shareholders who exercise Dissent Rights as holders of Gear Shares after the Effective Time. In addition to any other restrictions in section 191 of the ABCA, neither holders of Gear Options nor Gear Shareholders who have voted in favour of the Arrangement Resolution shall be entitled to exercise Dissent Rights. A Gear Shareholder may only exercise Dissent Rights in respect of all, and not less than all, of such holder's Gear Shares.

ARTICLE 6 COMPANY CERTIFICATES

6.1 Effect of Arrangement

After the Effective Time, certificates formerly representing Gear Shares shall represent only the right to receive the ultimate consideration which the former holder of such Gear Shares is entitled to receive pursuant to Article 3 of this Plan of Arrangement, subject to compliance with the requirements set forth in this Article 6.

ARTICLE 7 AMENDMENT

7.1 Amendment of Plan of Arrangement

- (a) Gear, Newco and Cenovus reserve the right to amend, modify and/or supplement this Plan of Arrangement at any time and from time to time, provided that, if required by Laws, any amendment, modification or supplement must be contained in a written document which is filed with the Court and, if made following the Meeting, approved by the Court and communicated to Gear Shareholders in the manner required by the Court (if so required).
- (b) Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Gear and Cenovus at any time prior to or at the Meeting with or without any other prior notice or communication and, if so proposed and accepted by the Persons voting at the Meeting, shall become part of this Plan of Arrangement for all purposes.
- (c) Any amendment, modification or supplement to this Plan of Arrangement which is approved or directed by the Court following the Meeting shall be effective only if it is consented to by Gear, Newco and Cenovus (acting reasonably), and if required by the Court, it is consented to by Gear Shareholders of some or all of the Gear Shares.
- (d) Any amendment, modification or supplement to this Plan of Arrangement may be made following the granting of the Final Order without filing such amendment, modification or supplement with the Court or seeking Court approval; provided that it concerns a matter which, in the reasonable opinion of Cenovus, Newco and Gear, is of an administrative nature required to give effect to the implementation of this Plan of Arrangement and is not adverse to the interest of any Gear Shareholder.
- (e) Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date upon written agreement by Cenovus, Newco and Gear provided that, it concerns

a matter which, in the reasonable opinion of Cenovus, Newco and Gear is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement.

- (f) This Plan of Arrangement may be withdrawn prior to the Effective Time in accordance with the terms of the Arrangement Agreement.
- (g) Notwithstanding the foregoing provisions of this Section 7.1, no amendment, modification or supplement to this Plan of Arrangement may be made prior to the Effective Time except in accordance with the terms of the Arrangement Agreement.

**SCHEDULE 1
TO PLAN OF ARRANGEMENT
SHARE PROVISIONS OF CLASS A COMMON SHARES OF GEAR ENERGY LTD. (THE
"CORPORATION")**

CLASS A COMMON SHARES

1.1 Voting

The holders of the Class A Common Shares shall be entitled to receive notice of and to attend all meetings of shareholders of the Corporation and shall have one (1) vote for each Class A Share held at all meetings of the shareholders of the Corporation, except meetings at which only holders of another specified class or series of shares of the Corporation are entitled to vote separately as a class or series.

1.2 Dividends

Subject to the prior rights of the holders of any other shares ranking in priority to the holders of the Class A Common Shares with respect to priority in the payment of dividends, the holders of the Class A Common Shares shall be entitled to receive and the Corporation shall pay thereon, as and when declared by the directors of the Corporation out of the monies of the Corporation properly available for the payment of dividends, dividends in such amount and in such form as the directors of the Corporation may from time to time determine and all dividends which the directors of the Corporation may declare on the Class A Common Shares shall be declared and paid in equal amounts per share on all Class A Common Shares at the time outstanding.

1.3 Dissolution, Liquidation or Winding-up

In the event of the dissolution, liquidation or winding-up of the Corporation or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs or upon a reduction in capital, the holders of the Class A Common Shares shall, subject to the prior rights of the holders of any other shares ranking in priority to the Class A Common Shares in respect of priority in the distribution of assets upon the dissolution, liquidation or winding-up of the Corporation or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs or upon a reduction in capital, be entitled to receive, rateably with holders of shares of any other class of shares of the Corporation ranking equally with the Class A Common Shares, the remaining assets and property of the Corporation.

SCHEDULE "B"

FORM OF GEAR SUPPORT AGREEMENT

SUPPORT AGREEMENT

THIS SUPPORT AGREEMENT is made effective as of December 1, 2024,

BETWEEN:

CENOVUS ENERGY INC., a corporation existing under the federal laws of Canada
(the “**Corporation**”)

- and -

[●]
(the “**Securityholder**”)

WHEREAS the Corporation and Gear Energy Inc. (“**Gear**”) have, concurrently with the execution and delivery of this Agreement, entered into an arrangement agreement (as the same may be amended, modified or supplemented from time to time, the “**Arrangement Agreement**”), regarding a proposed arrangement under section 193 of the *Business Corporations Act* (Alberta) involving, among others, Gear, NewCo, the Corporation and Gear Shareholders (as the same may be amended, modified or supplemented from time to time, the “**Arrangement**”);

AND WHEREAS the Arrangement contemplates, among other things, that the Corporation will acquire all of the issued and outstanding Gear Shares in accordance with the terms and conditions set forth in the plan of arrangement (as the same may be amended, modified or supplemented from time to time) attached as Schedule A to the Arrangement Agreement;

AND WHEREAS, as of the date hereof, the Securityholder beneficially owns, and exercises control or direction over, the Subject Securities as more particularly set out in Schedule A hereto;

AND WHEREAS the Securityholder understands and acknowledges that the Corporation is entering into the Arrangement Agreement in reliance upon the execution and delivery of this Agreement by the Securityholder and the terms and conditions contained herein and, in consideration for the Corporation entering into the Arrangement Agreement, the Securityholder agrees to be bound by this Agreement, which sets out the terms and conditions upon which it has agreed, among other things, to support the Arrangement and to cause the Subject Securities to be voted in favour of the Arrangement;

NOW THEREFORE, in consideration of the foregoing and the mutual covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each of the Parties), the Parties covenant and agree as follows:

1. Definitions

Capitalized terms not otherwise defined in this Agreement shall have the meanings specified in the Arrangement Agreement.

In this Agreement (including the recitals hereto):

- (a) “**Agreement**” means this support agreement, as amended, modified or supplemented from time to time;

- (b) “**Arrangement**” has the meaning ascribed thereto in the recitals to this Agreement;
- (c) “**Arrangement Agreement**” has the meaning ascribed thereto in the recitals to this Agreement;
- (d) “**Party**” means a party to this Agreement, and “**Parties**” means all parties to this Agreement;
- (e) “**Securityholder**” has the meaning ascribed thereto in the recitals to this Agreement; and
- (f) “**Subject Securities**” means all Gear Shares beneficially owned, or over which control or direction is exercised, by the Securityholder, including any Gear Shares issued to the Securityholder after the date hereof pursuant to the exercise of any Gear Options and all Gear Shares over which the Securityholder otherwise acquires beneficial ownership or control or direction over after the date hereof.

2. Securityholder Covenants

The Securityholder irrevocably covenants and agrees to and for the benefit of the Corporation that, until the termination of this Agreement in accordance with its terms, the Securityholder shall:

- (a) vote or cause to be voted (in person or by proxy) all of the Subject Securities at the Meeting (or any adjournment or postponement thereof) to approve:
 - (i) the Arrangement Resolution; and
 - (ii) any other transaction, matter or resolution contemplated by the Arrangement Agreement, or requiring the consent of the Securityholder, that could reasonably be expected to be required to complete the Arrangement or as required in furtherance of the actions contemplated thereby;
- (b) vote or cause to be voted (in person or by proxy) all of the Subject Securities against, and, in the case of Section 2(a)(i), not tender or cause to be tendered any Subject Securities to:
 - (i) any corporate transaction, such as a business combination, arrangement, amalgamation, merger, consolidation, reorganization, recapitalization, liquidation, material asset sale, take-over bid, exchange offer, change of control or similar transaction involving Gear, or any of its subsidiaries (other than the Arrangement and the Arrangement Resolution), or any resolution to approve, ratify or adopt any of the foregoing;
 - (ii) other than the Arrangement or the Arrangement Resolution, a sale, lease or exchange of all or substantially all of the property of Gear or the issuance of any securities of Gear requiring shareholder approval; and
 - (iii) any resolution, transaction or other action that is inconsistent with, or could reasonably be expected to impede, interfere with, prevent, delay, postpone or adversely affect, the Arrangement or any of the other matters and transactions contemplated by the Arrangement Agreement, including, without limitation, any Acquisition Proposal in respect of Gear;

- (c) except to the extent permitted hereunder, not take any action of any kind which would cause any of its representations or warranties in this Agreement to become untrue or which could reasonably be expected to impede, interfere with, prevent, delay, postpone or adversely affect, the Arrangement or any of the other matters and transactions contemplated by the Arrangement Agreement;
- (d) not exercise or assert (or permit to be exercised or asserted on its behalf): (i) any Dissent Rights or any other rights of dissent or appraisal with respect to any of the Subject Securities in respect of the Arrangement or the Arrangement Resolution, all of which rights are hereby irrevocably waived by the Securityholder to the fullest extent permitted by Laws; or (ii) any other rights or remedies with respect to any of the Subject Securities that are available at common law or pursuant to the ABCA, Applicable Canadian Securities Laws or any other Laws that could reasonably be expected to impede, interfere with, prevent, delay, postpone or adversely affect, the Arrangement or any of the other matters and transactions contemplated by the Arrangement Agreement;
- (e) not sell, transfer, gift, assign, convey, pledge, hypothecate, encumber, grant a security interest in or option, or enter into any derivative transactions in respect of, or otherwise dispose of any right or interest (including any economic consequence of ownership) in, any of the Subject Securities (other than Gear Options forming part of the Subject Securities, in respect of which the Securityholder covenants and agrees that the Securityholder will enter into an Option Surrender Agreement in accordance with Subsection 2.6(b) of the Arrangement Agreement prior to the time that the application for the Interim Order is heard), or enter into any agreement, arrangement, commitment or understanding in connection therewith, other than pursuant to the Arrangement, or permit any affiliate of the Securityholder to do any of the foregoing without the prior written consent of the Corporation;
- (f) not grant or agree to grant any proxy, power of attorney or other right to vote any of the Subject Securities, deposit any of the Subject Securities into a voting trust or pooling agreement, or enter into any agreement, commitment, understanding or arrangement, oral or written, with respect to the voting of any of the Subject Securities other than as provided in this Agreement and with respect to any other matter that may be considered at the Meeting;
- (g) not requisition or join in the requisition of any meeting of Gear Shareholders or any other securities of Gear for the purpose of considering any resolution: (i) that could reasonably be expected to impede, interfere with, prevent, delay, postpone or adversely affect the Arrangement or any of the other matters and transactions contemplated by the Arrangement Agreement; or (ii) regarding an Acquisition Proposal in respect of Gear;
- (h) not take or omit to take any action that would cause any representation or warranty of the Securityholder contained herein to become untrue or incorrect in any material respect, and promptly notify the Corporation upon any of the Securityholder's representations or warranties contained in this Agreement becoming untrue or incorrect in any material respect, and for the purposes of this provision, each representation and warranty shall be deemed to be given at and as of all times during such period (irrespective of any language which suggests that it is only being given as at the date hereof);
- (i) not bring, or threaten to bring, any suits or proceedings for the purpose of, directly or indirectly, impeding, interfering with, preventing, delaying, postponing, varying or

adversely affecting the Arrangement or any of the other matters and transactions contemplated by the Arrangement Agreement;

- (j) not do indirectly, including through any affiliate or Representative, that which it may not do directly by the terms of this Section 2;
- (k) if it is a director of Gear or any subsidiary of Gear, as applicable, resign as a director of Gear and any subsidiary of Gear, as applicable, effective as of the Effective Date, and to provide a mutual release to the Corporation and its affiliates and successors in a form satisfactory to the Corporation and the Securityholder, each acting reasonably; and
- (l) execute and deliver, or cause to be executed and delivered, such additional or further consents, documents or other instruments as the Corporation may reasonably request for the purposes of effectively carrying out the matters contemplated by this Agreement and the Arrangement Agreement.

3. Grant of Proxy

The Securityholder hereby covenants and agrees in favour of the Corporation that:

- (a) promptly following the mailing of the Circular in respect of the Meeting, and in any event at least five (5) days prior to the Meeting (including any adjournments and postponements thereof), the Securityholder shall duly complete and cause forms of proxy or voting instruction forms, as applicable, in respect of all the Subject Securities to be validly delivered as required to cause the Subject Securities to be voted to approve the Arrangement Resolution and any and all related matters in furtherance of the Arrangement to be put before the Gear Shareholders at the Meeting and to be voted to oppose any proposed action by any person whatsoever which could reasonably be expected to impede, interfere with, prevent, delay, postpone or adversely affect, the Arrangement or any of the other matters and transactions in furtherance of the Arrangement and contemplated by the Arrangement Agreement; and
- (b) such forms of proxy or voting instruction forms, as applicable, shall not be revoked or withdrawn, unless prior written consent from the Corporation has been obtained or this Agreement is terminated in accordance with its terms.

4. Non-Solicitation

The Securityholder agrees that, subject to Section 8 hereof, it will not directly or indirectly:

- (a) solicit, facilitate, assist, initiate, entertain, encourage or take any action whatsoever to solicit, facilitate, assist, initiate, entertain or encourage any inquiries or communication regarding, or the making of, any inquiry, proposal or offer that constitutes or may constitute an Acquisition Proposal, including by way of the furnishing of information or access to properties, facilities or books or records; and
- (b) enter into or otherwise engage or participate in any discussions or negotiations or initiate any discussion regarding an Acquisition Proposal, or furnish to any other person any information with respect to the business, properties, operations, prospects or conditions (financial or otherwise) of Gear in connection with any inquiry, proposal or offer that constitutes or may constitute an Acquisition Proposal or otherwise cooperate in any way

with, or participate in, facilitate or encourage, any effort or attempt of any other person to do or seek to do any of the foregoing.

5. Securityholder Representations and Warranties

The Securityholder represents and warrants to the Corporation as follows, and acknowledges that the Corporation is relying upon such representations and warranties in connection with the matters contemplated by this Agreement and the Arrangement Agreement:

- (a) the Securityholder has all necessary power, authority, right and capacity to execute and deliver this Agreement, and to perform the Securityholder's obligations hereunder and complete the transactions contemplated hereby;
- (b) this Agreement has been duly executed and delivered by the Securityholder and constitutes a legal, valid and binding agreement of the Securityholder enforceable against it in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency and other laws affecting the rights of creditors generally and except that equitable remedies such as specific performance and injunction may be granted only in the discretion of a court of competent jurisdiction;
- (c) none of the execution, delivery or performance of this Agreement by the Securityholder, or completion of the transactions contemplated hereby, violates or constitutes a breach or default under, or conflicts with (or would with the giving of notice, the lapse of time or the happening of any other event or condition violate or constitute a breach or default under, of conflict with) any agreement, arrangement, understanding or restriction of any kind, including pursuant to any Applicable Laws, to which the Securityholder is a party or by which it is bound, except in each case as would not impair the ability of the Securityholder to perform its obligations hereunder;
- (d) as of the date hereof: (i) the Securityholder beneficially owns or exercises control and direction over, the number and type of Subject Securities set forth on Schedule A hereto; (ii) the Subject Securities as set forth in Schedule A hereto are the only securities of Gear beneficially owned by the Securityholder or over which the Securityholder exercises control or direction; and (iii) no person has any agreement, option, or any right or privilege (by Law or contract) capable of becoming an agreement or option, for the purchase, acquisition or transfer of the Subject Securities, or any interest therein or right thereto (including any right to vote), other than pursuant to this Agreement and the Arrangement Agreement and, in the case of the Gear Options, as expressly provided in the terms of the Gear Option Plan;
- (e) the Securityholder has the sole and exclusive right to sell and vote or direct the sale and voting of the Subject Securities set forth opposite its name on Schedule A hereto, including any Gear Shares issuable on settlement of Gear Options;
- (f) other than pursuant to this Agreement, the Subject Securities are not subject to any shareholders' agreement, voting trust, pooling agreement or similar agreement, commitment, understanding or arrangement, or any right or privilege (by Law or contract) capable of becoming a shareholders' agreement, voting trust, pooling agreement or similar agreement, commitment, understanding or arrangement, other than this Agreement;

- (g) there is no proxy in existence, nor has the Securityholder agreed to grant any proxy, with respect to any of the Subject Securities, except for the proxy given by the Securityholder in accordance with this Agreement;
- (h) no consent, waiver, approval, authorization, exemption, registration, license or declaration of or by, or filing with, or notification to any Governmental Authority is required to be made or obtained by the Securityholder in connection with: (i) the execution and delivery by the Securityholder and performance of the terms hereof by the Securityholder of this Agreement; or (ii) the consummation of any of the transactions by the Securityholder provided for herein; and
- (i) there is no claim, action, lawsuit or other legal proceeding in progress or pending or, to the knowledge of the Securityholder, threatened against it that adversely affects the Securityholder's ability to enter into this Agreement and perform its obligations hereunder, or its title to any of the Subject Securities.

6. Representations and Warranties of the Corporation

The Corporation represents and warrants to the Securityholder as follows, and acknowledges that the Securityholder is relying upon such representations and warranties in connection with the matters contemplated by this Agreement and the Arrangement Agreement:

- (a) the Corporation has all necessary power, authority, right and capacity to execute and deliver this Agreement, and to perform its obligations hereunder and complete the transactions contemplated hereby;
- (b) this Agreement has been duly executed and delivered by the Corporation and constitutes a legal, valid and binding agreement of the Corporation enforceable against it in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency and other laws affecting the rights of creditors generally and except that equitable remedies such as specific performance and injunction may be granted only in the discretion of a court of competent jurisdiction;
- (c) none of the execution, delivery or performance of this Agreement by the Corporation, or completion of the transactions contemplated hereby, violates or constitutes a breach or default under, or conflicts with (or would with the giving of notice, the lapse of time or the happening of any other event or condition violate or constitute a breach or default under, of conflict with) any agreement, arrangement, commitment, understanding or restriction of any kind, including pursuant to any Applicable Laws, to which the Corporation is a party or by which it is bound, except in each case as would not impair the ability of the Corporation to perform its obligations hereunder; and
- (d) there is no claim, action, lawsuit or other legal proceeding in progress or pending or, to the knowledge of the Corporation, threatened against it or any of its affiliates that adversely affects the Corporation's ability to enter into this Agreement and perform its obligations hereunder.

7. Control over Corporation or Trust

If any of the Subject Securities are held through a corporation or trust over which the Securityholder has control, within the meaning of the *Securities Act* (Alberta) (either alone or in conjunction with any other

person), the Securityholder shall act, vote and exercise its power and authority to ensure that this Agreement is complied with by such corporation or trust.

8. No Limit on Fiduciary Duty

The Corporation acknowledges and agrees that the Securityholder is bound hereunder solely in his or her capacity as a holder of the Subject Securities, and, if the Securityholder is a director and/or officer of Gear, that the provisions hereof shall not be deemed or interpreted to bind the Securityholder in his or her capacity as a director or officer of Gear and this Agreement shall not: (a) restrict, limit or prohibit the Securityholder from exercising (in his or her capacity as a director or officer) his or her fiduciary duties under Applicable Laws (including any action permitted by the Arrangement Agreement); or (b) require the Securityholder, in his or her capacity as an officer, if applicable, of Gear, to take any action in contravention of, or omit to take any action pursuant to, or otherwise take or refrain from taking any actions which are inconsistent with, instructions or directions of the board of directors of Gear undertaken in the exercise of his or her fiduciary duties.

9. Termination

This Agreement and the Parties' respective rights and obligations hereunder shall terminate on the earliest of:

- (a) the Corporation providing written notice of termination to the Securityholder;
- (b) the Securityholder providing written notice of termination to the Corporation if the Arrangement Agreement or Plan of Arrangement is amended resulting in a reduction or change in form of the consideration payable or issuable to the Securityholder thereunder;
- (c) the mutual written consent of the Corporation and the Securityholder, by instrument in writing signed by each Party, to terminate this Agreement;
- (d) the time (if any) at which the Arrangement Agreement is terminated in accordance with its terms;
- (e) the Effective Time; and
- (f) the Outside Date.

Upon termination or expiration of this Agreement, neither Party shall have any further obligations or liabilities under this Agreement, provided, however, that (i) the provisions of Sections 10-22, inclusive, shall survive termination of this Agreement, and (ii) nothing herein shall relieve a Party from liability for any breach of this Agreement that occurs prior to termination, or prejudice the rights of the other Parties as a result of any such breach.

10. Remedies

Each Party acknowledges and agrees that if any provisions of this Agreement are not performed in accordance with their specific terms or are otherwise breached, the non-breaching Party would suffer irreparable harm for which monetary damages would not be an adequate remedy. Accordingly, in addition to (and without limiting) any other remedies available at law or equity, a non-breaching Party shall be entitled to seek equitable relief, including remedies of specific performance and temporary and permanent injunctive relief, to enforce performance and/or restrain any actual or threatened non-performance or other

breach, without any requirement for security or posting of any bond in connection with the obtaining of such equitable relief (any such requirement being hereby waived by the Parties).

11. Entire Agreement; Amendments and Waivers

This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior negotiations, understandings and agreements. No amendment, modification or supplement to this Agreement shall be valid or binding unless set forth in writing and executed by the Parties. A waiver of any default, breach or non-compliance under this Agreement shall not be effective unless set forth in writing and signed by the Party to be bound by the waiver and, unless otherwise specified in such writing, the waiver shall be limited to the specific default, breach or non-compliance waived and shall not constitute a continuing waiver or apply to any subsequent default, breach or non-compliance.

To the extent that the Arrangement Agreement is amended, modified, restated, replaced or superseded from time to time, all references herein to the Arrangement Agreement shall be to the Arrangement Agreement as amended, modified or restated from time to time or to the agreement which has replaced or superseded it from time to time, and all references to particular sections of the Arrangement Agreement shall be deemed to be references to the analogous provision in the Arrangement Agreement as amended, modified or restated from time to time or to the agreement which has replaced or superseded it from time to time.

12. Assignment

No Party may assign any of its rights or obligations under this Agreement without the prior written consent of the other Party.

13. Disclosure

Prior to the first public disclosure by the Corporation and Gear of the existence and terms and conditions of this Agreement, neither of the Parties shall disclose the existence of this Agreement or any details hereof, or the possibility of the Arrangement or any terms or conditions or other information concerning the Arrangement to any Person other than the Securityholder's advisors, or the directors, officers and advisors of the Corporation, Gear and their respective affiliates, without the prior written consent of the other Party, except to the extent required by Applicable Laws or any applicable stock exchange rules or policies of regulatory authorities. The existence and terms and conditions of this Agreement may be disclosed by the Corporation and Gear in the press release issued in connection with the execution of the Arrangement Agreement and other public disclosure documents in accordance with Applicable Canadian Securities Laws and a copy of this Agreement may be filed by Gear with securities regulatory authorities. The Securityholder covenants and represents and warrants that information relating to the Securityholder furnished by the Securityholder for inclusion in the Circular or any other public disclosure document in connection with the Arrangement will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading.

14. Notices

Any notice or other communication required or permitted to be given hereunder shall be given in writing and shall be sufficiently given if delivered personally (including by courier service) or transmitted by electronic mail with receipt confirmed by the recipient, addressed as follows:

- (a) if to the Securityholder:

Gear Energy Inc.
Suite 800, 205 – 5th Avenue SW
Bow Valley Square II
Calgary, Alberta T2P 2V7

Attention: Kevin Johnson, President and Chief Executive Officer
E-mail: *[email redacted]*

with a copy to (which shall not constitute notice):

Burnet, Duckworth & Palmer LLP
2400, 525 – 8th Avenue SW
Calgary, Alberta T2P 1G1

Attention: Ted Brown
E-mail: *[email redacted]*

(b) if to the Corporation:

Cenovus Energy Inc.
225 – 6th Ave SW
PO Box 766
Calgary, Alberta T2P 0M5

Attention: Jeff Lawson, Senior Vice President, Corporate Development & Acting
Chief Sustainability Officer
E-mail: *[email redacted]*

with a copy to (which shall not constitute notice):

McCarthy Tetrault LLP
4000, 421 – 7th Avenue SW
Calgary, Alberta T2P 4K9

Attention: John Piasta
E-mail: *[email redacted]*

or to such other address as may from time to time be substituted by the addressee by notice given as herein provided. Any notice or other communication delivered in person or sent by electronic mail shall be deemed to have been given on: (i) in the case of personal delivery, the date of actual delivery; and (ii) in the case of electronic mail, on the date on which the recipient confirms receipt; except that if such date is not a business day in the place of receipt, or if the personal delivery or electronic mail transmission occurs after 4:00 p.m. in the place of receipt, then the notice or other communication shall be deemed to have been given on the next following business day.

15. Interpretation

- (a) Words importing the singular number only shall include the plural and vice versa. Words importing gender shall include all genders. If a word is defined in this Agreement, a grammatical derivative of that word will have a corresponding meaning. Where the word “**including**” is used in this Agreement it means “including without limitation”. Unless

otherwise stated, reference to a particular “Section” means the corresponding section of this Agreement. The division of this Agreement into Sections and other subdivisions, and the insertion of descriptive headings, are for convenience of reference only and shall not affect the construction hereof. Schedule A hereto forms an integral part of this Agreement. Time shall be of the essence of this Agreement.

- (b) Where this Agreement states that a Party “**will**”, “**must**” or “**shall**” perform in some manner or otherwise act or omit to act, it means that such Party is legally obligated to do so in accordance with this Agreement.
- (c) The terms “**hereof**”, “**herein**”, “**hereunder**”, “**hereto**” and similar expressions refer to this Agreement and not to any particular section or other portion hereof, and include any agreement supplemental hereto.
- (d) The Parties have participated jointly in the negotiation and drafting of this Agreement. If an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favouring or disfavouring any Party because of the authorship of any provision of this Agreement.

16. Severability

Any provision of this Agreement that is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability and shall be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement (which shall remain in full force and effect) or affecting the validity or enforceability of such provision in any other jurisdiction.

17. Further Assurances

Each Party shall, from time to time, and at all times hereafter, at the request of any other Party, but without further consideration, do all such further acts and execute and deliver all such further documents and instruments as the other Party may reasonably require to carry out and give effect to the intent and meaning hereof.

18. Independent Legal Advice

The Securityholder acknowledges that it has been afforded the opportunity to obtain independent legal advice and confirms by the execution and delivery of this Agreement that the Securityholder has either done so or waived their right to do so in connection with the entering into of this Agreement.

19. Costs and Expenses

Each Party shall bear and be solely responsible for the fees, charges and disbursements of its respective financial, legal and other advisors, and all other costs and expenses of any nature or kind whatsoever, howsoever incurred, in connection with the preparation, execution, delivery and performance of this Agreement and completion of the transactions contemplated hereby and by the Arrangement Agreement.

20. Enurement

This Agreement will be binding upon and enure to the benefit of each Party and their respective successors and permitted assigns.

21. Governing Law

This Agreement shall be governed by and construed and enforced in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein, without giving effect to any conflict of laws principles thereunder that would otherwise require the application of the laws of another jurisdiction. Each Party irrevocably attorns and submits to the jurisdiction of the courts of the Province of Alberta in respect of any disputes or other matters arising under or in relation to this Agreement, and waives any objection to the venue of any proceeding in such court or that such court provides an inconvenient forum.

22. Counterparts

This Agreement may be executed and delivered in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument. Delivery by any Party of an executed signature page to this Agreement by portable document format (PDF) or other electronic transmission shall be as effective as delivery by such Party of a manually executed counterpart.

[remainder of page intentionally left blank – signature page follows]

IN WITNESS WHEREOF the undersigned parties have executed this Support Agreement as of the date first written above.

CENOVUS ENERGY INC.

By: _____

Name:

Title:

By: _____

Name:

Title:

(Print Name of Securityholder)

(Signature of Securityholder or Authorized Signatory)

(Print Name and Title)

SCHEDULE A

to the Support Agreement dated as of December 1, 2024
between Cenovus Energy Inc. and [●]

SUBJECT SECURITIES

Registered Holder	Gear Shares	Gear Options
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]

SCHEDULE "C"

FORM OF ASSET CONVEYANCE AGREEMENT

ASSET CONVEYANCE AGREEMENT

THIS AGREEMENT made as of the • day of •, 2025.

AMONG:

GEAR ENERGY LTD., a corporation existing under the laws of the Province of Alberta ("**Gear**")

AND

2640847 ALBERTA LTD., a corporation existing under the laws of the Province of Alberta ("**Newco**")

AND

CENOVUS ENERGY INC. a corporation existing under the laws of Canada ("**Cenovus**")

WHEREAS all of the transactions contemplated herein shall be completed in accordance with the Plan of Arrangement substantially in the form set out in Schedule "A" attached to the arrangement agreement entered into among the Parties dated effective the 1st day of December, 2024, as amended, supplemented or restated from time to time (the "**Arrangement Agreement**");

AND WHEREAS as at the effective time of Step 3.1(e) of the Plan of Arrangement, Gear will be the sole shareholder of Newco;

AND WHEREAS pursuant to the Plan of Arrangement, Gear shall convey the Newco Assets to Newco and Newco shall receive the Newco Assets from and assume certain liabilities of Gear subject to and upon the terms of this Agreement, the Arrangement Agreement and the Plan of Arrangement;

NOW THEREFORE in consideration of the premises hereto and of the covenants, warranties, representations, agreements and payments herein set forth and provided for, the Parties covenant and agree as follows:

ARTICLE 1 **INTERPRETATION**

1.1 Definitions

In this Agreement, including the recitals hereto, the following terms have the following meanings:

- (a) "**Abandonment and Reclamation Obligations**" means all past, present and future obligations under the Title and Operating Documents, Applicable Law or common law to:
- (i) abandon wells;
 - (ii) close, decommission, dismantle and remove tangibles, structures, foundations, buildings, pipelines, equipment and other facilities located on lands or lands pooled or unitized therewith in respect of Petroleum Substances produced from the lands or lands pooled or unitized therewith; and
 - (iii) restore, remediate and reclaim the surface or sub-surface associated with the foregoing and lands used to gain access thereto, including the Surface Rights;

and including such obligations relating to wells and tangibles which were abandoned, abandoned and reclamation certified, removed or decommissioned prior to the Effective Time;

- (b) "**AER**" means the Alberta Energy Regulator;
- (c) "**affiliate**" means any Person that is affiliated with another Person in accordance with the meaning of the *Securities Act*;
- (d) "**Agreement**" means this agreement (including the recitals and schedules attached hereto), as amended, supplemented or restated from time to time;
- (e) "**Applicable Laws**" in the context that refers to one or more Persons, means any domestic or foreign, federal, state, provincial or local law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or other similar requirement enacted, adopted, promulgated or applied by a Governmental Authority, and any terms and conditions of any grant of approval, permission, authority or licence of any Governmental Authority that is binding upon or applicable to such Person or Persons or its or their business, undertaking, property or securities;
- (f) "**Arrangement Agreement**" has the meaning ascribed thereto in the recitals;
- (g) "**Assessment**" has the meaning ascribed thereto in Subsection 2.2(e)(i);
- (h) "**Assumed Contracts**" means all agreements, contracts, notes, loans, evidences of indebtedness, purchase orders, letters of credit, guarantees, undertakings, covenants not to compete, employment agreements, licences, instruments, obligations or commitments to which Gear is a party or is bound and which relate to the Newco Assets, or to the business of Gear as at or immediately prior to the Effective Time, whether oral or written but specifically excluding the Excluded Contracts and the Excluded Liabilities;
- (i) "**Assumed Liabilities**" means all Losses and Liabilities of Gear or any of its predecessors in interest associated with:
 - (i) the Newco Assets whether before, on or after the Effective Time (excluding in all cases the Excluded Liabilities); or
 - (ii) the business of Gear as at or prior to the Effective Time (excluding in all cases the Excluded Liabilities),
 including in respect of:
 - (iii) the Assumed Contracts;
 - (iv) Environmental Liabilities relating to the Newco Assets whether occurring or accruing before, on or after the Effective Time;
 - (v) accounts payable and accrued liabilities;
 - (vi) any letters of credit or other forms of security in favour of any third party or any Governmental Authority pursuant to any Applicable Law;
 - (vii) any and all Taxes applicable to the Newco Assets accruing after the Effective Time, royalty or joint venture audits or thirteenth month adjustments in respect of the Newco Assets;

- (viii) obligations to its past or present employees and past or present independent contractors, including the Gear Employee Obligations;
- (ix) the Gear Employee Plans; and
- (x) litigation matters and Claims, including those disclosed in the Gear Disclosure Letter;
- (j) "**ATB**" means ATB Financial;
- (k) "**Books and Records**" means all current and historical books, records and data of Gear and its predecessors in hard copies, electronic or other format which relate to the Newco Assets, including, without limitation, all accounting books and records, financial statements, records, reports, corporate books and records, Tax records (including, without limitation, the general ledger, trial balance and working papers for the 2016-2024 tax years), Tax Returns and Tax filings and assessments, and all other documents, files, data, information and correspondence relating to the Newco Assets;
- (l) "**Business Day**" means a day, other than a Saturday, Sunday or statutory holiday, when banks are generally open in the City of Calgary, in the Province of Alberta, for the transaction of commercial business;
- (m) "**Calgary Office Lease**" means the lease for office space agreement dated *[date redacted]*, between *[party name redacted]*, as lessor, and Gear Energy Ltd., as lessee (as the same may be amended, renewed, extended, restated or otherwise modified from time to time);
- (n) "**Cenovus**" has the meaning ascribed thereto in the recitals;
- (o) "**Cenovus Contribution Amount Adjustment Procedure**" means the adjustment procedure attached as Schedule "E" to the Arrangement Agreement;
- (p) "**Claims**" means any cause of action, action, account, lien of any kind whatsoever, claims, demands, lawsuits, audits, assessments, reassessments, unsatisfied judgments, penalties or awards, arbitrations or proceedings including any proceeding or investigation by a Governmental Authority or agency thereof arising from the matter;
- (q) "**Court Adjustment**" has the meaning ascribed thereto in Subsection 2.2(g)(ii);
- (r) "**Economic Effective Date**" has the meaning ascribed thereto in the Escrow Agreement;
- (s) "**Effective Date**" has the meaning ascribed thereto in the Plan of Arrangement;
- (t) "**Effective Time**" has the meaning ascribed thereto in the Plan of Arrangement;
- (u) "**Encumbrance**" means, in the case of property or an asset, all mortgages, pledges, charges, liens, debentures, hypothecs, trust deeds, outstanding demands, burdens, capital leases, assignments by way of security, security interests, conditional sales contracts or other title retention agreements or similar interests or instruments charging, or creating a security interest in, or against title to, such property or assets, or any part thereof or interest therein, and any agreements, leases, options, ROFRs, easements, rights of way, restrictions, executions or other charges or encumbrances (including notices or other registrations in respect of any of the foregoing) (whether by Applicable Laws, contract or otherwise) against title to any of the property or asset, or any part thereof or interest therein or capable of becoming any of the foregoing;

- (v) "**Environment**" means the air, all layers of the atmosphere, surface water, underground water, any land or underground space, all living organisms and the interacting natural systems that include components of air, land, water, organic and inorganic matters and living organisms;
- (w) "**Environmental Liabilities**" means all Losses and Liabilities relating to the Environment or the protection or remediation thereof, however and by whomsoever caused, and whether caused by a breach of Applicable Laws or otherwise, including:
 - (i) Losses and Liabilities under Applicable Law in respect of the manufacture, processing, distribution, use, holding, collection, accumulation, generation, treatment, stabilization, storage, disposition, handling, transportation, or release of hazardous substances, oilfield wastes, produced water or other substances;
 - (ii) obligations to comply with Applicable Laws relating to the Environment or the protection thereof;
 - (iii) Abandonment and Reclamation Obligations;
 - (iv) obligations to sample, assess and monitor the Environment;
 - (v) obligations to remove, respond to, abate, clean-up, investigate or report contamination or pollution of and other adverse effects on the Environment;
 - (vi) obligations to compensate third parties for Losses and Liabilities suffered by them as a result of any of the occurrences in paragraphs (i) through (v) above; and
 - (vii) compliance with or the consequences of any non-compliance with, or violation or breach of, any Applicable Laws pertaining to the Environment;
- (x) "**Escrow Agreement**" has the meaning ascribed thereto in the Arrangement Agreement;
- (y) "**Excluded Assets**" means all Petroleum and Natural Gas Rights; Tangibles; and Miscellaneous Interests, located within the Excluded Whitemap Area; including all such interests set forth and described in Schedule "A" hereof, as well as the Normal Course Inventory Amount;
- (z) "**Excluded Contracts**" means all agreements, contracts, notes, purchase orders, covenants not to compete, licences, Title and Operating Documents, instruments, obligations or commitments to which Gear is a party or is bound and which relate to the Excluded Assets;
- (aa) "**Excluded Liabilities**" means: (i) all Liabilities (other than Environmental Liabilities) associated with the Excluded Contracts and the Excluded Assets occurring or accruing immediately following the Effective Time and thereafter; (ii) all Environmental Liabilities in respect of the Excluded Assets whether occurring or accruing before, on or after the Effective Time; and (iii) all Taxes of Gear attributable to the Newco Assets accruing prior to the Effective Time or to the conveyance of the Newco Assets by Gear to Newco;
- (bb) "**Excluded Whitemap Area**" means all Lands identified in the area outlined in Schedule "C" hereto;
- (cc) "**Facilities**" means all facilities used or useful in the production, compression, processing, gathering, transmission, injection, water disposal, measurement, storage or treatment of Petroleum Substances, including any separators, production storage facilities, warehouses, pipelines, flow lines, gathering systems, batteries, compressors and plants, insofar as, at or immediately prior to the Effective Time, Gear or any of its predecessors in interest has or had an interest, whether beneficial or legal, in such facilities, including:

- (i) in the case of the Excluded Assets, those Facilities listed in Part 3 of Schedule "A"; and
- (ii) in the case of the Newco Assets, those Facilities listed in Part 3 of Schedule "B";
- (dd) **"Final Order"** has the meaning ascribed thereto in the Arrangement Agreement;
- (ee) **"GAAP"** means accounting principles generally accepted in Canada applicable to public companies at the relevant time and which incorporates International Financial Reporting Standards as adopted by the Canadian Accounting Standards Board;
- (ff) **"Gear Credit Facility"** means the \$50,000,000 credit facilities that Gear has established with a syndicate of lenders led by ATB;
- (gg) **"Gear Disclosure Letter"** means the disclosure letter dated December 1, 2024 from Gear to Cenovus;
- (hh) **"Gear Employee Obligations"** has the meaning ascribed thereto in the Arrangement Agreement;
- (ii) **"Gear Employee Plans"** has the meaning ascribed thereto in the Arrangement Agreement;
- (jj) **"Governmental Authority"** means any: (i) domestic or foreign federal, territorial, provincial, state or local governmental, regulatory or administrative authority, department, court, agency, commission, board or tribunal or official; (ii) any subdivision, agency, agent or authority of any of the foregoing; or (iii) any quasi-governmental or private body, including any tribunal, commission, regulatory agency or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;
- (kk) **"GST"** means the goods and services tax imposed under the GST Legislation and includes, where applicable, tax payable in respect of a supply made in a Participating Province at the tax rate applicable for that province;
- (ll) **"GST Legislation"** means Part IX of the *Excise Tax Act*, R.S.C. 1985, c. E-15 and any successor or parallel federal or provincial legislation that imposes a tax on the recipient of goods and services;
- (mm) **"Intellectual Property Rights"** means:
 - (i) all domestic and foreign patents and applications thereof and all reissues, divisions, continuations, renewals, extensions, and continuations-in-part thereof;
 - (ii) all inventions (whether patentable or not), invention disclosures, improvements, trade secrets, proprietary information, know-how, technology, technical data, schematics and customer lists, and all documentation relating to the foregoing;
 - (iii) all copyrights, copyright registrations and applications thereof, and all other rights corresponding thereto;
 - (iv) all trade names, domain names, corporate names, brand names, trade dress, logos, common law trade-marks, trade-mark registrations and applications thereof;
 - (v) any proprietary rights in computer programs, applications and software (both in source code and object code format), including documentation and other materials related thereto;
 - (vi) all integrated circuit design, mask work, or topography registration or applications thereof; and

- (vii) other intellectual property or industrial property whatsoever, that are owned or used by Gear in connection with the business operated by Gear in respect of the Excluded Assets;
- (nn) "**Lands**" means the entire interest of Gear in and to all of Gear's lands and formations, and includes the Petroleum Substances within, upon or under such lands, together with the right to explore for and recover same insofar as granted by the Leases, as follows:
 - (i) in respect of the Excluded Assets, all lands within the Excluded Whitemap Area, including the lands identified in Part 1 of Schedule A (the "**Excluded Lands**"); and
 - (ii) in respect of the Newco Assets all lands that are not captured within 1.1(nn)(i) above, including the lands identified in Part 1 of Schedule "B"; (the "**Newco Lands**")
- (oo) "**Leases**" means, collectively, the various leases, reservations, Permits, licences, certificates of title and other documents of title by virtue of which the holder thereof is entitled to explore for, drill for, win, take, own, remove or dispose of the Petroleum Substances underlying all or any part of the Lands (or Lands with which the Lands are pooled or unitized), and includes if applicable, all renewals and extensions of those documents and all documents issued in substitution therefor;
- (pp) "**Letters of Credit**" means the letters of credit which have been issued under the Gear Credit Facility to the following counterparties in the following amounts:
 - (i) \$274,500.00 to British Columbia Oil & Gas Commission; and
 - (ii) \$459,553.00 to His Majesty the King in Right of Canada, as represented by the Canadian Energy Regulator (CER) or any successor administrative body;
- (qq) "**Liabilities**" means any and all liabilities and obligations, whether under common law, in equity, under Applicable Laws or otherwise, whether tortious, contractual, vicarious, statutory or otherwise, whether absolute or contingent, and whether based on fault, strict liability or otherwise;
- (rr) "**Lloyd Office Lease**" means the lease agreement dated *[date redacted]*, between *[party name redacted]*, as lessor, and Gear Energy Ltd., as lessee (as the same may be amended, renewed, extended, restated or otherwise modified from time to time);
- (ss) "**Losses**" means, in respect of a Person and in relation to a matter, any and all losses, Claims, damages, costs, expenses, awards, orders, settlements, charges (including all penalties, assessments and fines), judgements and other Liabilities and obligations (whether under common law, in equity, Applicable Laws or otherwise; whether tortious, contractual, vicarious, statutory or otherwise; whether absolute or contingent; and whether based on fault, strict liability or otherwise) which such Person suffers, sustains, pays or incurs in connection with such matter and includes Taxes, reasonable costs of outside legal counsel (on a solicitor and client basis) and other professional advisors and consultants and reasonable costs of investigating and defending Claims arising from the matter, regardless of whether such Claims are sustained;
- (tt) "**Miscellaneous Interests**" means the entire right, title and interest of Gear in and to all property, assets and rights that pertain to (but do not include) the Petroleum and Natural Gas Rights and the Tangibles, and to the operation thereof, including:
 - (i) the Title and Operating Documents and all other contracts, agreements, documents, production sales contracts, books and records relating to the Petroleum and Natural Gas Rights and the Tangibles and any and all rights in relation thereto;
 - (ii) the Surface Rights;

- (iii) any right or interest in or to any asset which relates to, but does not comprise part of, the Petroleum and Natural Gas Rights and the Tangibles;
- (iv) the Wells, including the well bores and down-hole casing for the Wells; and
- (v) Seismic Information;
- (uu) "**Newco**" has the meaning ascribed thereto in the recitals;
- (vv) "**Newco Assets**" has the meaning ascribed thereto in Section 2.1, but expressly excluding the Excluded Assets;
- (ww) "**Newco Shares**" means the common shares of Newco as constituted on the Agreement Date;
- (xx) "**Normal Course Inventory Amount**" means inventories of Petroleum Substances sufficient for the continued conduct of the business of Gear in respect of the Excluded Assets, consistent with past practice;
- (yy) "**Other Newco Assets**" means any Newco Assets other than the Seismic Information, Petroleum and Natural Gas Rights, Tangibles and Miscellaneous Interests,
- (zz) "**Participating Province**" has the meaning ascribed to that term in Part IX of the GST Legislation;
- (aaa) "**Parties**" means, collectively, the parties hereto and "**Party**" means any one of them;
- (bbb) "**Permits**" means all licences, permits, approvals and authorizations granted or issued by Governmental Authorities, including licences issued with respect to the Wells;
- (ccc) "**Person**" includes any individual, firm, partnership, joint venture, venture capital fund, association, trust, trustee, executor, administrator, legal personal representative, estate group, body corporate, corporation, unincorporated association or organization, Governmental Authority, syndicate or other entity, whether or not having legal status;
- (ddd) "**Personnel Costs**" has the meaning ascribed thereto in Section 2.8;
- (eee) "**Petroleum and Natural Gas Rights**" means the entire interest of Gear (whether absolute or contingent, legal or beneficial, present or future, vested or not, and whether or not an interest in land) in and to:
 - (i) the Lands and the Leases, to the extent they pertain to the Lands or lands with which the Lands are pooled or unitized;
 - (ii) any existing contractual right of Gear to earn an interest under a farmin or similar arrangement; and
 - (iii) interests (if any) in overriding royalties, net profits interests and similar interests;
- (fff) "**Petroleum Substances**" means crude oil, crude bitumen and products derived therefrom, synthetic crude oil, petroleum, natural gas, natural gas liquids, coalbed methane, and any and all other substances, whether liquid, solid or gaseous, and whether hydrocarbons or not, including sulphur, insofar as the same are granted by the Leases relating to the Lands;
- (ggg) "**Pipelines**" means:
 - (i) in the case of the Excluded Assets, those pipelines listed in Part 3 of Schedule "A"; and

- (ii) in the case of the Newco Assets, those pipelines listed in Part 3 of Schedule "B";
- (hhh) **"Plan of Arrangement"** means the plan of arrangement attached as Schedule "A" to the Arrangement Agreement;
- (iii) **"Post Closing Operation of Assets and Use of Emergency Response Plans Letter Agreement"** means the letter agreement in the form attached hereto as Schedule "D".
- (jjj) **"Purchase Price"** has the meaning ascribed thereto in Section 2.2;
- (kkk) **"Related Person"** means, in respect to a Party, that Party's affiliates, together with that Party's and its affiliates' directors, officers, employees, contractors and agents;
- (lll) **"ROFR"** means a right of first refusal, preferential right of purchase or similar contractual right which, as a consequence of the transactions herein provided for, entitle the holder thereof to purchase all or any part of Newco Assets;
- (mmm) **"Schedule"** has the meaning ascribed thereto in Section 1.3;
- (nnn) **"Securities Act"** means the *Securities Act*, R.S.A. 2000, c. S-4, as amended;
- (ooo) **"Seismic Information"** means all seismic data that pertains to the Excluded Lands or the Newco Lands, as applicable, or lands pooled or unitized therewith; including any proprietary seismic data pertaining to such Lands and any seismic data pertaining to such Lands which is licensed to Gear from any other Person; as follows:
 - (i) in respect of the Excluded Assets, the Seismic Information relating to the seismic lines set forth and described in Part 4 of Schedule "A" (the **"Excluded Seismic Information"**); and
 - (ii) in respect of the Newco Assets, the Seismic Information relating to the seismic lines set forth and described in Part 4 of Schedule "B" (the **"Newco Seismic Information"**);
- (ppp) **"Specific Conveyances"** means all conveyances, assignments, transfers, novations and other documents or instruments that are reasonably required or desirable, in accordance with normal oil and gas industry practices, to convey, assign and transfer Gear's (and, where legal title is held by a nominee on behalf of Gear, its nominee's) title to the Newco Assets to Newco (or its nominee) and to novate Newco (or its nominee) into the Assumed Contracts and Title and Operating Documents in the place and stead of Gear (or its nominee) to the extent they relate to the Newco Assets or the Assumed Liabilities;
- (qqq) **"Subco Shares"** means all of the issued and outstanding securities of Gear's wholly owned subsidiary, Steppe Petroleum (USA) Inc, consisting of 5,000 common shares registered in the name of Gear.
- (rrr) **"Surface Rights"** means all rights to use the surface of the land in connection with the operation of Gear's business, including the right to enter upon and occupy the surface of land on which the Tangibles and the Wells are located and rights to cross or otherwise use or access the surface of land in connection with the operation of Gear's business;
- (sss) **"Tangibles"** means the entire right, title and interest of Gear in and to all tangible depreciable property beneficially owned or leased by Gear, including:
 - (i) the Facilities and the Pipelines;

- (ii) all tangible depreciable property and assets, other than the Facilities and Pipelines, in each case, and whether or not located on or in the vicinity of the Lands (or lands with which the Lands are pooled or unitized) and which may be used or useful for production, gathering, treatment, compression, transportation, injection, water disposal, measurement, processing, storage or other operations that pertain to the Petroleum and Natural Gas Rights, including the tangible equipment, if any, relating to the Wells;
- (iii) any decommissioned Facility or abandoned Facility; and
- (iv) any abandoned pipeline that has not been removed and is not subject to a unit agreement;
- (ttt) "**Tax Act**" means the *Income Tax Act* (Canada) R.S.C. 1985, c. 1 (5th Supp.);
- (uuu) "**Tax Returns**" means any report, return, statement, claim for refund, election, designation, declaration or other information (including, withholding tax returns and reports and information returns and reports) with respect to any Tax required to be filed or actually filed with a Taxing Authority, including any schedule or attachment thereto, and including any amendment thereof, and where relevant, any statement required by a Taxing Authority to be provided to a third party with respect to Taxes;
- (vvv) "**Tax**" or "**Taxes**" means all taxes, however denominated, including any interest, penalties or other additions that may become payable in respect thereof, imposed by any Taxing Authority, which taxes shall include, without limiting the generality of the foregoing, all income or profits taxes (including, but not limited to, federal income taxes and provincial income taxes), payroll and employee withholding taxes, employment insurance premiums, unemployment insurance, social insurance taxes, Canada Pension Plan contributions, sales and use taxes, goods and services tax, harmonized sales tax, value added taxes, ad valorem taxes, excise taxes, franchise taxes, gross receipts taxes, business license taxes, occupation taxes, real and personal property taxes, stamp taxes, environmental taxes, transfer taxes, workers compensation and other governmental charges, and other obligations of the same or of a similar nature to any of the foregoing, which the applicable person is or was required to pay, withhold, remit or collect;
- (www) "**Tax Audit Notice**" has the meaning ascribed thereto in Subsection 2.2(e);
- (xxx) "**Taxing Authority**" means any Governmental Authority responsible for the imposition of any Tax (domestic or foreign);
- (yyy) "**Taxing Authority Adjustment**" has the meaning ascribed thereto in Subsection 2.2(g)(i);
- (zzz) "**Title and Operating Documents**" means, in respect of the Petroleum and Natural Gas Rights, the Encumbrances, the Tangibles, the Lands and Petroleum Substances:
 - (i) all of the agreements, contracts, instruments and other documents (including the Leases) and all other leases, reservations, Permits, licences of all sorts, exploration agreements, operating agreements, unit agreements, pooling agreements, assignments, trust declarations or other agreements to recognize Gear's interests, participation agreements, farmin or farmout agreements, royalty agreements, purchase and sale agreements, asset exchange agreements and transfers;
 - (ii) gas, oil, condensate and other production sale contracts;
 - (iii) the injection or subsurface disposal of substances, the use of wellbores or the operation of any Wells or Tangibles by a third party, gathering, common stream, extraction, transportation, refining and processing agreements;

- (iv) agreements for the construction, ownership and/or operation of the Tangibles by virtue of which such Tangibles were acquired or constructed or are held by Gear or pursuant to which the construction, ownership, operation, exploration, exploitation, extraction, development, production, transportation, refining or marketing of such Petroleum and Natural Gas Rights, Tangibles, Lands or Petroleum Substances are subject or which grant rights which are or may be used by a Person in connection therewith;
- (v) the rights (except for the Petroleum and Natural Gas Rights) granted under or created by such agreements, contracts, instruments and other documents noted in this Subsection 1.1(yyy);
- (vi) agreements pertaining to Surface Rights; and
- (vii) all other agreements that relate to the ownership, operation or exploitation of the Petroleum and Natural Gas Rights or the Tangibles;

but does not include any Technical Data; and

- (aaaa) "**Wells**" means all producing, shut-in, water source, observation, disposal, injection, capped, abandoned, reclaimed, suspended and all similar wells beneficially owned by Gear, regardless of status, whether or not completed, together with all well licences relating thereto.

1.2 Interpretation

- (a) The words "**hereof**", "**herein**" and "**hereunder**" and other words of similar import used in this Agreement refer to this Agreement as a whole and not to any particular part of this Agreement.
- (b) The word "**include**" and derivatives thereof shall be read as if followed by the phrase "**without limitation**".
- (c) A capitalized derivative of a defined term will have a corresponding meaning.
- (d) The headings of Sections of this Agreement and the table of contents are inserted for ease of reference only and shall not in any way affect the interpretation of this Agreement.
- (e) Where the context so requires, in this Agreement words importing the singular only shall also include the plural and vice versa. If a term is defined in this Agreement, a derivative of that term shall have a corresponding meaning.
- (f) Reference herein to "**written**" and "**in writing**" includes facsimile communications.
- (g) Reference herein to any Applicable Law or any document, instrument or agreement means such Applicable Law or such document, instrument or agreement as originally implemented or executed, as modified, amended or supplemented from time to time.
- (h) References herein to any Party shall include its permitted successors and assigns.
- (i) All references herein to dollar amounts or sums of money are to lawful funds of Canada.
- (j) Unless otherwise specifically stated, reference herein to any Section or Subsection is a reference to such Section or Subsection to or of this Agreement.
- (k) Where the character or amount of any asset or liability or item of income or expense is required to be determined, or any consolidation or other accounting computation is required to be made, the

same shall be done in accordance with GAAP except where the application of such principles is inconsistent with, or limited by, the terms of this Agreement.

1.3 Schedules

The following schedules are attached hereto (the "**Schedules**"):

- (a) Schedule "A" – Excluded Assets
 - Part 1 – Petroleum and Natural Gas Rights;
 - Part 2 - Wells;
 - Part 3 - Facilities and Pipelines;
 - Part 4 – Excluded Seismic Information;
- (b) Schedule "B" – Newco Assets
 - Part 1 – Petroleum and Natural Gas Rights;
 - Part 2 - Wells;
 - Part 3 - Facilities and Pipelines;
 - Part 4 – Newco Seismic Information
- (c) Schedule "C" – Excluded Whitemap Area
- (d) Schedule "D" – Form of Post-Closing Operation of Assets and Use of Emergency Response Plans Letter Agreement

These Schedules are incorporated into and form part of this Agreement. If any term or condition of a Schedule conflicts or is inconsistent with any term or condition in the main body of this Agreement, the term or condition in the main body of this Agreement shall prevail to the extent of the conflict or inconsistency.

1.4 Whitemap Areas

- (a) The Parties acknowledge that although Gear has prepared, and Newco and Cenovus have reviewed, the Schedules attached hereto diligently and with good faith, they recognize that there may be unintended omissions or misdescriptions. As such, the Parties acknowledge and agree that it is their intention that, in addition to those Excluded Assets and Newco Assets included and specified in the applicable Schedules hereto: (i) the Excluded Assets shall include Gear's entire interest in and to all Petroleum and Natural Gas Rights, Tangibles and Miscellaneous Interests (as those terms are defined herein) which fall within the Excluded Whitemap Area; and (ii) the Newco Assets shall include Gear's entire interest in and to all Petroleum and Natural Gas Rights, Tangibles and Miscellaneous Interests (as those terms are defined herein) which fall outside the Excluded Whitemap Area, such omitted or misdescribed Excluded Assets, or Newco Assets, if any, being "**Unscheduled Assets**", and that the Purchase Price includes consideration for such Unscheduled Assets.
- (b) To the extent that any Unscheduled Assets are identified by either Party after the Effective Date, the Parties shall use all reasonable efforts to amend the affected Schedules attached hereto to reflect the Unscheduled Assets, which amended Schedules shall be deemed to be the applicable Schedule as of the date hereof and, in the case of any Unscheduled Assets which are Newco Assets, the Parties

shall use all reasonable efforts to take such additional steps as are necessary to specifically convey Gear's interest in such Unscheduled Assets to Newco.

ARTICLE 2
PURCHASE AND SALE

2.1 Conveyance of Newco Assets

- (a) Subject to and in accordance with the terms and conditions set forth in this Agreement, Gear hereby sells, assigns, transfers, conveys and sets over to Newco, and Newco hereby accepts from Gear, effective as at the effective time of completion of Step 3.1(d) of the Plan of Arrangement, all of Gear's right, title and interest in and to all of its property and assets, other than the Excluded Assets, whether tangible or intangible, of any kind or description and wherever located, including the assets listed below (all of such assets collectively, the "**Newco Assets**"), subject to all Encumbrances encumbering such Newco Assets:
- (i) all Petroleum and Natural Gas Rights and Tangibles in respect of the Newco Lands including those described in Schedule "B";
 - (ii) the Miscellaneous Interests in respect of 2.1(a)(i) above and including those described in Schedule "B";
 - (iii) to the extent not contemplated in Miscellaneous Interests described in 2.1(a)(ii):
 - (A) all cash, cash equivalents, money on deposit with banks, certificates of deposit and similar instruments and short-term investments;
 - (B) all prepaid expenses and deposits, to the extent the same are transferable;
 - (C) to the extent identified as being for the account of Newco pursuant to Subsection 4.2(a)(v)(A) and 4.2(a)(v)(B), all accounts receivable and accrued receivables;
 - (D) the Assumed Contracts;
 - (E) the Subco Shares;
 - (F) any amounts payable to Gear in respect of insurance carried by Gear prior to the Effective Date, including the return of any premiums or any amounts payable to Gear in connection with Claims made under such insurance policies;
 - (G) with the exception of the Normal Course Inventory Amount, all inventories, including oil and natural gas liquids inventories, to the extent comprised of Petroleum Substances produced from the Newco Lands;
 - (H) all rights, title and interest to any real property owned by Gear, together with all of Gear's right, title and interest in any buildings, structures, improvements and appurtenances situated thereon, excluding any such real property situated in the Excluded Whitemap Area;
 - (I) all rights, title and interest of Gear as lessee in respect of any real property leased by Gear, together with all of Gear's rights, title and interest in any buildings, structures, improvements and appurtenances situated thereon, but excluding any such real property situated in the Excluded Whitemap Area and the Calgary Office Lease and the Lloyd Office Lease;

- (J) all rights, title and interest of Gear in respect of any leased automobiles and other personal property leased by Gear including leased equipment, but excluding therefrom any such other leased personal property situated in the Excluded Whitemap Area;
- (K) all machinery, equipment, tools, furniture, furnishings and other miscellaneous items, excluding any of the foregoing situated in the Excluded Whitemap Area;
- (L) all right, title and interest in all computer hardware, including all servers, network infrastructure, printers and other information technology equipment;
- (M) all customer and supplier lists, files, data and information of Gear relating to its customers and suppliers and its prospective customers and prospective suppliers, provided that copies of the foregoing shall be included in the Excluded Assets to the extent pertaining to the Excluded Whitemap Area;
- (N) the Books and Records, other than the minute books of Gear and each of its predecessors and copies of the Books and Records which relate to the Excluded Assets (including, for greater certainty land records applicable thereto), the Excluded Liabilities and the tax attributes of Gear;
- (O) all Intellectual Property Rights which are owned, used or held for use by Gear other than rights in and title to the corporate names "Gear Energy" and "Gear", including all embodiments thereof, and all rights to bring any cause of action related to past, present, or future infringement, misappropriation, misuse or other violation of such Intellectual Property Rights;
- (P) all Permits relating to the Newco Assets, to the extent the same are transferable;
- (Q) the full benefit of all warranties and warranty rights (express and implied) against vendors, suppliers, manufacturers or sellers that apply to any of the Newco Assets and all maintenance contracts on machinery, equipment and any Newco Assets, to the extent the same are transferable; and
- (R) the proceeds received or receivable by Newco, Cenovus or their respective affiliates in connection with any activities which are carried out pursuant to Section 4.2 and which relate to the Newco Assets, the Assumed Liabilities, the Excluded Assets, the Excluded Liabilities or the business of Gear, to the extent identified as being to the account of Newco pursuant to Subsections 4.2(a)(v)(A) and 4.2(a)(v)(B);

provided that, for greater certainty and the avoidance of doubt, assets otherwise falling into any of the categories listed above in Subsections 2.1(a)(i) through 2.1(a)(iii)(R) shall not form part of the Newco Assets to the extent specifically identified as Excluded Assets in Schedule "A" hereof.

2.2 Payment of Purchase Price

- (a) The purchase price (the "**Purchase Price**") payable by Newco to Gear for the sale and conveyance of the Newco Assets shall be equal to the fair market value thereof (being \$60,000,000), and shall be satisfied by:
 - (i) the issuance by Newco to Gear of 39,999,999 of Newco Shares; and
 - (ii) the assumption of the Assumed Liabilities (having an aggregate value of \$10.00).

- (b) Each of the Parties hereby acknowledges and agrees that the aggregate fair market value of the Newco Assets is \$60,000,000 and agree that such amount shall be allocated:
 - (i) \$10 to Newco Seismic Information;
 - (ii) \$10 to Miscellaneous Interests and Other Newco Assets, excluding Newco Seismic Information; and
 - (iii) As to the balance:
 - (A) 80% to Petroleum and Natural Gas Rights; and
 - (B) 20% to Tangibles.
- (c) All benefits and obligations of every kind and nature accruing, paid or payable and received or receivable in respect of the Newco Assets have been taken into account as of the Effective Date in the calculation of the fair market value of the Newco Assets.
- (d) Each of the Parties shall file their respective Tax Returns in respect of the disposition of the Newco Assets governed by this Agreement based upon and in accordance with the allocation set forth in Subsection 2.2(b) and will not make any inconsistent statements or take any inconsistent positions on any such Tax Returns or in any refund claims, except as required by Applicable Laws.
- (e) If the fair market value of the Newco Assets is disputed by the Canada Revenue Agency and/or any other Taxing Authority (a "**Tax Audit Notice**"), the party receiving notice of such dispute will promptly notify the other party and the Parties will use commercially reasonable efforts to sustain the allocation provided for in this Agreement. The Parties will share information and cooperate to the extent reasonably necessary to permit the conveyance of the Newco Assets to be properly, timely and consistently reported. Newco shall have the right to exercise, at its expense, complete control over the handling, disposition and settlement of any such inquiry, examination or proceeding, to the extent that it relates to an amount described in Subsection 2.2(g) for which Newco may be liable upon providing written notification to Gear within 20 Business Days of Newco's receipt of a Tax Audit Notice from a Taxing Authority or Gear, as the case may be, that it intends to exercise such control. Newco shall promptly notify Gear if, in connection with any such inquiry, examination or proceeding, any Taxing Authority proposes in writing to make any assessment or adjustment with respect to Taxes of Gear, which assessments or adjustments could affect Gear following the Effective Time and shall consult with Gear with respect to any such proposed assessment or adjustment. Gear shall cooperate with Newco, as Newco may reasonably request, in any such inquiry, examination or proceeding. If Newco does not notify Gear of its election to exercise control of any inquiry, examination or proceeding within 20 Business Days of Newco's receipt of a Tax Audit Notice from a Taxing Authority or Gear, as the case may be, in respect thereof, Newco shall be bound by the results of such inquiry, examination or proceeding for the purposes of determining its indemnification obligations hereunder, providing that the Parties shall continue to use commercially reasonable efforts to sustain the allocation provided for in this Agreement.
- (f) After the Effective Time, Newco may, upon reasonable notice to Gear and subject to contractual restrictions relative to disclosure, have access during business hours to the books, accounts, minute books, Tax Returns and filings and Employees of Gear, and may obtain and copy information in respect of matters arising or relating to any period of time up to and including the Effective Time, if copies of any such records or if the information derived from that access would be reasonably required by Newco in connection with a Tax Audit Notice.
- (g) If at any time after the date of this Agreement:

- (i) a Taxing Authority issues to Gear an actual or proposed assessment or reassessment (an "**Assessment**") that the fair market value of the Newco Assets as of the date of this Agreement is greater than the Purchase Price and (A) the fair market value of the Newco Assets assumed in such Assessment is accepted as correct by Gear, or (B) the Assessment is disputed and a final settlement is reached with the Taxation Authority as to the fair market value of the Newco Assets ("**Taxing Authority Adjustment**"); or
- (ii) a court of competent jurisdiction determines that the fair market value of the Newco Assets is greater than the Purchase Price as of the date of this Agreement and no appeal from such determination has been filed prior to the expiration of any relevant appeal period ("**Court Adjustment**"),

Newco shall, where a Taxing Authority Adjustment or a Court Adjustment results in Gear realizing a capital gain in respect of all or a portion of the difference between the Taxing Authority Adjustment or a Court Adjustment, as the case may be, and the Purchase Price on the disposition of the Newco Assets in accordance with this Agreement, make a payment to Gear in an amount equal to 0.154 multiplied by the amount of such a capital gain.

- (h) The general corporate records, the financial and accounting records and the Tax Returns of Gear that relate to or were created with respect to matters arising or relating to the period of time up to and including the Effective Time, shall be retained, maintained in good order and good condition and kept in a reasonably accessible location by Gear and Cenovus, for a period of time (the "**Retention Period**") beginning on the Effective Date and ending on the later of:
 - (i) December 31, 2029; or
 - (ii) the end of any such period that may be required by the Applicable Law or the ruling by a Governmental Authority having jurisdiction.
- (i) The obligations under Subsections 2.2(d), 2.2(e), 2.2(f), 2.2(g), and 2.2(h) shall survive until the end of the normal reassessment period for Gear's taxation year in which the disposition of the Newco Assets occurs.

2.3 Assumed Liabilities

- (a) Newco hereby assumes and shall duly perform, pay and discharge the Assumed Liabilities in place and stead of Gear. Without limiting the generality of the foregoing, Newco shall:
 - (i) be liable for all Losses and Liabilities suffered, sustained, paid or incurred by Gear or Cenovus; and
 - (ii) in addition, and as an independent covenant, shall defend, indemnify and hold harmless Gear, Cenovus and their Related Persons from and against all Losses and Liabilities suffered, sustained, paid or incurred by any of them in respect of any Claims made against them,

in respect of any of the Assumed Liabilities.
- (b) The Parties acknowledge and agree that the Gear Credit Facility shall be fully repaid and terminated in connection with the consummation of the transactions contemplated by the Arrangement Agreement, except for any liabilities which may survive such termination in respect of the Letters of Credit which form a part of the Assumed Liabilities.

2.4 GST Election

- (a) Each of Newco and Gear represents that it is duly registered under subdivision (d) of Division V of the GST Legislation and will provide its registration number to the other Party promptly upon request by such other Party.
- (b) Each Party agrees to jointly prepare and execute an election pursuant to either section 156 or section 167 of the GST Legislation, as shall be agreed between them. Newco will file such election in prescribed form and within the time limits contained in the GST Legislation with the appropriate Governmental Authority.
- (c) Notwithstanding Subsection 2.4(b), the Parties agree and acknowledge that any GST incurred in connection with the purchase and sale of the Newco Assets contemplated by this Agreement shall, as between the Parties, be borne by Newco. Newco agrees to pay any and all amounts of such GST and any penalties or fines which may arise relating thereto, and the Parties agree to attend to the remittance thereof in accordance with Applicable Laws.

2.5 Section 20(24) Election

At the request of either party, Gear and Newco shall make and file, in a timely manner, a joint election (and make revised, amended or refiled elections, if requested by either party) to have subsection 20(24) of the Tax Act, and any equivalent or corresponding provision under Applicable Laws, apply to the obligations of Gear in respect of undertakings which arise from the operation of the Gear's business and to which paragraph 12(l)(a) of the Tax Act applies, and to prepare their respective Tax Returns in a manner consistent with such joint election. Newco and Gear acknowledge that Gear is transferring assets to Newco which have a value equal to the elected amount as consideration for the assumption by Newco of such obligations of Gear.

2.6 Covenant by Cenovus

Cenovus hereby covenants and agrees to cause Gear to comply with its agreements and covenants hereunder and agrees not to, and not to allow any other Person, to request or initiate in any manner a review, determination, ruling or opinion by any Governmental Authority of any matter relating to the tax elections to be filed in connection herein. Subject to Section 2.5 of this Agreement, without the written consent of Newco, neither Cenovus nor Gear (nor any successor thereto) shall allow or permit any tax election filed pursuant to this Agreement to be amended or modified in any way.

2.7 Intellectual Property Licence

Newco hereby grants each of Cenovus and Gear an irrevocable, non-exclusive, royalty free licence to use any of the Intellectual Property Rights contemplated in Subsection 2.1(a)(iii)(O), in the furtherance of the ownership, use and operation of the Excluded Assets.

2.8 Transition Services

Newco shall, to the extent requested in writing by any of Cenovus or Gear, provide transition services support in respect of the ownership and operation of the Excluded Assets, provided that Newco shall be entitled to be compensated for any personnel of Newco (or any of its affiliates) that provide such transitional services, on an actual cost basis. (the "**Personnel Costs**"). To the extent such transition services persist past the date which is six (6) months from the Effective Time, such Personnel Costs of Newco shall be escalated thereafter by *[percentage redacted]* (*[percentage redacted]*%).

ARTICLE 3
RIGHTS OF FIRST REFUSAL

3.1 Rights of First Refusal

- (a) If a Person is able to establish its entitlement to a ROFR with respect to any of the Newco Assets, or any interest therein, as a result of the completion of the transactions provided for in this Agreement, and it is able to enforce the same, Newco and Gear shall, acting reasonably, comply with such ROFR.
- (b) In the event that such Person elects to exercise such ROFR, Newco shall transfer the affected assets to such Person and shall be entitled to retain all proceeds of such disposition.
- (c) Newco shall be liable for all Losses and Liabilities suffered, sustained, paid or incurred by Gear or Cenovus and, in addition and as a separate and independent covenant, shall indemnify, defend and hold harmless Gear, Cenovus and their Related Persons from and against all Losses and Liabilities suffered, sustained, paid or incurred by any of them and all Claims made against any of them, in respect of any such ROFR, provided that the foregoing liability and indemnity provision shall be constrained to the extent of any breach of Gear of its obligations under Subsection 3.1(a).

ARTICLE 4
COVENANTS, CONVEYANCING AND ASSIGNMENT MATTERS

4.1 Specific Conveyances

- (a) The Parties acknowledge receipt of the Specific Conveyances as prepared by Gear in accordance with Subsection 5.2(i)(ii) of the Arrangement Agreement prior to the date hereof (which shall have been duly executed by each of Gear and Newco). If applicable, Gear and Newco agree to take all such action as is necessary to effect such Specific Conveyances and all costs relating to such Specific Conveyances and the circulation and registration relating thereto shall be borne by Newco.
- (b) Immediately following the Effective Time, Gear shall circulate to all counterparties who received notice pursuant to Subsection 3.2(v) of the Arrangement Agreement a notice confirming that the Final Order has been granted and that assignment of the Assumed Contract has been effected pursuant to the Plan of Arrangement and as contemplated under this Agreement. All costs relating to such notices and the circulation thereof shall be borne by Newco.
- (c) In the case of any Specific Conveyances that are transfers of Permits or Crown lease transfers which may be filed electronically with the applicable Governmental Authority, promptly following the Effective Time, Gear shall submit electronic transfers for such Permits and Crown leases and Newco shall accept such electronic transfers from Gear without delay, provided that, if Newco in good faith determines or believes that any of the electronic transfers are not complete and accurate, or the applicable Governmental Authority refuses to process any such transfers because of some defect therein, the Parties shall cooperate to duly complete or to correct such incomplete or inaccurate electronic transfers as soon as practicable and, thereafter, Gear shall promptly re-submit such electronic transfers and Newco shall accept such electronic transfers from Gear without delay.
- (d) Subject to Subsection 4.1(e), if, for any reason: (i) any Governmental Authority requires any Party (hereinafter referred to as "**Such Party**" in this Clause) to make a deposit, to provide a letter of credit, or to provide any undertakings, information or other documentation or to take any action as a condition of or a prerequisite for the approval of the transfer of any Permits; or (ii) any Third Party imposes any such requirements on a Party as a condition of the acceptance or approval of, or granting of consent or recognition in respect of, the transfer or assignment of any of the Newco Assets to Newco, including the withholding of any such recognition or consent pursuant to any Title and Operating Document, as soon as is reasonably practicable after receiving notice of such

requirements, and in any event within ten (10) Business Days, and at its sole cost, Such Party shall make such deposits, provide such letters of credit, provide such undertakings, information or other documentation and take such action, as the case may be, as are required under Applicable Law, in the case of such Governmental Authority or are required under the applicable Title and Operating Document, in the case of a Third Party, such that the transfers of Permits may be effected and/or the approval and consent of such Third Parties to the transfer or assignment of the Assets may be obtained.

- (e) In connection with the transfer of pipeline licenses relating to the Tangibles comprising the Newco Assets, or any of them, pursuant to this Agreement and AER Bulletin 2015-34 (as amended, supplemented, revised or replaced, the "**Pipeline Bulletin**"), Gear is required to transfer sufficient documentation to satisfy the transferor statement on the AER digital data submission system ("**Pipeline Records**"). If Newco or Gear receives written notice from the AER that it has determined that Pipeline Records, or any of them, held by Gear or transferred by Gear to Newco under this Agreement do not satisfy or are found to be deficient under the Pipeline Bulletin in any respect, then Newco will be solely responsible for the cost and performance of and shall conduct, in a timely manner, all operations and activities that are required to cure or remedy any and all deficiencies identified by the AER ("**AER Deficiencies**"), in each case in accordance with the terms of the applicable Title and Operating Documents, Applicable Law, any requirements set forth in any correspondence with the AER and with generally accepted industry practices in Alberta, and utilizing the standard of care which would be followed by a reasonably prudent operator in similar circumstances.
- (f) Each Party shall, on a timely and continuing basis, keep the other Parties reasonably apprised and informed regarding all material communications such Party may have with the AER or other Governmental Authorities in connection with the Transaction, including all written communications respecting the transfer of Permits.
- (g) Notwithstanding anything to the contrary contained in this Agreement, Gear and Newco hereby acknowledge and agree that:
 - (i) the Letters of Credit may remain in the possession of third parties following the Effective Time;
 - (ii) until the Letters of Credit are released by the holders thereof, certain monies comprising the Newco Assets may be required to remain in Gear's account with ATB; and
 - (iii) upon the release of the physical Letters of Credit to Gear by the holders thereof, Gear and/or Cenovus shall promptly forward to Newco such letters of credit (if received by Gear or Cenovus) and the monies held in the ATB account securing such Letter of Credit as the same are released.
- (h) For greater certainty, the Parties acknowledge and agree that neither Party shall be responsible for costs that comprise the other party's administrative overhead relating to the circulation and registration of any electronic transfers.
- (i) The obligation of Gear to transfer the Seismic Information and to assign and/or novate Newco into any agreements for the Seismic Information is conditional upon the requirements for consent by and/or payment to the third party to such agreement, if any, and as applicable, being met by Newco. For greater certainty, if an agreement relating to Seismic Information, requires that prior to assignment from Gear to Newco:
 - (i) a payment from Gear or Newco is due; or
 - (ii) a third party must provide prior consent;

Newco shall, at its own cost, pay such payment and/or obtain such consent, prior to Gear completing its obligation to assign the Seismic Information to Newco; *provided, however*, that Gear shall have the right to return such Seismic Information to the applicable licensor in lieu of Newco making any such payment or obtaining such consent. Newco shall not be permitted to use such Seismic Information until such time as such payment is made and/or third party consent is received, as applicable.

- (j) The Parties agree that all Specific Conveyances to be delivered and/or executed in connection with this Agreement and the transactions contemplated herein, except for records that create or transfer interests in land, guarantees, negotiable instruments, documents of title and such other documents excluded by section 7 of the *Electronic Transactions Act*, RSA 2001, c E-5.5, as amended from time to time, may be executed by use of electronic signatures (the "**Electronic Signatures**"). Prior to Effective Time, the Parties shall exchange a listing of one another's individual representatives which listing shall include the subject individual's name, title and a sample Electronic Signature. The Electronic Signatures of the individuals set out in such listing and which appear on any Specific Conveyances shall be sufficient to cause such Specific Conveyances to be valid and binding obligations of the Party represented by such individual, without need for original signatures to appear thereon and shall be of the same legal effect, validity or enforceability as a manually executed signature. The Parties shall receive and use the Electronic Signatures solely for the purpose of embedding the same into the Specific Conveyances and for no other purpose whatsoever.

4.2 Post-Effective Time Support

- (a) From and after the Effective Time, Gear and Cenovus, on the one hand, and Newco on the other hand, will cooperate fully with each other and make available to each other in a timely fashion all data and other information as may reasonably be required by the other in connection with:
- (i) a Claim or any audit or requirements of any Governmental Authority with respect to Taxes or any Tax Returns;
 - (ii) audits of joint venture agreements and joint venture arrangements with third parties;
 - (iii) gas cost allowance claims in favour of or against Gear or Newco;
 - (iv) thirteenth month adjustments in connection with joint venture agreements and joint venture arrangements with third parties; and
 - (v) ordinary course accounting adjustments;

which relate to the Newco Assets, the Assumed Liabilities, the Excluded Assets, the Excluded Liabilities or the business carried on by Gear prior to the Effective Time. For certainty:

- (A) the net amount of all benefits and obligations of every kind and nature relating to:
 - (i) the ownership and operation of the Newco Assets and accruing in respect of the Newco Assets whether before, on or after the Effective Time; and
 - (ii) the ownership and operation of the Excluded Assets and accruing in respect of the Excluded Assets before the Economic Effective Date; including rentals, drilling penalties, property taxes, maintenance, development, capital and operating costs, the proceeds from the sale of production, injected Petroleum Substances and revenues from processing and transportation fees charged to Third Parties, shall be for the account of Newco; and
- (B) the net amount of all benefits and obligations of every kind and nature relating to the ownership and operation of the Excluded Assets and accruing from and after the Economic Effective Date in respect of the Excluded Assets including rentals,

drilling penalties, property taxes, maintenance, development, capital and operating costs, the proceeds from the sale of production, injected Petroleum Substances and revenues from processing and transportation fees charged to Third Parties, shall be for the account of Gear; and

to the extent that such amounts are not otherwise allocated or accounted for between the Parties at the Effective Time, including by way of adjustment of the Cenovus Contribution Amount pursuant to the Cenovus Contribution Amount Adjustment Procedure, the Parties shall account to each other for all such amounts as and when received or incurred following the Effective Time, in accordance with the provisions of the Cenovus Contribution Amount Adjustment Procedure, in respect of the Excluded Assets.

- (b) It is acknowledged and agreed by the parties hereto that, following the Effective Time, without limiting the generality of Subsection 4.2(d), Newco may be subject to or may pursue audits, including those specified in Subsection 4.2(a), and in respect of which Newco may either be entitled to receive proceeds from, or may be required to pay amounts to, third parties upon the completion of such audits. In the event that Newco is entitled to receive proceeds from a third party, and such proceeds are received by Cenovus or Gear, or any of its affiliates, Cenovus or Gear shall deliver, or shall cause to be delivered, such proceeds to Newco within 10 Business Days of the receipt of same. In the event that Cenovus, Gear or any of their affiliates, are required to pay any amount in respect of such audit, Newco shall deliver such amount to Cenovus or Gear within 10 Business Days to allow Cenovus, Gear or their applicable affiliate, to satisfy its payment obligation to the third party within the required timeframe.
- (c) In connection with any audits, claims or adjustments which are contemplated in Subsections 4.2(a)(ii) to 4.2(a)(v), the Party that may be liable to pay any amounts pursuant to such audit, claim or adjustment or may be entitled to any proceeds from such audit, shall be responsible for the carriage and control of any such audit, claim or adjustment and shall pay all reasonable third party costs and expenses which are solely related thereto.
- (d) Until Newco is novated into an agreement which is the subject of a Specific Conveyance in the place of Gear insofar as the agreement pertains to the Newco Assets, Gear shall act as Newco's agent thereunder (including to serve operation notices and authorizations for expenditure) as Newco reasonably and lawfully directs. Gear shall have no liability to Newco hereunder in respect of or arising in connection with any acts or omissions of Gear in its capacity as agent of Newco under this Subsection 4.2(d) except to the extent resulting from the gross negligence or wilful misconduct of Gear. Newco shall be liable to Gear for all Losses and Liabilities suffered, sustained, paid or incurred by Gear in respect of Gear's Personnel Costs incurred in so acting as Newco's agent and, as a separate and independent covenant, indemnify and save harmless Gear from and against all Claims made against Gear in connection with Gear acting as agent of Newco under this Subsection 4.2(d), except to the extent resulting from the gross negligence or wilful misconduct of Gear. An act or omission by Gear in its capacity as agent of Newco under this Subsection 4.2(d) shall not constitute the gross negligence or wilful misconduct of Gear if such act or omission is done at the request of Newco or with its consent or approval. Notwithstanding anything to the contrary contained herein, Gear will not be obligated to pay or incur any costs or expenses on its own account to comply with its covenants under this Subsection 4.2(d) and to the extent such agency persists past the date which is six (6) months from the Effective Time, such Personnel Costs of Gear shall be escalated thereafter by *[percentage redacted]* (*[percentage redacted]*%). Without limiting the generality of any of the foregoing, from and after the Effective Time:
 - (i) Gear shall promptly provide to Newco all AFEs, notices and other information, documents and correspondence relating to the Newco Assets that it receives and shall respond promptly to such AFEs, notices and other information and documents pursuant to the written instructions of Newco, but only if such instructions are received on a timely basis, provided that Gear may, but shall not be obliged to, refuse to follow any such instructions

that it reasonably believes to be contrary to Applicable Law or in conflict with any applicable Title and Operating Document or other agreement; and

- (ii) as soon as is reasonably practicable following Gear's receipt thereof, Gear shall, within 10 Business Days of receipt of the same, deliver to Newco all revenues, proceeds and other benefits received by Gear and derived from the Newco Assets, less the share of the applicable Crown or lessor royalties, operating costs, treating, processing and transportation expenses and any other costs and expenses associated with the Newco Assets and the Petroleum Substances produced therefrom or allocated thereto that have been actually paid by Gear.
- (e) Newco agrees to execute and deliver a copy of the Post-Closing Operation of Assets and Use of Emergency Response Plans Letter Agreement to Cenovus no later than the Effective Time.
- (f) Following the Effective Time, each of Newco, Gear and Cenovus shall commit sufficient resources as may be reasonably required to carry out their respective obligations under this Section 4.2.

ARTICLE 5

REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of Newco

Newco represents and warrants to Gear and Cenovus that:

- (a) **Standing:** It is duly organized, validly subsisting, registered and authorized to carry on business in the jurisdiction where the Newco Assets are located;
- (b) **Requisite Authority:** It has the requisite capacity, power and authority to execute this Agreement and all other documents to be executed by it, or on its behalf, hereunder and to perform its obligations hereunder;
- (c) **No Conflict:** The execution and delivery of this Agreement and the completion of the transfer of Assets hereunder are not and will not be in breach of, or in conflict with:
 - (i) any provision of its charter, by-laws, partnership agreement or other governing documents;
 - (ii) Applicable Laws or any court order or judgement applicable to it or the Newco Assets; or
 - (iii) any agreement, instrument, permit or authority to which it is a party or by which it is bound;
- (d) **Execution and Enforceability:** It has taken all actions necessary to authorize the execution and delivery of the Agreement and all other documents to be executed by it hereunder, and, as of the Effective Time, it will have taken all actions necessary to authorize and complete the transfer of the Newco Assets hereunder. This Agreement has been validly executed and delivered by it, and this Agreement and all other documents executed and delivered on behalf of it hereunder constitute binding obligations of it enforceable in accordance with their respective terms and conditions;
- (e) **No Finders' Fees:** It has not incurred any obligations or liability, contingent or otherwise, for brokers' or finders' fees for this transaction for which the other Party will have any responsibility; and
- (f) **Eligibility:** It is eligible under Applicable Laws to accept the transfer of each of the Permits applicable to Wells and Tangibles operated by Gear for which it is intended that Newco will become the Permit holder following the Effective Time.

5.2 No Gear Representations or Warranties

- (a) Newco acknowledges that Gear is selling the Newco Assets on an "**as-is, where-is**" basis. As a result, Gear does not warrant title to the Newco Assets or make representations or warranties with respect to:
- (i) the quantity, quality or recoverability of Petroleum Substances respecting the Lands;
 - (ii) any estimates of the value of the Newco Assets or the revenues applicable to future production from the Lands;
 - (iii) any engineering, geological or other interpretations or economic evaluations respecting the Newco Assets;
 - (iv) the rates of production of Petroleum Substances from the Lands;
 - (v) the quality, condition or serviceability of the Newco Assets;
 - (vi) the suitability of their use for any purpose; or
 - (vii) any Environmental matter relating to the Newco Assets or any costs or expenses associated therewith.
- (b) Without restricting the generality of the foregoing, Newco acknowledges that it has made its own independent investigation, analysis, evaluation, verification and inspection of Gear's interests in the Newco Assets and the state and condition thereof and that it has relied solely on such investigation, analysis, evaluation, verification and inspection as to its assessment of the condition (environmental or otherwise), quantum and value of the Newco Assets. Newco hereby waives any and all implied representations and warranties that may arise under the terms of any Applicable Law including as to merchantability and fitness for a purpose.

ARTICLE 6 **ENVIRONMENTAL LIABILITIES**

6.1 Allocation of Environmental Liabilities

The Parties hereby agree that in connection with the assumption of the Assumed Liabilities, Newco shall assume responsibility for all Environmental Liabilities, including Abandonment and Reclamation Obligations, in respect of the Newco Assets. The Parties acknowledge and agree that under Applicable Law, Environmental Liabilities, including Abandonment and Reclamation Obligations are future costs and obligations associated with the ownership of assets that are tied and connected to the ownership of such assets such that they are embedded with such assets. Without limiting the generality of the foregoing, Newco shall:

- (a) be liable for all Losses and Liabilities suffered, sustained, paid or incurred by Gear or Cenovus; and
- (b) in addition, and as an independent covenant, shall defend, indemnify and hold harmless Gear, Cenovus and their Related Persons from and against all Losses and Liabilities suffered, sustained, paid or incurred by any of them in respect of any Claims made against any of them,

in respect of all past, present and future Environmental Liabilities, including Abandonment and Reclamation Obligations in respect of the Newco Assets.

6.2 Nature of Environmental Liabilities

For the avoidance of doubt, the Parties acknowledge that:

- (a) the amount and the scope of the Environmental Liabilities that relate to the Newco Assets are not capable of being quantified at the Effective Time and depend upon numerous unknowable factors that are not within the control of the Parties;
- (b) under Applicable Laws, the Environmental Liabilities that relate to the Newco Assets are inextricably linked with the Newco Assets and the business of Gear prior to the Effective Time so that a transferee of the transferred properties will be liable for such Environmental Liabilities in the absence of the specific assumption of such Liabilities by the transferee in this Agreement or otherwise;
- (c) the Parties have taken the fact that the Newco Assets and any associated Environmental Liabilities are inextricably linked into account in entering into this Agreement and in establishing the fair market value for the Newco Assets;
- (d) neither the existence nor the amount of any accounting reserves for site reclamation costs or similar matters associated with the Newco Assets in the financial statements or accounting records of either Party has been of any relevance to either Party in determining any matter under this Agreement, including the fair market value for the Newco Assets; and
- (e) the Parties agree that the fair market value shall not be adjusted hereunder for any reason in relation to the Environmental Liabilities related to the Newco Assets.

ARTICLE 7
MISCELLANEOUS

7.1 Further Assurances

Subsequent to the Effective Time and thereafter as may be necessary or desirable, and without further consideration, the Parties shall execute, acknowledge and deliver such other instruments and shall take such other actions as may be necessary to carry out their respective obligations under this Agreement.

7.2 Governing Law

This Agreement shall, in all respects, be subject to and be interpreted, construed and enforced in accordance with the laws in effect in the Province of Alberta. Each Party accepts the exclusive jurisdiction of the courts located in the City of Calgary in the Province of Alberta and all courts of appeal therefrom.

7.3 Time

Time shall be of the essence of this Agreement.

7.4 Notice

- (a) The address for notices of each of the Parties shall be as follows:

If to Gear:

Gear Energy Ltd.
c/o Cenovus Energy Inc.
225 – 6 Avenue SW
Calgary, Alberta, T2P 0M5

Attention: Jeff Lawson, Senior Vice President, Corporate Development & Acting Chief Sustainability Officer

Email: *[email redacted]*

with a copy to:

McCarthy Tétrault LLP
4000, 421 7th Avenue SW
Calgary, AB, T2P 4K9

Attention: John Piasta
E-mail: *[email redacted]*

If to Newco:

2640847 Alberta Ltd.
800, 205 – 5th Avenue SW
Bow Valley Square II
Calgary, Alberta, T2P 2V7

Attention: Kevin Johnson, President and Chief Executive Officer
E-mail: *[email redacted]*

with a copy to:

Burnet, Duckworth & Palmer LLP
2400, 525 – 8th Avenue S.W.
Calgary, Alberta, T2P 1G1

Attention: Edward (Ted) Brown
E-mail: *[email redacted]*

If to Cenovus:

Cenovus Energy Inc.
225 – 6 Avenue SW
Calgary, Alberta, T2P 0M5

Attention: Jeff Lawson, Senior Vice President, Corporate Development & Acting Chief
Sustainability Officer
Email: *[email redacted]*

with a copy to:

McCarthy Tétrault LLP
4000, 421 7th Avenue SW
Calgary, AB, T2P 4K9

Attention: John Piasta
E-mail: *[email redacted]*

(b) Any notice required or permitted under the Agreement must be in writing and may be served:

(i) by delivering the notice to a Party at its current address for service under Subsection 7.4(a). A notice so served will be deemed to be received by the addressee when actually delivered, provided that such delivery is during normal business hours on any Business Day. If a notice is not delivered on a Business Day or is delivered after normal business hours, that notice will be deemed to have been received by the Party at the beginning of the first Business Day next following the time of the delivery; or

- (ii) by electronic e-mail transmission to a Party to the e-mail address of such Party set out above, in which case the item so transmitted shall be deemed to have been received when the recipient transmits a manual written acknowledgment of successful receipt, which the recipient shall have an affirmative duty to furnish promptly after successful receipt, if such transmission and receipt are completed prior to 5:00 p.m. on a Business Day. If such transmission and receipt are completed after 5:00 p.m. on a Business Day or on a day that is not a Business Day, then such notice shall be deemed to have been received on the first Business Day following the date on which such transmission and receipt were completed.
- (c) Any of the Parties may from time to time change its address for service herein by giving written notice to the other Party.

7.5 Entire Agreement

This Agreement and the Arrangement Agreement constitutes the entire agreement between the Parties and supersedes and replaces all prior agreements between the Parties with respect to the subject matter hereof.

7.6 Enurement

This Agreement shall be binding upon and shall enure to the benefit of the Parties and their respective successors, receivers, receiver-managers, trustees and permitted assigns.

7.7 Facsimile and Counterpart Execution

This Agreement may be executed by facsimile or by .pdf and in any number of counterparts, each of which shall be deemed to be an original and all of which will be construed together as one agreement.

[Remainder of page left intentionally blank]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first above written.

CENOVUS ENERGY INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

GEAR ENERGY LTD.

By: _____
Name:
Title:

2640847 ALBERTA LTD.

By: _____
Name:
Title:

**SCHEDULE "A" TO THE ASSET CONVEYANCE AGREEMENT DATED •, 2025 AMONG
GEAR ENERGY LTD. AND 2640847 ALBERTA LTD. AND CENOVUS ENERGY INC.**

EXCLUDED ASSETS

PART 1 – PETROLEUM AND NATURAL GAS RIGHTS

See attached • pages.

PART 2 – WELLS

See attached • pages.

PART 3 – FACILITIES AND PIPELINES

See attached • pages.

PART 4 – EXCLUDED SEISMIC INFORMATION

**SCHEDULE "B" TO THE ASSET CONVEYANCE AGREEMENT DATED •, 2025 AMONG
GEAR ENERGY LTD. AND 2640847 ALBERTA LTD. AND CENOVUS ENERGY INC.**

NEWCO ASSETS

PART 1 – PETROLEUM AND NATURAL GAS RIGHTS

See attached • pages.

PART 2 – WELLS

See attached • pages.

PART 3 – FACILITIES AND PIPELINES

See attached • pages.

PART 4 – NEWCO SEISMIC INFORMATION

**SCHEDULE "C" TO THE ASSET CONVEYANCE AGREEMENT DATED •, 2025 AMONG
GEAR ENERGY LTD. AND 2640847 ALBERTA LTD. AND CENOVUS ENERGY INC.**

EXCLUDED WHITEMAP AREA

See attached

**SCHEDULE "D" TO THE ASSET CONVEYANCE AGREEMENT DATED •, 2025 AMONG
GEAR ENERGY LTD. AND 2640847 ALBERTA LTD. AND CENOVUS ENERGY INC.**

**FORM OF POST-CLOSING OPERATION OF ASSETS AND USE OF EMERGENCY RESPONSE PLANS
LETTER AGREEMENT**

SCHEDULE "D"
FORM OF ESCROW AGREEMENT

SCHEDULE "D"

ESCROW AGREEMENT

THIS AGREEMENT is made as of the [●] day of ●, 2025.

AMONG:

CENOVUS ENERGY INC., a corporation incorporated under the laws of Canada ("**Cenovus**")

- and -

GEAR ENERGY LTD., a corporation incorporated under the laws of the Province of Alberta ("**Gear**")

- and -

2640847 ALBERTA LTD., a corporation incorporated under the laws of the Province of Alberta ("**Newco**")

- and -

BURNET, DUCKWORTH & PALMER LLP, a limited liability corporation formed under the laws of the Province of Alberta (the "**Escrow Agent**")

WHEREAS Cenovus, Gear and Newco are parties to an arrangement agreement dated effective the 1st day of December, 2024, as amended, supplemented or restated from time to time (the "**Arrangement Agreement**");

AND WHEREAS pursuant to the terms of the Arrangement Agreement and the Plan of Arrangement, Cenovus agreed to deposit the Escrow Amount with the Escrow Agent, to be held and distributed by the Escrow Agent in accordance with terms and conditions of this Agreement;

AND WHEREAS the Escrow Agent has agreed to hold the Escrow Amount in trust, for and on behalf of Newco, Gear and Cenovus in accordance with the terms of this Agreement;

NOW THEREFORE in consideration of the premises hereto and the covenants and agreements contained herein and, with respect to Newco, Gear and Cenovus, in the Arrangement Agreement, the parties hereto (the "**Parties**") covenant and agree as follows:

ARTICLE 1 DEFINITIONS

1.1 Definitions

Capitalized terms not otherwise defined here shall have the meanings ascribed to them in Section 1.1 of the Arrangement Agreement. The following defined terms shall have the indicated meanings and grammatical variations of such words and terms have corresponding meanings:

- (a) "**Accounting Firm**" means a national or international firm of chartered accountants as chosen by Cenovus from amongst two candidates put forward by Newco which is, where applicable, "independent" to Cenovus and Newco, as such term is defined in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta;
- (b) "**Adjustment Amount**" has the meaning ascribed to such term in Schedule "E" to the Arrangement Agreement;
- (c) "**Adjustment Mechanics**" means the provisions relating to adjusting the Cenovus Contribution Amount pursuant to Section 3.7 of the Arrangement Agreement and Schedule "E" to the Arrangement Agreement;
- (d) "**Arrangement Agreement**" has the meaning ascribed thereto in the recitals;
- (e) "**Escrow Amount**" means \$500,000;
- (f) "**Final Statement of Adjustments**" has the meaning ascribed to such term in Schedule "E" to the Arrangement Agreement;
- (g) "**Initial Statement of Adjustments**" has the meaning ascribed to such term in Schedule "E" to the Arrangement Agreement;
- (h) "**Joint Direction**" means a written direction signed by each of Cenovus, Gear and Newco relating to the release of the Escrow Amount hereunder; and
- (i) "**Prime Rate**" means the rate of interest equal to the annual rate of interest announced from time to time by the main Calgary branch of the Bank of Montreal as the reference rate then effect for determining interest rates on Canadian Dollar commercial loans in Canada.

ARTICLE 2 APPOINTMENT OF ESCROW AGENT

2.1 Appointment of Escrow Agent

The Parties hereby appoint the Escrow Agent to act as escrow agent to hold the Escrow Amount upon and subject to the terms of this Agreement and the Escrow Agent hereby accepts such appointment.

**ARTICLE 3
DEPOSIT OF MONIES INTO ESCROW**

3.1 Deposit of Monies into Escrow

The Escrow Agent agrees to hold the Escrow Amount in trust for Newco, Gear and Cenovus, until authorized for release upon receipt of a Joint Direction. Except as specifically provided for in this Agreement, the Escrow Agent shall not release, deliver, give-up possession of or otherwise deal with the Escrow Amount in any way.

**ARTICLE 4
DEPOSIT OF ESCROW AMOUNTS TO INTEREST BEARING ACCOUNT**

4.1 Deposit of Escrow Amounts to Interest Bearing Account

The Escrow Agent shall deposit the Escrow Amount into an interest bearing account. Interest earned on the Escrow Amount shall follow the principal. Should Cenovus, Gear or Newco receive interest, if any, on any portion of the Escrow Amounts it receives it shall pay all income and other taxes applicable thereto or eligible thereon.

**ARTICLE 5
RELEASE CONDITIONS FOR THE ESCROW AMOUNT**

5.1 Release Conditions for the Escrow Amount

- (a) Cenovus and Newco acknowledge that in accordance with Schedule "E" of the Arrangement Agreement, the Cenovus Contribution Amount was determined at the Effective Time in accordance with the calculation of the adjustments in the Initial Statement of Adjustments.
- (b) If the Final Statement of Adjustments shows that the Adjustment Amount exceeds the Adjustment Amount estimated in the Initial Statement of Adjustments, then Cenovus shall be entitled to receive a payment out of the Escrow Amount equal to the difference between the Adjustment Amount set out in the Final Statement of Adjustments and the estimated Adjustment Amount set out in the Initial Statement of Adjustments with the remainder of the Escrow Amount, if any, paid to Newco; provided that if the Escrow Amount is less than the difference between the Adjustment Amount set out in the Final Statement of Adjustments and the estimated Adjustment Amount set out in the Initial Statement of Adjustments, Newco shall pay Cenovus in respect of any such insufficiency. If the Final Statement of Adjustments shows that the Adjustment Amount is less than the Adjustment Amount estimated in the Initial Statement of Adjustments, then Newco shall be entitled to receive the full Escrow Amount and Cenovus shall pay Newco an amount equal to the difference between the estimated Adjustment Amount set out in the Initial Statement of Adjustments and the actual Adjustment Amount set out in the Final Statement of Adjustments; provided that, in no event shall Newco be entitled to receive any amount of adjustment in excess of the sum of the Escrow Amount plus the Adjustment Amount. Upon the Final Statement of Adjustments being settled in accordance with the provisions of Schedule "E" to the Arrangement Agreement, Cenovus and Newco shall deliver a Joint Direction to the Escrow Agent directing the Escrow Agent to release the Escrow Amount

in accordance with this Section 5.1(b) and the Escrow Agent shall release such amounts to such Parties as identified in such Joint Direction.

- (c) Cenovus or Newco shall pay any amount it is obligated to pay pursuant to Section 5.1(b) within ten (10) days of the Final Statement of Adjustments being settled in accordance with the provisions of Schedule "E" to the Arrangement Agreement; provided that if Cenovus or Newco, as applicable, fails to make such payment within such ten (10) day period, then, in addition to and without prejudice to its obligation to pay such unpaid amount, Cenovus or Newco, as applicable, shall pay to such other Party interest on such unpaid amount calculated at an annual rate of interest equal to the Prime Rate plus one percentage point on a day-to-day basis for the period from the day on which such unpaid amount first became due and payable, to the day on which payment of such unpaid amount, together with such interest, is received by the applicable Party.

ARTICLE 6 RESIGNATION OF ESCROW AGENT

6.1 Resignation of Escrow Agent

The Escrow Agent may, at any time, resign its obligations under this Agreement and be discharged from all further duties and liabilities hereunder by giving each of Newco, Gear and Cenovus at least ten (10) days notice in writing of its intention to resign or such shorter notice as Newco, Gear and Cenovus may accept as sufficient. Newco, Gear and Cenovus agree that they shall forthwith upon receipt of such notice appoint a new escrow agent to act in the place and stead of the Escrow Agent and if they fail to agree on such appointment, any of Newco, Gear or Cenovus or the Escrow Agent may apply to the Court on such notice as the Court may direct for the appointment of a new escrow agent. Upon any new appointment, the new escrow agent will be vested with the same powers, rights, duties and obligations as if it had been originally named herein as escrow agent and such new escrow agent shall enter into an agreement with Newco, Gear and Cenovus agreeing to be bound by all of the provisions of this Agreement.

ARTICLE 7 DISCHARGE FROM DUTIES

7.1 Discharge from Duties

Upon disposing of the Escrow Amount or any portion thereof and interest thereon, if any, in accordance with the provisions of this Agreement, the Escrow Agent shall be relieved and discharged from all Claims and Liabilities relating to such Escrow Amount and interest thereon, if any, and the Escrow Agent shall not be subject to any Claims made by or on behalf of any Party hereto. For greater certainty, the Escrow Agent shall have no obligations or responsibilities relating to the calculation or determinations of any adjustments made pursuant to the Adjustment Mechanics or this Agreement.

ARTICLE 8 DISPUTES

8.1 Disputes

Notwithstanding anything herein or in any other agreement or instrument expressed or implied to the contrary, if at any time the Escrow Agent in its sole discretion believes that there is a bona fide question, confusion or dispute in respect of the release of the Escrow Amount or any matter under this Agreement

that may affect the release of the Escrow Amount, the Escrow Agent may in its sole discretion, and notwithstanding any notices or demands received by the Escrow Agent from any of the other Parties hereto or any other Person, deposit the Escrow Amount or portion thereof in dispute, with the Clerk of the Court, and may interplead each of the other Parties hereto and any other interested party or parties in the proceedings pursuant thereto. Upon making such deposit, and following the filing of its pleadings relative to its complaint in interpleader, the Escrow Agent shall be released from all liability under the terms of this Agreement with respect to the Escrow Amount so deposited and shall be entitled to recover from the Parties, in such manner as may be determined by the Court, the Escrow Agent's reasonable third party fees and related costs and expenses incurred in connection with such action.

ARTICLE 9 INDEMNITY OF ESCROW AGENT

9.1 Indemnity of Escrow Agent

The Escrow Agent shall not be liable for any action taken or omitted to be taken by it in good faith and in the exercise of its reasonable judgment and any act done or omitted by it pursuant to the advice of any legal counsel it may employ shall be conclusive evidence of such good faith. The Escrow Agent may at any time consult with independent legal counsel of its own choice in any such matters, shall have full and complete authorization and protection from any action taken or omitted by it hereunder in accordance with the advice of such legal counsel, and shall incur no liability for any delay reasonably required to obtain the advice of any such legal counsel. Cenovus, Gear and Newco shall jointly and severally indemnify the Escrow Agent for, and hold it harmless against, any loss, liability, cost or expense (including reasonable fees and disbursements of legal counsel), reasonably incurred by it without gross negligence, bad faith, fraud or wilful misconduct on its part, arising out of or in connection with this Agreement, including the costs and expenses of defending itself against any claim or liability in connection with any such matter. The Escrow Agent shall not be liable for any loss of any of the Escrow Amount not resulting from its gross negligence, bad faith, fraud or wilful misconduct.

ARTICLE 10 LIMITATION OF RESPONSIBILITY

10.1 Limitation of Responsibility

- (a) The Escrow Agent shall have no duty to know or determine the performance or non-performance by Newco, Gear or Cenovus of any provision of this Agreement, the Arrangement Agreement, the Asset Conveyance Agreement, or any other agreement except as expressly required or contemplated in the performance of the Escrow Agent of its duties and responsibilities under this Agreement.
- (b) The Escrow Agent shall not be bound in any way by any other contract or agreement between the parties hereto, whether or not the Escrow Agent has knowledge thereof or of its terms and conditions and the Escrow Agent's only duty, liability and responsibility shall be to hold and deal with the Escrow Amount as herein directed and the Escrow Agent has no duties and responsibilities other than those expressly stated herein.
- (c) The provisions of this clause are not intended to and shall not restrict or remove any other rights which the Escrow Agent may have at law or in equity to seek relief or direction from the Court in addition to such as are expressly set forth herein.

- (d) Except as otherwise expressly provided herein, the Escrow Agent is hereby authorized to disregard any and all notices or warnings, other than written notices given by any of the other Parties hereto, and is hereby expressly authorized to comply with and obey any and all processes, orders, judgments or decrees of any Court and shall not be liable to any of the other Parties for such compliance, notwithstanding any such process, order, judgment or decree being subsequently reversed, modified, annulled, set aside, or vacated, or being subsequently found to have been issued or entered without jurisdiction.
- (e) The Escrow Agent shall be under no duty or obligation to ascertain the identity, authority, or rights of the Parties (or their agents) executing or delivering or purporting to execute or deliver this Agreement, or any directions, instruments, documents, or papers related hereto.
- (f) The Escrow Agent shall not be obligated to take any legal action hereunder which might, in the Escrow Agent's judgment, involve any expense or liability unless the Escrow Agent shall have been furnished with reasonable retainer or indemnity.

**ARTICLE 11
ACKNOWLEDGEMENT OF ESCROW AGENT'S
REPRESENTATION OF NEWCO**

11.1 Acknowledgement of Escrow Agent's Representation of Newco

The Parties acknowledge that:

- (a) the Escrow Agent or its partners, employees, agents or associates have provided counsel to Gear, prior to the Effective Date, and Newco in connection with the transactions contemplated by the Arrangement Agreement and in connection with this Agreement;
- (b) the duties of the Escrow Agent hereunder are purely mechanical and are not subject to any discretion on the part of the Escrow Agent;
- (c) the Escrow Agent is acting hereunder for the convenience of the Parties and shall not be impeachable or accountable because of any conflicting or potentially conflicting duty to Newco or any advice provided to Newco; and
- (d) the Escrow Agent shall continue to be at liberty to act as counsel to Newco and its related entities and to Newco on this or any other matter notwithstanding the Escrow Agent's role as escrow agent hereunder.

ARTICLE 12
TERM AND TERMINATION

12.1 Termination of Agreement

This Agreement shall be effective as of the date hereof and shall terminate on such date as the last of the periods contemplated in Section 5.1 have expired; provided that Articles 9, 10, 11 and 13 through 19 shall survive such termination.

ARTICLE 13
NOTICES

13.1 Notices

- (a) Whether or not so stipulated herein, each notice, direction, communication or statement (herein called a "**notice**") required or permitted hereunder shall be in writing. A notice may be served:
- (i) by delivering it to the Party to whom it is being given at that Party's address for notices hereunder, provided such delivery shall be during normal business hours of the addressee on a Business Day. Such notice shall be deemed to be received by the addressee when actually delivered as aforesaid; or
 - (ii) electronically or by facsimile (or by any other like method by which a written and recorded message may be sent) directed to the Party to whom it is being given at that Party's facsimile number for notices hereunder. Such notices shall be deemed received by the addressee thereof (i) when actually received by it if sent within the normal working hours of a Business Day, or (ii) otherwise at the commencement of the next ensuing Business Day following transmission thereof.
- (b) The address, facsimile numbers and emails of the Parties for notices hereunder shall be as follows:
- (i) to Newco, Gear and Cenovus, at the contact information set forth in the Arrangement Agreement:
 - (ii) to the Escrow Agent:

Burnet, Duckworth & Palmer LLP
2400, 525-8th Ave SW
Calgary, AB T2P 1G1

Attn: Edward (Ted) Brown
E-mail: *[email redacted]*
- (c) A Party may change its address or facsimile number for notices hereunder by notice to the other Party.
- (d) Any payment to Cenovus or Newco as provided for in this Agreement shall be made in accordance with the wire instructions attached hereto as Schedule "A".

**ARTICLE 14
FEES, COSTS AND EXPENSES OF THE ESCROW AGENT**

14.1 Fees, Costs and Expenses of the Escrow Agent

Without limiting the liability of Cenovus, Gear and Newco to the Escrow Agent set forth in Article 9 hereof, except as otherwise set out in Section 8.1 hereof, Cenovus agrees that any and all losses, liabilities, costs and expenses (including reasonable fees and disbursements of legal counsel) reasonably incurred by the Escrow Agent in the performance of its obligations under this Agreement without gross negligence, bad faith, fraud or wilful misconduct on the part of the Escrow Agent, shall be borne by Cenovus.

**ARTICLE 15
APPLICABLE LAW**

15.1 Applicable Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta except any conflict of laws or rules that would otherwise require the application of the laws of another jurisdiction. Each of the Parties hereto attorns to the exclusive jurisdiction of the Courts of the Province of Alberta and the Supreme Court of Canada.

**ARTICLE 16
FURTHER ASSURANCES**

16.1 Further Assurances

Each of the Parties shall make, do and execute or cause to be made, done and executed all such further and other things, acts, deeds, documents and assurances necessary to carry out the intent and purposes of this Agreement fully and effectually.

**ARTICLE 17
NO WAIVER; AMENDMENTS**

17.1 No Waiver; Amendments

Any waiver of any provision of this Agreement must be in writing and must be duly executed by the Party or Parties, as applicable, giving such waiver. No failure or delay of any Party in exercising any right, power or remedy provided herein shall be, or be deemed to be, a waiver thereof; nor shall any single or partial exercise of any right, power or remedy preclude any other or further exercise of such rights, power or remedy or any other right, power or remedy. This Agreement shall not be amended except by written instrument duly executed by the Parties affected by the amendment.

**ARTICLE 18
NO ASSIGNMENT**

18.1 No Assignment

This Agreement may not be assigned by Cenovus, Gear or Newco without the prior written consent, in the case of an assignment by the other.

**ARTICLE 19
SUCCESSORS**

19.1 Successors

This Agreement shall be binding upon and shall enure to the benefit of the Parties, their heirs, legal representatives, successors (including successors by amalgamation or arrangement) and permitted assigns.

**ARTICLE 20
COUNTERPARTS**

20.1 Counterparts

This Agreement and any written instructions or notices delivered under this Agreement, may be executed in any number of counterparts each of which when so executed shall be an original and all of them when taken together shall constitute one and the same instrument. A telecopy or by e-mail in PDF format of the execution page of a counterpart shall be sufficient evidence of execution for the purposes of this Article 20 and shall be equivalent to an originally executed page of such counterpart.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the day and year first above written.

CENOVUS ENERGY INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

GEAR ENERGY LTD.

By: _____
Name:
Title:

2640847 ALBERTA LTD.

By: _____
Name:
Title:

BURNET, DUCKWORTH & PALMER LLP

By: _____
Name:
Title:

SCHEDULE "A"

WIRE INSTRUCTIONS

SCHEDULE "E"

ADJUSTMENT OF CENOVUS CONTRIBUTION AMOUNT

ADJUSTMENT OF CENOVUS CONTRIBUTION AMOUNT

1.01 Definitions

Capitalized terms not otherwise defined here shall have the meanings ascribed to them in Section 1.1 of the Agreement. The following defined terms shall have the indicated meanings and grammatical variations of such words and terms have corresponding meanings:

- (a) "**Accounting Firm**" means a national or international firm of chartered accountants as chosen by Cenovus from amongst two candidates put forward by Newco which is, where applicable, "independent" to each of Cenovus and Newco, as such term is defined in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta.
- (b) "**Adjustment Amount**" has the meaning ascribed to that term in Section 1.02(b) hereof.
- (c) "**Economic Effective Date**" means January 1, 2025.
- (d) "**Escrow Agent**" has the meaning ascribed to that term in the Escrow Agreement.
- (e) "**Escrow Agreement**" means the escrow agreement to be dated as of the Effective Date among Cenovus, Gear, Newco and the Escrow Agent.
- (f) "**Escrow Amount**" has the meaning ascribed to that term in the Escrow Agreement.
- (g) "**Excluded Assets**" has the meaning attributed to that term in the Asset Conveyance Agreement.
- (h) "**G&A Costs**" means, in respect of the period commencing on the Economic Effective Date and continuing until the Effective Date, an amount equal to \$[*amount redacted*] per day which will be attributed to the Excluded Assets.
- (i) "**Petroleum and Natural Gas Rights**" has the meaning ascribed to that term in the Asset Conveyance Agreement, as such term is used in respect of the Excluded Assets.
- (j) "**Petroleum Substances**" has the meaning ascribed to that term in the Asset Conveyance Agreement.
- (k) "**Prime Rate**" means the rate of interest equal to the annual rate of interest announced from time to time by the main Calgary branch of the Bank of Montreal as the reference rate then effect for determining interest rates on Canadian Dollar commercial loans in Canada.
- (l) "**Title and Operating Documents**" has the meaning ascribed to that term in the Asset Conveyance Agreement.
- (m) "**Thirteenth Month Adjustment**" means the accounting procedure performed annually by any operator of certain of the Excluded Assets for the purposes of redistributing operating expenses, processing fee revenues, royalties and gas cost allowances and other costs, expenses or revenues among the owners or users of those Excluded Assets.

1.02 Adjustments

- (a) It is the intention of the Parties that Cenovus and Gear should have the economic benefit of the Excluded Assets from and after the Economic Effective Date. Accordingly, the net amount of all benefits and obligations of any kind or nature received, accruing, payable or paid in respect of the Excluded Assets, including maintenance, capital and operating costs, royalties and proceeds from the sale of production, shall, for the purposes of this Section 1.02, be apportioned between Gear and Cenovus as of the first part and Newco on the other part, on an accrual basis in accordance with GAAP as of the Economic Effective Time, subject to the following:
- (i) all rentals and similar payments, all cash advances and all property taxes, freehold mineral taxes and other taxes (excluding taxes based on income, net revenue or capital) paid, payable or levied on or in respect to the Excluded Assets, the ownership thereof or Petroleum Substances produced therefrom or allocated thereto shall be apportioned between Gear and Newco on a per diem basis as of the Economic Effective Date;
 - (ii) all costs relating to any work performed or goods and services provided in respect of the Excluded Assets will be deemed to have accrued as of the date the work was performed or the goods or services were provided, regardless of the time at which those costs become payable;
 - (iii) all deposits, prepaid amounts and other security and financial assurances provided by Gear to Governmental Authorities or other Third Parties in respect to the Excluded Assets, the operation thereof, Petroleum Substances produced therefrom or allocated thereto or services provided in connection therewith do not comprise part of the Excluded Assets and shall not be included as a benefit for the purposes of the adjustments contemplated by this Section 1.02;
 - (iv) all overhead recoveries from Third Parties, operator's fees and similar amounts provided for in the Title and Operating Documents and received or receivable by Gear as operator of any Excluded Assets and relating to the period up to the Economic Effective Time shall not be included as a benefit for the purposes of the adjustments contemplated by this Section 1.02;
 - (v) there shall be an adjustment in favour of Newco in respect of G&A Costs;
 - (vi) Petroleum Substances that were produced from or allocated to the Excluded Assets and that were beyond the wellhead as of the Economic Effective Date do not comprise part of the Excluded Assets and shall not be included as a benefit for the purposes of the adjustments contemplated by this Section 1.02; and
 - (vii) no adjustments shall be made: (A) on account of any taxes calculated by reference to or assessed based on income, net revenue or capital that are payable by Gear or Newco; or (B) any Gear Transaction Costs.
- (b) Gear and Newco shall prepare a statement based on their good faith estimate of the net amount (the "**Adjustment Amount**") of the aggregate of all benefits and obligations in respect of the Excluded Assets contemplated by Subsection 1.02(a), provided that if the Adjustment Amount is a positive amount, this shall result in a decrease to the Cenovus Contribution Amount, and if a negative amount, shall be deemed to be zero (the "**Initial Statement of Adjustments**") and deliver a copy of such statement, together with reasonable supporting documentation no later than the third (3rd)

Business Day immediately prior to the Effective Time. The Parties shall cooperate in settling and agreeing to the amounts and adjustments set forth in the Initial Statement of Adjustments. If the Parties are unable to agree on the calculation thereof prior to the Effective Date, Gear and Newco's good faith estimate of such adjustments shall be used for the purposes of calculating the Adjustment Amount at the Effective Time pursuant to Section 3.7 of the Agreement.

- (c) Within ninety (90) days following the Effective Date, Gear shall prepare (or cause to be prepared) and deliver to Newco a written statement (the "**Final Statement of Adjustments**") setting forth any adjustments to be made between the Parties pursuant to and in accordance with this Section 1.02 that were not included in the Initial Statement of Adjustments or, if included in the Initial Statement of Adjustments, were not accurately included therein, together with the net amount payable by one Party to the other in respect of such adjustments. Except as provided in Subsection 1.02(g), no further adjustments shall be made between the Parties after settlement of the adjustments set forth in the Final Statement of Adjustments. Newco shall assist Gear in verifying the amounts and adjustments set forth in the Final Statement of Adjustments.
- (d) If Newco is of the opinion, acting reasonably, that any change is required to be made to the Final Statement of Adjustments as prepared by Gear, it shall, within ten (10) Business Days after the delivery of the Final Statement of Adjustments by Gear to Newco, (the "**Objection Date**"), give written notice to Gear of any such proposed change, including the amount of such proposed change and other particulars of such proposed change, in reasonable detail. If Newco does not notify Gear of any proposed change on or before the Objection Date, then Newco shall be deemed to have accepted the Final Statement of Adjustments.
- (e) If Newco gives written notice to Gear of any proposed change to the Final Statement of Adjustments on or before the Objection Date, and if the proposed change is disputed by Gear and the Parties fail to resolve the dispute within ten (10) days after receipt by the Gear of such notice, then the Accounting Firm shall be immediately engaged by the Parties to resolve the dispute and the Accounting Firm shall be requested to render its decision without qualifications, other than the usual qualifications relating to engagements of this nature, within fourteen (14) days after the dispute is referred to it. The decision of the Accounting Firm shall be final and binding upon the Parties and shall not be subject to appeal by either Party. The fees and expenses of the Accounting Firm shall be shared equally by Gear and Newco.
- (f) After delivery of the Final Statement of Adjustments, the Parties shall make further adjustments between them, or correct previously made adjustments made between them, under Subsection 1.02(a), but excluding any matters finally resolved by the Accounting Firm, as and when identified by either of the Parties, provided that, no adjustments shall be made under Subsection 1.02(a), including corrections to previously made adjustments, more than six (6) months after delivery of the Final Statement of Adjustments except:
 - (i) in connection with a Thirteenth Month Adjustment, but only if a claim in respect of such Thirteenth Month Adjustment is made by one Party to the other Party within two years after the Effective Date. If such notice is not given within such period, no adjustment in this regard shall be made;
 - (ii) as a consequence of an audit relating to the Excluded Assets that was conducted by a Third Party (other than a Governmental Authority) having rights to do so pursuant to the Title and Operating Documents, but only if a claim in respect of such an audit is made by one Party to the other Party within two years after the Effective Date. If such notice is not given within such period, no adjustment in this regard shall be made; or

- (iii) an audit initiated by a Governmental Authority, but only if a claim in respect of such an audit is made by one Party to the other Party within four years after the Effective Date. If such notice is not given within such period, no adjustment in this regard shall be made.
- (g) At any time during the six (6) month period immediately after delivery of the Final Statement of Adjustments, each Party shall have the right, at its own cost and upon at least five (5) Business Days prior notice to the other Party, to examine, copy and audit the accounting and financial records of the other Party relating to the Excluded Assets or the operation thereof for the purpose of verifying the calculation or re-calculation of the adjustments provided for in this Subsection 1.02, provided that: (i) in the case of inquiries relating to a Thirteenth Month Adjustment or an audit conducted by a Third Party (other than a Governmental Authority), such period shall extend to the end of the two year period immediately following Closing; and (ii) in the case of inquiries relating to an audit initiated by a Governmental Authority, such period shall extend to the end of the four year period immediately following the Effective Date. Each Party shall cooperate with the other Party in order to provide reasonable access to its records to the other Party for the purposes of this Subsection 1.02(h).
- (h) Amounts payable under this Subsection 1.02 shall be paid as follows:
 - (i) if payable pursuant to the Initial Statement of Adjustments, by adjustment of the Cenovus Contribution Amount by the Adjustment Amount;
 - (ii) if payable pursuant to the Final Statement of Adjustments as ultimately agreed or determined, in accordance with the provisions of the Escrow Agreement; and
 - (iii) if payable pursuant to a matter contemplated in Section 1.02(g), within ten (10) days of receipt of notice by a Party that is liable to pay such amount pursuant to Subsection 1.02(g), subject to the limitations in Subsection 1.02(g), provided that, if there is a dispute regarding the liability for or the amount of any permitted (or purportedly permitted) adjustment, the amount in dispute shall become due and payable within ten (10) days of settlement or other resolution of such dispute. If a Party fails to pay any such amount when it first becomes due and payable, then, in addition to and without prejudice to its obligation to pay such unpaid amount, such Party shall pay to the other Party interest on such unpaid amount calculated at an annual rate of interest equal to the Prime Rate plus one percentage point on a day-to-day basis for the period from the day on which such unpaid amount first became due and payable, to the day on which payment of such unpaid amount, together with such interest, is received by the other Party.
 - (iv) Notwithstanding any of the foregoing, in no event shall any adjustment be made in favour of Newco in an amount that in the aggregate exceeds the sum of the Escrow Amount plus the Adjustment Amount.

APPENDIX D
FAIRNESS OPINION

(See attached)

December 1, 2024

Gear Energy Ltd.
Suite 800, 205 – 5th Avenue SW
Calgary, Alberta T2P 2V7

To the Board of Directors of Gear Energy Ltd. (the “Board”)

ATB Securities Inc. (“ATB”, “ATB Capital Markets”, “we” or “us”) understands that Gear Energy Ltd. (“Gear” or the “Company”) entered into an arrangement agreement dated December 1, 2024 (the “Arrangement Agreement”) with Cenovus Energy Inc. (“Cenovus”) and 2640847 Alberta Ltd. (“Newco”), to effect a plan of arrangement under Section 193 of the *Business Corporations Act (Alberta)* (the “Arrangement”). Under the terms of the Arrangement, Cenovus will acquire all the issued and outstanding common shares of the Company (each a “Gear Share”) following the transfer and conveyance of certain assets of Gear to, and the assumption of certain liabilities of Gear, by Newco. Under the Arrangement, the holders of Gear Shares will receive, for each Gear Share held (the “Consideration”):

- a) Cash consideration of \$0.607; or
- b) 0.3035 common shares of Newco (“Newco Shares”), which intends be publicly traded, and will directly or indirectly own certain of the Company’s interests in oil and gas properties located in Alberta and Saskatchewan; or
- c) A combination thereof, subject to proration and consideration caps.

ATB understands that, under the Arrangement, outstanding share options of Gear granted under the Gear Option Plan, whether vested or not, will be surrendered and deemed to be terminated for nominal consideration.

The terms of the Arrangement will be more fully described in a management information circular (the “Circular”), which will be mailed to the holders of Gear Shares (the “Gear Shareholders”) in connection with the Arrangement.

ATB also understands that directors and officers of Gear have entered into voting agreements, pursuant to which, among other things, they have agreed to vote in favour of the Arrangement Resolution (as defined in the Arrangement Agreement) and to otherwise support the Arrangement.

ENGAGEMENT OF ATB CAPITAL MARKETS

ATB was formally engaged by the Board pursuant to an engagement agreement dated November 6, 2024 (the “Engagement Agreement”) to provide certain financial advisory services, including, but not limited to the preparation and provision of a fairness opinion to the Board. This opinion (the “Fairness Opinion”) is as to the fairness, from a financial point of view, of the Consideration to be received by Gear Shareholders pursuant to the Arrangement.

Pursuant to the terms of the Engagement Agreement, ATB has not been engaged to prepare a formal valuation of any of the assets, liabilities, common shares, share options or other securities involved in the Arrangement, and this Fairness Opinion should not be construed as such. However, ATB has performed financial analyses which we considered to be appropriate and necessary in the circumstances and such analyses support the conclusions reached in this Fairness Opinion. The terms of the Engagement Agreement provide that ATB is to be paid fees for its services as financial advisor, including: (i) a fixed fee that is payable for this Fairness Opinion, that is not conditional on completion of the Arrangement; and (ii) a fee that is payable upon the successful completion of the Arrangement. The Company has also agreed to reimburse ATB for certain out-of-pocket expenses and to indemnify ATB in respect of certain liabilities which may be incurred by it in connection with the use of the Fairness Opinion by the Company and the Board.

Subject to the terms of the Engagement Agreement, ATB consents to the distribution of this Fairness Opinion to the Gear Shareholders in the Circular and in connection with all applicable court proceedings and materials necessary to obtain required court approvals to implement the Arrangement. Except as aforesaid and as provided for in the Engagement Agreement, this Fairness Opinion may not be summarized, published, reproduced, disseminated, quoted from or referred to without the express written consent of ATB.

CREDENTIALS OF ATB CAPITAL MARKETS

ATB is a Canadian investment banking firm with operations across a broad range of financial services, including corporate finance, mergers and acquisitions, equity and debt capital markets, sales and trading, and investment research. ATB and its senior investment banking professionals have participated in a significant number of transactions involving public and private companies and have extensive experience in preparing valuations and fairness opinions.

This Fairness Opinion is the opinion of ATB and its form and content have been approved by a committee of senior investment banking professionals of ATB, each of whom is experienced in merger, acquisition, divestiture, valuation and fairness opinion matters.

INDEPENDENCE OF ATB CAPITAL MARKETS

Neither ATB, nor any of its affiliates or associates is an insider, associate or affiliate (as those terms are defined in the *Securities Act* (Alberta)) of Gear, Cenovus or Newco, or any of their respective associates, affiliates and or controlling entities (collectively, the "Interested Parties"). Neither ATB nor any of its affiliates or associates is an advisor to any interested party in respect of the Arrangement, other than to the Board pursuant to the Engagement Agreement. ATB Financial, the parent company of ATB, is a corporate lender to Gear. Additionally, ATB Financial is a corporate lender to Cenovus and may become a lender to Newco.

ATB and its affiliates have not been engaged to provide any financial advisory services, have not acted as lead or co-lead manager on any offering of securities of the Company or any other Interested Party, and have not had a material financial interest in any transaction involving Gear, or any other

Interested Party during the 24 months preceding the date on which ATB was first contacted with respect to its engagement by the Board, other than as described above.

Other than as set forth above, or that may arise as a result of the Engagement Agreement, there are no understandings or agreements between ATB and any of the interested parties with respect to future financial advisory or investment banking business. ATB may in the future, in the ordinary course of its business, perform financial advisory or investment banking services for any of the Interested Parties. ATB Financial may provide, in the future, in the ordinary course of business, banking services including loans to Cenovus, Newco or any other interested party.

ATB acts as a trader and dealer, both as principal and agent, in major financial markets and, as such, may have and may in the future have positions in the securities of one or more of the interested parties and, from time to time, may have executed or may execute transactions on behalf of one or more of the interested parties or other clients for which it may have received or may receive compensation. As an investment dealer, ATB conducts research on securities and may, in the ordinary course of its business, provide research reports and investment advice to its clients on investment matters, including matters with respect to the Arrangement, or any of the interested parties.

The fees payable to ATB in connection with the foregoing, and including the Engagement Agreement and this Fairness Opinion, are not financially material to ATB.

SCOPE OF REVIEW

In considering the fairness, from a financial point of view, of the Consideration to be received by Gear Shareholders pursuant to the Arrangement, ATB principally considered and relied upon the following approaches: (i) forecasts and historical results provided by management, (ii) reserve analysis and net present value analysis, (iii) selected relevant peer trading comparisons, (iv) selected relevant precedent transactions, and (v) other quantitative and qualitative measures of Gear and Newco across a number of financial measures.

In connection with this Fairness Opinion, ATB has reviewed and relied upon (without attempting to independently verify the completeness or accuracy of) or carried out, among other things, the following:

- a) Certain financial, operating, corporate and other non-public information prepared by Gear management;
- b) A financial model dated November 11, 2024 detailing forecasts for 2025 and 2026 for Newco; certain summaries of oil and gas reserves effective December 31, 2023 prepared by independent reserve evaluators in accordance with National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities, as well as the associated ValNav database;
- c) An internally prepared ValNav database with the year end 2023 Gear reserves mechanically updated to October 31, 2024 to reflect 2024 drilling added to PDP and P+PDP;
- d) Lease operating statements to October 2024 for Gear and Newco, respectively;
- e) Audited consolidated financial statements of Gear for the year ended December 31, 2023;

- f) Unaudited interim financial statements and management discussion and analysis of Gear for Q1, Q2 and Q3 2024;
- g) Discussions with senior management of Gear with respect to the information referred to above, Newco's business plan, financial condition and prospects, and other information considered relevant;
- h) Gear's abandonment and reclamation obligations estimates, including liabilities retained by Newco, as provided by management of Gear;
- i) A detailed breakdown of Gear tax pools as of June 30, 2024 provided by Gear management;
- j) The most recent draft of the Arrangement Agreement (and accompanying Plan of Arrangement and Asset Conveyance Agreement) distributed to ATB dated November 29, 2024;
- k) Various representations contained in the certificate dated December 1, 2024 from senior officers as to the completeness and accuracy of the information upon which this Fairness Opinion is based;
- l) The Proposal to Gear from Cenovus dated November 1, 2024;
- m) A summary of the 2023 sales process of Gear, verbally provided by mandated advisors; and
- n) Such other corporate, industry and financial market information, investigations and analyses as ATB considered necessary or appropriate in the circumstances, including other transactions and companies of a comparable nature.

In addition to the information detailed above, ATB has: (i) reviewed certain publicly available information pertaining to current and expected future oil and natural gas prices, oilfield activity levels and other economic factors, (ii) reviewed and considered capital market conditions, both current and expected, for the oil and natural gas industry in general, for exploration and production companies, and for Gear and Newco specifically, (iii) reviewed the operating and financial performance and business characteristics of Gear and Newco relative to the performance of select relevant Canadian exploration and production companies and trusts, (iv) received representations contained in certificates addressed to us from certain senior officers of Gear as to the completeness and accuracy of the information upon which the Fairness Opinion is based, and (v) reviewed other financial, securities market and industry information and carried out such other analyses and investigations as ATB considered necessary and appropriate in the circumstances.

ATB was granted full and unrestricted access by Gear to its senior management, the Board and legal advisors and was, to the best of our knowledge, provided with all material information.

ATB has not, to the best of our knowledge, been denied access by Gear to any information requested by ATB. ATB did not meet with the auditors of Gear and has assumed the accuracy, completeness and fair presentation of and has relied upon, without independent verification, the audited financial statements of Gear and the reports of the auditor thereon. Further, ATB did not meet with the independent reserve evaluator of Gear and has assumed the accuracy and fair presentation of the reserve summaries of Gear.

PRIOR VALUATIONS

Gear has represented to ATB that there have not been any prior valuations (as defined in Multilateral Instrument 61-101) of Gear or its material assets or its securities in the past twenty-four month period.

ASSUMPTIONS, LIMITATIONS AND QUALIFICATIONS

This Fairness Opinion is subject to the assumptions, limitations and qualifications set out below. With the Board's acknowledgement and agreement as provided for in the Engagement Agreement, ATB relied upon the accuracy, completeness and fair presentation of all data and other information obtained by it from public sources, provided to it by or on behalf of Gear, or otherwise obtained by ATB, and this Fairness Opinion is conditional upon the accuracy, completeness and fair presentation of such information. Subject to the exercise of professional judgment, and except as expressly described herein, ATB has not attempted to verify independently the accuracy, completeness or fair presentation of any of such information. Senior officers of Gear have represented to ATB, in a certificate delivered as at December 1, 2024, among other things, that the information, data, budgets, company generated reports, evaluations, representations and other material, financial or otherwise, verbal or written, (collectively, the "Information") provided to ATB by Gear was true and correct, in all material respects, as at the date the Information was so provided and that, since the date the Information was provided, there has been no material change, financial or otherwise, in the financial position, assets, liabilities (contingent or otherwise), business, operations or prospects of Gear, and there has been no change of any material fact, or omission to state a material fact, so as to render the Information, taken as a whole, untrue or misleading in any material respect.

With respect to the budgets, forecasts, projections or estimates of Gear provided to ATB and used in its analyses, ATB notes that projected future results are inherently subject to uncertainty. ATB has assumed, however, that such budgets, forecasts, projections and estimates were prepared using the assumptions identified therein which ATB has been advised are (or were at the time of preparation and continue to be), in the opinion of the senior officers of Gear, as applicable, reasonable in the circumstances. ATB expresses no independent view as to the reasonableness of such budgets, forecasts, projections and estimates or the assumptions upon which they are based.

In preparing this Fairness Opinion, ATB has made several assumptions, including that all final or executed versions of documents will conform in all material respects to the drafts provided to ATB, all conditions to the Arrangement can and will be satisfied in due course, all consents, permissions, exemptions or orders of relevant regulatory authorities or third parties will be obtained, without adverse conditions or qualifications, the procedures being followed to implement the Arrangement are valid and effective and comply in all material respects with all applicable laws. The Circular will be delivered to the Gear Shareholders in accordance with all applicable laws, and the disclosure in the Circular will be accurate, in all material respects, and will comply, in all material respects, with the requirements of all applicable laws. In its analysis in connection with the preparation of this Fairness Opinion, ATB made numerous assumptions with respect to industry performance, general business and economic conditions, and other matters, many of which are beyond the control of Gear. Among other things, ATB has assumed the accuracy, completeness and fair presentation of and has relied upon, without independent verification, the financial statements forming part of the Information.

In rendering this Fairness Opinion, ATB expresses no view as to the likelihood that the conditions respecting the Arrangement will be satisfied or waived or that the Arrangement will be implemented within the time frame anticipated by Gear. ATB has also assumed that all of the representations and warranties contained in the Arrangement Agreement will be true and correct, in all material respects, as of the date of its execution.

This Fairness Opinion has been provided for the use of the Board and is not intended to be, and does not constitute, a recommendation that any Gear Shareholder should vote in favour or otherwise approve of matters related to the Arrangement, or that any holder of securities convertible or exercisable into Gear Shares should convert or exercise such securities or as to any elections that may be available to a Gear Shareholder pursuant to the Arrangement. This Fairness Opinion may not be used or relied upon by any other person or for any other purpose without the express written consent of ATB. This Fairness Opinion does not address the relative merits of the Arrangement as compared to other transactions or business strategies that might be available to Gear, nor does it address the Gear's business decision to enter into the Arrangement Agreement and to complete the Arrangement. In considering the fairness, from a financial point of view, of the Consideration to be received by Gear Shareholders pursuant to the Arrangement, ATB considered the Arrangement from the perspective of Gear Shareholders generally and did not consider the specific circumstances of any particular Gear Shareholder, including with regard to income tax considerations, or any elections (or deemed elections) that a Gear Shareholder may make and is not an opinion as to the procedural fairness of the Arrangement. Furthermore, this Fairness Opinion is not, and should not be construed as advice as to the price at which the securities of Gear may trade or their potential value at any future date.

ATB was not engaged to review any legal, tax or regulatory aspects of the Arrangement, or other procedural elements of the Arrangement, or the implementation thereof, and this Fairness Opinion does not address such matters. ATB has relied upon, without independent verification, the assessment by Gear and its legal advisors with respect to such matters.

This Fairness Opinion is rendered as of the date noted above on the basis of securities markets, economic and general business and financial conditions prevailing on that date and the condition and prospects, financial and otherwise, of Gear, as they were reflected in the Information provided or otherwise available to ATB. Any changes therein may affect this Fairness Opinion and, although ATB reserves the right to update, change, supplement or withdraw this Fairness Opinion in such event, it disclaims any and all undertaking or obligation to advise any person of any such change that may come to its attention, or to change, supplement or withdraw this Fairness Opinion after the date hereof.

The preparation of a fairness opinion is a complex process and is not necessarily amenable to partial analysis or summary description. ATB believes that its analyses must be considered in totality and that selecting portions of the analyses or the factors considered by it, without considering all factors and analyses together as a whole, could create an incomplete view of the process underlying this Fairness Opinion. Accordingly, this Fairness Opinion should be read in its entirety.

FAIRNESS OPINION CONCLUSION

Based upon and subject to the foregoing, ATB is of the opinion that, as of the date hereof; the Consideration to be received by Gear Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Gear Shareholders.

This Fairness Opinion may be relied upon by the Board for the purposes of considering the Arrangement, but may not be used or relied upon by any other person, or for any other purpose, without the express prior written consent of ATB, except as otherwise provided herein.

Yours truly,

ATB Securities Inc.

ATB Securities Inc.

APPENDIX E
INFORMATION CONCERNING NEWCO

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No securities regulatory authority or the TSX Venture Exchange has expressed an opinion about the securities being offered pursuant to such transaction which are the subject of this Appendix E.

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SCHEDULES

- Schedule A - Audited Financial Statements of Newco as at November 30, 2024 and for the period from incorporation on August 21, 2024 to November 30, 2024
- Schedule B - Audited Operating Statements Relating to the Newco Assets for the Years Ended December 31, 2023, December 31, 2022 and December 31, 2021 and Unaudited Operating Statements Relating to the Newco Assets for the three and nine months ended September 30, 2024
- Schedule C - Statement of Reserves Data and Other Oil and Gas Information Regarding the Newco Assets as at December 31, 2023

DEFINED TERMS

In this Appendix, unless otherwise defined herein, capitalized terms and phrases shall have the meaning given to them in the "*Glossary of Terms*" contained in the Information Circular to which this Appendix is attached.

ADVISORIES

An investment in and ownership of the Newco Shares should be considered speculative due to the nature of Newco's involvement in the exploration for, and the acquisition, development and production of, oil and natural gas reserves. Newco's business is subject to the risks normally encountered in the oil and natural gas industry. There is currently no market through which the Newco Shares may be sold. Newco has no present intention to pay dividends on its Newco Shares. Investors in Newco must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of Newco. See "*Risk Factors*" in this Appendix.

Forward-Looking Statements

Certain statements contained herein may constitute forward-looking statements. These statements relate to future events or future 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 "seek", "anticipate", "plan", "continue", "objectives", "strategies", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These 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 statements. Newco believes the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this Appendix should not be unduly relied upon.

In particular, forward-looking statements may relate to the following:

- the performance characteristics of the Newco Assets;
- the sale of the Newco Assets by Gear and acquisition of the Newco Assets by Newco;
- details of the Newco Assets;
- anticipated production from the Newco Assets, including oil, NGL and natural gas production levels;
- the size of the oil and natural gas reserves of the Newco Assets;
- projections of market prices and costs;
- cash available for funding of capital expenditures;
- the expectation that the assets to be transferred to Newco will be low base decline and high netback assets with an inventory of quality drilling projects;
- terms of the Asset Conveyance Agreement and certain other material contracts to be entered into by Newco;
- the anticipated debt of Newco;
- details of the 2025 capital budget for Newco, including the type and timing of capital expenditures;
- anticipated 2025 average production, Q1 2025 average production and Q4 2025 average production from the Newco Assets including commodity weightings;
- the expectation that the 2025 capital expenditure program will generate an 88% increase in production from the Newco Assets from Q4 2024 to Q4 2025;
- 2025 guidance including royalty rates, operating and transportation costs, general and administrative expenses, interest and other expenses, capital and abandonment expenditures;
- forecast 2025 funds flow from operations (and funds flow from operations ("**FFO**") per share) based on various commodity price sensitivities;
- the expectation that Newco will have minimal bank debt by the end of 2025;
- the expectation that Newco may strategically place hedges throughout 2025 as it looks to manage its risk into 2025 and beyond;
- supply and demand for oil and natural gas;

- expectations regarding the ability to raise capital and to continually add to reserves through acquisitions and development;
- drilling plans;
- tax horizons;
- timing of development of undeveloped reserves;
- treatment under governmental regulatory regimes and tax laws;
- capital expenditure programs;
- the business of the Gear Meeting;
- the delisting of the Gear Shares from the TSX and the anticipated timing thereof;
- the satisfaction of conditions for the listing of the Newco Shares on the TSXV and anticipated timing thereof;
- the Newco Share Option Plan and expectations with respect to the grant of Newco Options to purchase Newco Shares in the future;
- the Newco Rights Plan and expectations relating thereto;
- the number of employees of Newco and the proposed compensation of the executive officers and directors of Newco following completion of the Arrangement;
- the establishment of committees of the Newco Board following completion of the Arrangement, including the members thereof;
- corporate governance matters relating to Newco following completion of the Arrangement;
- the anticipated shareholdings of the executive officers and directors of Newco upon completion of the Arrangement;
- the status of Newco as a reporting issuer upon completion of the Arrangement;
- the business strategy and business plans of Newco following completion of the Arrangement, including conducting low-risk drilling and modern completion technology to grow production and reserves, focusing on operational and cost efficiencies to increase returns and maintaining a conservative financial structure; and
- the business strengths of Newco following completion of Arrangement, including significant well performance, extensive low-risk drilling inventory with recompletion and enhanced recovery opportunities and a conservative financial structure with no initial indebtedness.

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 actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere herein related to: the Arrangement, including the risk of termination of the Arrangement Agreement; the inability to obtain required consents, permits or approvals, including Court approval of the Arrangement, Gear Shareholder approval of the Arrangement and applicable regulatory approvals and stock exchange approvals in accordance with the required timelines contained in the Arrangement Agreement to consummate the Arrangement; inability to satisfy the other conditions to the Arrangement Agreement prior to the Outside Date; the potential for management and reserves evaluators estimates and assumptions to be inaccurate; failure to achieve anticipated Newco production levels; price, markets and marketing of oil, natural gas and NGLs; exploration, development and production risks; management of growth; the trading price of the Newco Shares may be adversely affected by factors related and unrelated to the crude oil and natural gas industry; project risks; failure to realize the anticipated benefits of acquisitions and dispositions; inflation and rising interest rates; geopolitical risks; potential conflicts of interest; the payment of dividends in the future by Newco; conflicts in the Middle East; the Russian-Ukrainian war; competition for, among other things, capital, the acquisition of reserves, export pipeline capacity and skilled personnel; failure to obtain or retain key personnel; lack of capacity and/or regulatory constraints on gathering and processing facilities, pipeline systems and railway lines; reliance on third party infrastructure for transportation, processing or marketing of oil and natural gas volumes; abandonment and reclamation costs;

fluctuations in foreign exchange rates and interest rates; cost of new technologies; alternatives to and the changing demand for petroleum products; changes to the regulatory landscape; changes to royalty regimes; compliance with environmental regulations; climate change; transition risks; physical risks; natural disasters, terrorist acts, civil unrest, pandemics and other disruptions and dislocations; the capital requirements of future projects of Newco; additional funding requirements; general economic, market and business conditions; long term reliance on third parties; lack of policy and regulatory certainty in relation to the development of interprovincial and international pipelines; the need to obtain regulatory approvals and maintain compliance with regulatory requirements; environmental risks and hazards and the cost of compliance with environmental regulations, including greenhouse gas regulations; credit facility arrangements and failure to comply with covenants under Newco's credit facility; issuance of debt; hedging; title to and right to produce from the Newco Assets; geological, technical, drilling and processing problems and other difficulties in producing petroleum reserves; the potential for management and reserves evaluators estimates and assumptions to be inaccurate; insurance risks; the effect that the issuance of additional securities by Newco could have on the market price of the Newco Shares; the failure of Newco or the holder of certain licenses or leases to meet specific requirements of such licenses or leases; claims made in respect of Newco's operations, properties or assets, including aboriginal claims; breaches of confidentiality by a third party; income taxes and the potential for taxation authorities to reassess Newco's tax returns; third party credit risks; information and cyber-security breaches; data protection; risks arising from future acquisition activities; hydraulic fracturing; regulatory water use restrictions; the risk that the new U.S. administration imposes tariffs on Canadian goods, including Gear's and Newco's products, and that such tariffs (and/or the response of the Canadian federal government and/or provincial governments to such tariffs) adversely affect the demand and/or market price for the Gear's and Newco's products and/or otherwise adversely affects Gear and Newco; the absence of an existing public market for the Newco Shares; risks relating to receiving listing approval of the Newco Shares; and other factors discussed under "Risk Factors" in this Appendix.

Statements relating to "reserves" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described can be profitably produced in the future. Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements contained in this Appendix are expressly qualified by this cautionary statement.

Although the forward-looking statements contained herein are based upon assumptions which Newco believes to be reasonable, Newco cannot assure that actual results will be consistent with these forward-looking statements. With respect to forward-looking statements, Newco has made assumptions regarding, among others: the completion of the Arrangement and the acquisition of the Newco Assets and the timing thereof; the receipt, in a timely manner, of Court approval and regulatory approvals and Gear Shareholder and third-party approvals in respect of the Arrangement; that Newco will be able to assume Gear's role with respect to the Newco Assets; Newco's future hedging program; future debt levels, production, royalty rates, operating and transportation costs, general and administrative expenses, interest and other expenses, capital and abandonment expenditures; timing and amount of capital expenditures; that Newco will have sufficient funds flow, debt or equity sources or other financial resources required to fund its capital and operating expenditures and requirements as needed; that Newco's conduct and results of operations will be consistent with its expectations; that Newco will have the ability to develop the Newco Assets in the manner currently contemplated; current or, where applicable, proposed assumed industry conditions, laws and regulations will continue in effect or as anticipated; the estimates of the production and reserves volumes and the assumptions related thereto (including commodity prices and development costs) in respect of the Newco Assets are accurate in all material respects; future commodity prices and royalty regimes; tax laws; availability of skilled labour and services; timing and amount of capital expenditures; future exchange rates; the impact of increasing competition; general conditions in economic and financial markets; availability of drilling and related equipment; future well production rates; the performance of existing wells; the success of drilling new wells; and effects of regulation by governmental agencies.

Newco has included the above summary of assumptions and risks related to forward-looking information in order to provide purchasers with a more complete perspective on Newco's future operations and such information may not be appropriate for other purposes. Newco's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits Newco will derive therefrom. These forward-looking statements are made as of the date hereof and Newco disclaims

any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise, other than as required by Applicable Canadian Securities Laws.

Non-GAAP and Other Financial Measures

This Appendix includes references to non-GAAP and other financial measures that Gear and Newco use to analyze financial performance. These specified financial measures include non-GAAP financial measures, non-GAAP ratios, and supplementary financial measures, and are not defined by IFRS Accounting Standards and are therefore referred to as non-GAAP and other financial measures. Management believes that the non-GAAP and other financial measures used by Newco are key performance measures for Newco 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 Newco's performance. For additional details on the calculation of these non-GAAP measures, which have been calculated in the same manner that Gear calculates such measures, see Gear's financial statements which are incorporated by reference in the Information Circular and are available on SEDAR+ at www.sedarplus.ca.

Funds flow from Operations

FFO 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. Newco has evaluated its future financial performance primarily on funds from operations and considers it a key measure for management and investors as it demonstrates Newco's ability to generate the funds from operations necessary to fund its capital program, settle decommissioning liabilities, repay debt, finance dividends and/or repurchase Newco Shares, if Newco chooses to do so.

Funds flow from operations per weighted average basic share

FFO 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. Newco 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, if Newco chooses to do so.

Per BOE Figures

This Appendix represents various results on a per boe basis, including: sales, royalties, operating expense, transportation expense, operating income, general and administrative expense and interest and other expense. These supplementary financial measures are determined by dividing the applicable financial figure as prescribed under IFRS Accounting Standards by Newco's total sales volumes for the respective period.

Drilling Locations Advisory

This Appendix discloses unbooked drilling location inventory. Unbooked locations are internal estimates based on Newco's prospective acreage and an assumption as to the number of wells that can be drilled per section based on industry practice and internal review. Unbooked locations do not have attributed reserves or resources and have been identified by management of Newco as an estimation of Newco's multi-year drilling activities based on evaluation of applicable geologic, seismic, engineering, production and reserves information. There is no certainty that Newco will drill all unbooked drilling locations and if drilled there is no certainty that such locations will result in additional oil and gas reserves, resources or production. The drilling locations on which Newco actually drills wells will ultimately depend upon the availability of capital, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors. While certain of the unbooked

drilling locations have been de-risked by Gear previously drilling existing wells in relative close proximity to such unbooked drilling locations, other unbooked drilling locations are further away from existing wells where management has less information about the characteristics of the reservoir and therefore there is more uncertainty whether wells will be drilled in such locations and if drilled there is more uncertainty that such wells will result in additional oil and gas reserves, resources or production.

Initial Production Rates Advisory

Any reference in this Appendix to initial production rates or short-term production rates are useful in confirming the presence of hydrocarbons, however such rates are not determination of the rates at which such wells will continue production and decline thereafter. Readers are cautioned not to place reliance on such rates in calculating the aggregate production of Newco.

Reserves and Effects of the Aggregation

The estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation. Net present value of future net revenue of reserves does not represent fair market value.

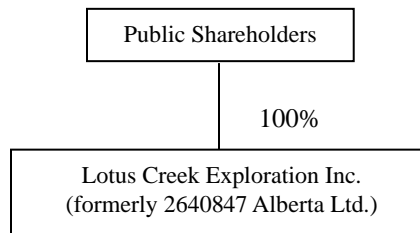
Analogous Information

Certain information in this document may constitute "analogous information" as defined in NI 51-101, including, but not limited to, information relating to the areas in geographical proximity to prospective exploratory lands held or to be held by Newco. Management of Newco believes the information is relevant as it helps to define the characteristics of the land in which Newco may hold an interest. Newco is unable to confirm that the analogous information was prepared by a qualified reserves evaluator and is unable to confirm that the analogous information was prepared in accordance with NI 51-101. Such information is not an estimate of the reserves or resources attributable to lands held or to be held by Newco and there is no certainty that the reserves data and economics information for the lands held or to be held by Newco will be similar to the information presented herein.

CORPORATE STRUCTURE

Newco was incorporated pursuant to the ABCA on August 21, 2024 as "2640847 Alberta Ltd." for the purpose of oil and natural gas production, exploration and acquisition and has not carried on any active business other than in connection with the Arrangement and related matters and as discussed in the Information Circular and this Appendix. Newco is a wholly-owned subsidiary of Gear. On December 18, 2024, Newco filed articles of amendment to change its name to "Lotus Creek Exploration Inc."

As of the date of the Information Circular, Newco is a wholly-owned subsidiary of Gear. Following the completion of the Arrangement, Newco will be owned by former Gear Shareholders who receive Newco Shares pursuant to the Arrangement. Newco does not currently have any subsidiaries, however, following the Arrangement and as part of the conveyance of the Newco Assets, Steppe Petroleum (USA) Inc. will become a wholly-owned subsidiary of Newco.



The head office of Newco is located at 800, 205 – 5th Avenue SW, Calgary, Alberta, T2P 2V7 and its registered office is located at 2400, 525 – 8th Avenue SW, Calgary, Alberta, T2P 1G1.

DESCRIPTION OF THE BUSINESS OF NEWCO

General Development of the Business

Newco was incorporated for the purpose of oil and natural gas production, exploration and acquisition and has not carried on any active business other than in connection with the Arrangement and related matters and as discussed in the Information Circular and this Appendix. Pursuant to the Plan of Arrangement and the Asset Conveyance Agreement, Gear will transfer the Newco Assets to Newco on the Effective Date. Following completion of the Arrangement, Newco will carry on the exploration for, and development and production of, oil and natural gas in respect of the Newco Assets. The Newco Assets are located in Central Alberta, Southeast Saskatchewan and Tucker Lake areas with average production of approximately 1,700 boe/d (consisting of 1,100 bbl/d of light crude oil, 300 bbl/d of NGLs and 1,900 mcf/d of conventional natural gas) for the month of November 2024. See "*Acquisition of the Newco Assets*" and "*Statement of Reserves Data and Other Oil and Gas Information Regarding the Newco Assets*".

Business Strategy

Newco's business strategy will be to provide Newco Shareholders with attractive long term returns that provide production and cash flow growth by exploiting the Newco Assets in a financially disciplined manner with the potential to acquire additional long-life oil and gas assets of a similar nature over time. Newco will retain approximately 31% of Gear's production, equating to approximately 1,700 boe/d (consisting of 1,100 bbl/d of light crude oil, 300 bbl/d of NGLs and 1,900 mcf/d of conventional natural gas) for the month of November 2024, with a liquids weighting of 80% and a deep inventory to grow production and cashflow. See "*Acquisition of the Newco Assets – Description of Principal Properties*" and "*Risk Factors*" in this Appendix.

Newco will seek to execute this strategy by:

- building a high quality, inventory rich asset base with an established long-term competitive advantage in core areas;
- executing on disciplined capital investment; and
- maintaining a strong balance sheet to ensure financial vitality throughout commodity price cycles.

In reviewing potential drilling or acquisition opportunities, Newco will give consideration to the following criteria:

- risk capital required to secure or evaluate the investment opportunity;
- the potential return on the project, if successful;
- the likelihood of success; and
- the risked return versus cost of capital.

The Newco Board may, in its discretion, approve acquisitions that do not conform to these guidelines based upon its consideration of the qualitative aspects of the subject properties, including risk profile, technical upside, reserve life and asset quality.

2025 Capital Expenditure Budget for Newco

Conditional upon completion of the Arrangement, the Newco Board has approved a 2025 capital budget of \$43,000,000, which is forecasted to achieve average production of 2,000 to 2,400 boe/d (77% light crude oil, 10% heavy crude oil and 13% natural gas), with Q1 2025 production forecasted at 1,600 to 1,700 boe/d and Q4 2025 production at 3,000 to 3,400 boe/d. The program is expected to generate an 88% increase in production from Q4 2024 to Q4 2025.

The capital budget consists of \$23 million dedicated to drilling, \$15 million allocated to longer term, strategic projects such as seismic, major infrastructure and acquisition of new undeveloped lands, \$2 million applied to field projects and other, and \$3 million dedicated to abandonment and reclamation activities. The budget is forecast to deliver the following results:

2025 Guidance	2025 Guidance
Annual average production (boe/d)	2,000 – 2,400
Q1 average production (boe/d)	1,600 – 1,700
Q4 average production (boe/d)	3,000 – 3,400
Light oil and NGLs weighting (%)	77
Heavy oil weighting (%)	10
Natural gas weighting (%)	13
Royalty rate (%)	12 – 13
Operating and transportation costs (\$/boe)	19.50 – 20.50
General and administrative expense (\$/boe)	5.00 – 5.50
Interest and other expense (\$/boe)	0.50 – 1.00
Capital and abandonment expenditures (\$ millions)	43

Using various WTI price forecasts for 2025 and assuming an MSW differential of \$4.75 per barrel, an LSB differential of US\$5.75 per barrel, a WCS differential of US\$14.50 per barrel, AECO gas price of C\$2 per GJ, and a foreign exchange of US\$0.71 per C\$ as well as the guidance figures from above, Newco is forecasting 2025 FFO and FFO per share as follows:

WTI (US\$/bbl)	2025 FFO (\$million)¹	2025 FFO per share (\$/share)^{2,3}
60	23	0.55
65	27	0.66
70	31	0.77
75	35	0.88
80	39	0.99

Notes:

- (1) Non-GAAP financial measure. Refer to "Advisories – Non-GAAP and Other Financial Measures" in this Appendix.
- (2) Non-GAAP ratio. Refer to "Non-GAAP and Other Financial Measures" in this Appendix.
- (3) Based on 40,000,000 Newco Shares outstanding throughout 2025.

2025 Operational Activities for Newco

Wilson Creek

If the Arrangement is completed, Newco plans to drill 4 gross (4.0 net) Belly River, frac'd multi-stage horizontal light crude oil wells in Q3 2025 (expected to be on-stream-late Q3 2025). Newco has an enviable land base in this emerging Basal Belly River light oil play along with six additional prospective light oil zones. Similar to Tucker Lake, the Wilson Creek lands have been derisked by thorough technical work and compelling offset competitor results. Newco has currently identified the potential for over 30 future development locations.

Tucker Lake

If the Arrangement is completed, Newco plans to drill three gross (3.0 net) Mannville, open hole, multi-lateral heavy crude oil wells in Q1 2025 (expected to be on-stream late Q1 2025). These wells will be the first wells drilled on a 7.5 section contiguous land block in the Cold Lake region of Alberta where six prospective Mannville sands have been mapped. Detailed internal technical work and strong offset operator results have materially derisked the lands and highlight the potential of more than 60 future development locations.

Strategic Investments

Concurrently with growing production and cashflow, Newco intends to invest in future projects that create lasting strategic advantages in its core areas. In Q1 2025, Newco plans to shoot a new, 100% owned, 44 square mile 3D seismic program in Wilson Creek. The new 3D seismic and advanced interpretation techniques will not only reinforce existing inventory but will identify new light oil opportunities through the latest 3D seismic inversion technology.

In Q4 2025, Newco plans on commencing detailed design and procurement work for a new, 100% owned and operated, oil battery in Wilson Creek. Subject to completion of the Arrangement, construction of the battery is tentatively planned to begin in 2026 with an approximate design capacity of 4,000 bbl/d.

In 2025, Newco expects to continue to acquire prospective undeveloped lands in both its core areas and on internally generated organic growth opportunities that offer material and high-quality drilling inventory.

Business Strengths

The business strengths of Newco are as follows:

- ***Light Oil Drilling Inventory.*** Newco will hold a large land base in the Wilson Creek, Central Alberta area consisting of approximately 63.0 net sections (40,600 net acres) of Belly River rights and a large land base in the Tableland, Southeast Saskatchewan area. Key characteristics of Wilson Creek and Tableland area include:
 - *Wilson Creek:* Up to six stacked, oil charged, prospective sands at depths less than 1,500 metres. Successful offsetting and regional competitor results in the Belly River delivering 90 day light oil initial production rates between 195 to 680 barrels per day.
 - *Tableland:* 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.
- ***Heavy Oil Drilling Inventory.*** 1,920 hectares of undeveloped, heavy oil rights in the Tucker Lake area located in the Cold Lake oil sands region in Alberta with up to six prospective zones mapped. Recent offset development of the Mannville Waseca sand highlights the upside potential of this asset.
- ***Balanced and experienced management and board.*** All members of the Newco management team and Newco Board have many years of experience in the Canadian oil and gas sector.
- ***Well capitalized.*** With an estimated cash balance of approximately \$20,000,000 (subject to adjustments pursuant to the Arrangement Agreement) and a committed and undrawn \$35,000,000 credit facility following completion of the Arrangement, it is expected that Newco will have ample liquidity and capital to execute its growth strategy for the foreseeable future.
- ***Extensive low-risk drilling inventory with recompletion and enhanced recovery opportunities.*** Newco plans to increase production by exploiting its opportunity rich land base with drilling, recompletion and enhanced recovery operations on the Newco Assets.

Employees

Newco has appointed four (4) officers who will be employees of Newco following completion of the Arrangement. Such officers are all currently officers of Gear. See "*Directors and Executive Officers*" in this Appendix. After giving effect to the Arrangement, Newco expects that it will have approximately 17 employees. To proceed with the development of the Newco Assets, Newco may require additional experienced employees and third-party consultants and contractors. See "*Risk Factors – Risks Relating to Newco and the Newco Assets – Reliance on a Skilled Workforce and Key Personnel*" in this Appendix.

Specialized Skill and Knowledge

Newco believes its success will be dependent on the performance of its management and key employees, many of whom have specialized knowledge and skills relating to oil and gas operations. Newco believes that it will have adequate personnel with the specialized skills required to successfully carry out its operations. Newco's management team has an established track record of creating value across multiple business cycles through a strategy of acquiring, exploiting and exploring assets. See "*Risk Factors – Risks Relating to Newco and the Newco Assets – Reliance on a Skilled Workforce Key Personnel*" in this Appendix.

Cyclical and Seasonal Nature of Industry

Newco's operational results and financial condition will be dependent on the prices received for oil and natural gas production. Oil and natural gas prices have fluctuated widely during recent years and are determined by supply and demand factors, including weather and general economic conditions, as well as conditions in other oil and natural gas regions. Any decline in oil and natural gas prices could have an adverse effect on Newco's financial condition. See "*Risk Factors*" in this Appendix. Newco will mitigate such price risk through closely monitoring the various commodity markets and establishing hedging programs, as deemed necessary, to lock-in high netbacks on production volumes.

Health, Safety and Environmental

Management, employees and all contractors will be responsible and accountable for the overall health, safety and environmental program. Newco will operate in compliance with all applicable regulations and will ensure all staff and contractors employ sound practices to protect the environment and to ensure employee and public health and safety.

Newco will maintain a safe and environmentally responsible workplace and provide training, equipment and procedures to all individuals in adhering to its policies. It will also solicit and take into consideration input from neighbours, communities and other stakeholders in regard to protecting people and the environment.

Competitive Conditions

Newco will be a member of the petroleum industry, which is highly competitive at all levels. Newco will compete with other companies for all of its business inputs, including exploitation and development prospects, access to commodity markets, acquisition opportunities, available capital and staffing.

Newco will strive to be competitive by maintaining a strong financial condition and by utilizing current technologies to enhance exploitation, development and operational activities. Competitors in the oil and gas industry will include resource companies which have much greater financial resources, staff and facilities than those of Newco. Newco believes that its competitive position is similar to that of other oil and gas issuers of similar size and at a similar stage of development.

Bankruptcy and Similar Procedures

There have been no bankruptcy, receivership or similar proceedings against Newco, or any voluntary bankruptcy, receivership or similar proceedings by Newco.

Material Restructuring Transactions

Other than the Arrangement, there have been no material restructuring transactions of Newco. Pursuant to the Plan of Arrangement, the former Gear Shareholders (other than Dissenting Shareholders) will receive, at their election, cash, Newco Shares or a combination of cash and Newco Shares. See "*The Arrangement*" in the Information Circular.

ACQUISITION OF THE NEWCO ASSETS

Highlights of the Acquisition of the Newco Assets

On the Effective Date, Newco will enter into the Asset Conveyance Agreement to complete the acquisition of the Newco Assets. The conveyance of the Newco Assets to Newco is a common control transaction. The Newco Assets are exploration and developmental assets that Gear believes to have a significant potential upside based on recent drilling in the area. The Newco Assets are focused in the Central Alberta and Southeast Saskatchewan regions. The Newco Assets have the following key attributes:

Location	Current Production for the month of November 2024 (BOE/d) ⁽¹⁾	Gross Proved Reserves as at November 30, 2024 (MBOE) ⁽¹⁾	Gross Proved plus Probable Reserves as at November 30, 2024 (MBOE) ⁽¹⁾
Alberta			
Central Alberta ⁽²⁾	1,033	3,980.7	6,164.2
Tucker Lake	-	-	-
Saskatchewan			
Southeast Saskatchewan ⁽³⁾	683	1,824.7	2,440.2
Total	1,717	5,805.3	8,604.4

Notes:

- (1) See "Statement of Reserves Data and Other Oil and Gas Information Regarding the Newco Assets" in this Appendix.
- (2) The average production from Central Alberta for the month of November 2024 was 1,033 BOE/d, which consisted of 600 bbls/d of light crude oil, 1,400 mcf/d of conventional natural gas and 200 bbls/d of natural gas liquids.
- (3) The average production from Southeast Saskatchewan for the month of November 2024 was 683 BOE/d, which consisted of 500 bbls/d of light crude oil, 500 mcf/d of conventional natural gas and 100 bbls/d of natural gas liquids.
- (4) See "Statement of Reserves Data and Other Oil and Gas Information Regarding the Newco Assets – Production History" for more information about historic production from the Newco Assets including the commodity weighting of such production.

During the second half of 2024, Gear shut-in approximately 280 boe/d of gas volumes attributable to the Newco Assets due to low gas prices.

The following table sets out the average daily gross production volumes for the Newco Assets on a quarterly basis for the years ended December 31, 2022, 2023 and 2024:

Quarter Ended	2022 (BOE/d) ⁽¹⁾	2023 (BOE/d) ⁽¹⁾	2024 (BOE/d) ⁽¹⁾
March 31	2,067	2,263	2,392
June 30	2,070	2,163	2,176
September 30	2,245	2,087	1,827
December 31 ⁽²⁾	2,202	2,257	1,724

Notes:

- (1) See "Statement of Reserves Data and Other Oil and Gas Information Regarding the Newco Assets – Production History" for more information about historic production from the Newco Assets including the commodity weighting of such production.
- (2) Average daily gross production volumes for the Newco Assets for the fourth quarter of 2024 are for the period from October 1 to November 30.

See "Statement of Reserves Data and Other Oil and Gas Information Regarding the Newco Assets". While management expects that Newco will receive the production benefits noted above, the Arrangement exposes Newco

to additional risks including the risk that Newco will fail to realize the anticipated benefits of the Arrangement. See "Risk Factors" in this Appendix for a further discussion of the risks associated with the Arrangement.

Description of Principal Properties

For a description of the properties comprising the Newco Assets, see "Statement of Reserves Data and Other Oil and Gas Information Regarding the Newco Assets" and "Statement of Reserves Data and Other Oil and Gas Information Regarding the Newco Assets – Principal Properties" in this Appendix.

Capital Expenditures

The following table summarizes Gear's capital expenditures related to activities attributable to the Newco Assets (excluding capitalized general and administrative expenses) for the nine months ended September 30, 2024 and the years ended December 31, 2023, 2022 and 2021.

(\$ thousands)	Nine Months Ended September 30, 2024	Year Ended December 31, 2023	Year Ended December 31, 2022	Year Ended December 31, 2021
Land and seismic	894	1,964	114	116
Drilling, completions and workovers	869	12,092	9,438	5,332
Well equipping and facilities	494	3,609	1,023	1,655
Total capital expenditures	<u>2,257</u>	<u>17,665</u>	<u>10,575</u>	<u>7,103</u>

Asset Conveyance Agreement

The following is a summary of certain of the material terms of the Asset Conveyance Agreement and is subject to the full text of the Asset Conveyance Agreement which is attached as Schedule "C" to the Arrangement Agreement.

Unless otherwise indicated, capitalized terms used in this section but not otherwise defined in this Appendix or in the "Glossary of Terms" in the Information Circular shall have the meanings ascribed thereto in the Asset Conveyance Agreement.

Conveyance of the Newco Assets

The completion of the Arrangement is conditional upon Gear, Cenovus and Newco entering into the Asset Conveyance Agreement, in the form agreed to between the Parties and appended to the Arrangement Agreement, whereby Gear will transfer all of the Newco Assets to Newco on the Effective Date. See "The Arrangement Agreement – Additional Conditions Precedent to the Obligations of Cenovus" in the Information Circular and "Risk Factors – Possible Failure to Realize Anticipated Benefits of Arrangement" in this Appendix.

The Newco Assets

Under the Asset Conveyance Agreement, the Newco Assets are defined as Gear's entire right, title, estate and interest (whether contingent, legal or beneficial) in the Petroleum and Natural Gas Rights, the Tangibles, the Miscellaneous Interests, the Other Newco Assets and the Newco Seismic Information and, for greater certainty, includes the Lands all as more particularly described and set forth in the schedules to the Asset Conveyance Agreement. See "Acquisition of the Newco Assets – Highlights of the Acquisition of the Newco Assets" and "Statement of Reserves Data and Other Oil and Gas Information Regarding the Newco Assets – Description of Principal Properties" in this Appendix and the Asset Conveyance Agreement which is attached as Schedule "C" to the Arrangement Agreement.

The Consideration

As consideration for the transfer of the Newco Assets, Newco will provide to Gear consideration equal to the fair market value of the Newco Assets (the "**Conveyance Consideration**"), being approximately \$60,000,000, payable by the issuance of 39,999,999 Newco Shares and through the assumption by Newco of the Assumed Liabilities. The

deemed price of the Newco Shares is estimated to be \$2.00 per Newco Share, assuming a Cenovus Contribution Amount of \$20,000,000. The Newco Shares will be distributed to Gear Shareholders who elect to receive (or are deemed to have received as a result of pro ration) Newco Shares pursuant to the Arrangement.

Assumed Liabilities

Pursuant to the Asset Conveyance Agreement, Newco will assume, and agree to duly perform, pay and discharge, and indemnify Gear and Cenovus in respect of, the Assumed Liabilities. Under the terms of the Asset Conveyance Agreement, Assumed Liabilities includes all Losses and Liabilities of Gear or any of its predecessors in interest associated with: (i) the Newco Assets whether before, on or after the Effective Time (excluding in all cases the Excluded Liabilities); or (ii) the business of Gear as at or prior to the Effective Time (excluding in all cases the Excluded Liabilities). For further information, see the Asset Conveyance Agreement, which is attached as Schedule "C" to the Arrangement Agreement, which is attached as Appendix C to the Information Circular.

Rights of First Refusal

Pursuant to the Asset Conveyance Agreement, Newco acknowledged and agreed that it shall be responsible for complying with all rights of first refusal ("**ROFR**"), if any, in connection with the transfer of the Newco Assets. Newco agreed to indemnify Gear, Cenovus and their related parties for all Losses, Liabilities and Claims arising or resulting from or in connection with the exercise of such ROFR in accordance with Section 3.1 of the Asset Conveyance Agreement.

STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION REGARDING THE NEWCO ASSETS

The statement of reserves data and other oil and gas information set forth below (the "**Statement**") is dated November 30, 2024. The effective date of the Statement is November 30, 2024 and the preparation date of the Statement is December 18, 2024. For a discussion of the statement of reserves data and other oil and gas information for the Newco Assets as at December 31, 2023, see Schedule C attached to this Appendix.

Newco engaged Sproule to provide an evaluation of the proved and proved plus probable reserves associated with the Newco Assets as at November 30, 2024 (the "**2024 Newco Reserves Report**"). The reserves data set forth below (the "**Newco Reserves Data**") is based upon the 2024 Newco Reserves Report. The Newco Reserves Data summarizes the crude oil, natural gas liquids and natural gas proved and probable reserves of the Newco Assets and the net present values of future net revenue for these reserves using forecast prices and costs. The 2024 Newco Reserves Report has been prepared in accordance with the standards and the reserve definitions contained in the COGE Handbook and NI 51-101.

All reserves attributable to the Newco Assets are in Canada and, specifically, in the Provinces of Alberta and Saskatchewan.

All evaluations of future net production revenue set forth in the tables below are based on forecast prices and costs and are after direct lifting costs and future capital investments. It should not be assumed that the estimates of future net revenues presented in the tables below represent the fair market value of the reserves. There is no assurance that the forecast prices and costs assumptions will be attained, and variances could be material. The recovery and reserve estimates of Newco's crude oil, natural gas liquids and natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual crude oil, natural gas and natural gas liquid reserves may be greater than or less than the estimates provided herein.

In certain of the tables set forth below, the columns may not add due to rounding.

SUMMARY OF OIL AND GAS RESERVES
AND NET PRESENT VALUES OF FUTURE NET REVENUE
AS OF NOVEMBER 30, 2024
FORECAST PRICES AND COSTS

RESERVES CATEGORY	RESERVES									
	LIGHT AND MEDIUM CRUDE OIL		HEAVY CRUDE OIL		CONVENTIONAL NATURAL GAS		NATURAL GAS LIQUIDS		TOTAL	
	Gross (Mbbl)	Net (Mbbl)	Gross (Mbbl)	Net (Mbbl)	Gross (MMcf)	Net (MMcf)	Gross (Mbbl)	Net (Mbbl)	Gross (MBOE)	Net (MBOE)
Proved Developed										
Producing	2,830	2,467	-	-	4,280	3,872	471	423	4,014	3,536
Non-Producing	175	164	-	-	2,684	2,518	67	60	689	644
Proved										
Undeveloped	782	700	-	-	966	896	160	146	1,102	995
Total Proved	3,786	3,331	-	-	7,930	7,286	697	629	5,805	5,174
Probable	1,859	1,573	-	-	3,587	3,265	342	301	2,799	2,418
Total Proved plus Probable	5,645	4,903	-	-	11,518	10,550	1,040	930	8,604	7,592

NET PRESENT VALUES OF FUTURE NET REVENUE

RESERVES CATEGORY	BEFORE INCOME TAXES DISCOUNTED AT					AFTER INCOME TAXES DISCOUNTED AT (%/year)					UNIT VALUE BEFORE INCOME TAX DISCOUNTED AT 10%/year
	(%/year)					(%/year)					
	0	5	10	15	20	0	5	10	15	20	
	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(\$/BOE)
Proved											
Developed											
Producing	127,787	106,490	89,040	76,072	66,390	107,454	90,467	75,962	65,095	56,968	22.18
Non-Producing	12,827	9,970	8,030	6,632	5,582	9,800	7,566	6,070	4,998	4,196	11.65
Proved	34,126	21,999	14,780	10,206	7,144	26,155	16,275	10,435	6,765	4,331	13.41
Undeveloped											
Total Proved	174,740	138,458	111,850	92,910	79,116	143,408	114,309	92,466	76,857	65,494	19.27
Probable	115,425	75,542	53,638	40,461	31,873	88,315	57,191	40,143	29,925	23,283	19.16
Total Proved plus Probable	290,166	214,001	165,488	133,371	110,988	231,723	171,499	132,609	106,783	88,777	19.23

TOTAL FUTURE NET REVENUE
(UNDISCOUNTED)
AS OF NOVEMBER 30, 2024
FORECAST PRICES AND COSTS

RESERVES CATEGORY	REVENUE (M\$)	ROYALTIES (M\$)	OPERATING COSTS (M\$)	DEVELOPMENT COSTS (M\$)	ABANDONMENT AND RECLAMATION COSTS ⁽¹⁾ (M\$)	FUTURE NET REVENUE BEFORE INCOME TAXES (M\$)	INCOME TAXES (M\$)	FUTURE NET REVENUE AFTER INCOME TAXES (M\$)
Total Proved	460,493	52,098	172,500	26,290	35,090	174,740	31,332	143,408
Total Proved plus Probable	700,837	85,391	244,068	44,770	36,818	290,166	58,442	231,723

Note:

- (1) Reflects estimated abandonment and reclamation for all existing wells (both active and inactive), undeveloped locations (booked by Sproule in the 2024 Newco Reserves Report), and facilities. See "Additional Information Relating to Reserves Data".

FUTURE NET REVENUE
BY PRODUCT TYPE
AS OF NOVEMBER 30, 2024
FORECAST PRICES AND COSTS

RESERVES CATEGORY	PRODUCT TYPE	FUTURE NET REVENUE BEFORE INCOME TAXES (discounted at 10%/year) (M\$)	UNIT VALUE (\$/BOE)
Proved Reserves	Light and Medium Crude Oil ⁽¹⁾	199,195	52.61
	Heavy Crude Oil ⁽¹⁾	-	-
	Conventional Natural Gas ⁽²⁾	19,333	14.63
	Natural Gas Liquids	18,528	26.57
Proved Plus Probable Reserves	Light Crude Oil and Medium Crude Oil ⁽¹⁾	278,233	49.29
	Heavy Crude Oil ⁽¹⁾	-	-
	Conventional Natural Gas ⁽²⁾	26,734	13.93
	Natural Gas Liquids	25,922	24.93

Notes:

- (1) Including solution gas and other by-products.
- (2) Including by-products, but excluding solution gas and by-products from oil wells.
- (3) Unit values are based on net reserve volumes.

Notes to Reserves Data Tables:

1. Columns may not add due to rounding.
2. The crude oil, natural gas liquids and natural gas reserve estimates presented in the 2024 Newco Reserves Report are based on the definitions and guidelines contained in the COGE Handbook and NI 51-101.
3. Levels of Certainty for Reported Reserves:

The qualitative certainty levels referred to below are applicable to individual reserve entities (which refers to the lowest level at which reserves calculations are performed) and to reported reserves (which refers to the highest level sum of individual entity estimates for which reserve estimates are prepared). Reported reserves should target the following levels of certainty under a specific set of economic conditions:

- (a) at least a 90% probability that the quantities actually recovered will equal or exceed the estimated proved reserves; and
- (b) at least a 50% probability that the quantities actually recovered will equal or exceed the estimated proved plus probable reserves.

A quantitative measure of the certainty levels pertaining to estimates prepared for the various reserves categories is desirable to provide a clearer understanding of the associated risks and uncertainties. However, the majority of reserves estimates will be prepared using deterministic methods that do not provide a mathematically derived quantitative measure of probability. In principle, there should be no difference between estimates prepared using probabilistic or deterministic methods.

Additional clarification of certainty levels associated with reserves estimates and the effect of aggregation is provided in the COGE Handbook.

4. Forecast Costs and Price Assumptions

Crude oil and natural gas benchmark reference pricing, inflation and exchange rates utilized by Sproule in the 2024 Newco Reserves Report were an average of forecast prices and costs published by Sproule, GLJ Petroleum Consultants Ltd. and McDaniel & Associates Consultants Ltd. as at September 30, 2024, which are as follows:

SUMMARY OF PRICING AND INFLATION RATE ASSUMPTIONS
FORECAST PRICES AND COSTS

Year	OIL						Inflation Rates ⁽¹⁾ %/Year	Exchange Rate ⁽²⁾ (\$US/\$Cdn)
	WTI Cushing Oklahoma (\$US/bbl)	Cdn Light Sweet Oil Price 40° API (\$Cdn/bbl)	WCS Oil Price (\$Cdn/bbl)	Natural Gas AB Plant Gate Spot Gas Price (\$Cdn/MMBtu)	Pentanes Plus Edmonton (\$Cdn/bbl)	Butanes Price Edmonton (\$Cdn/bbl)		
Forecast								
2024	75.79	97.72	82.78	1.40	99.06	45.85	0.7	0.7372
2025	72.00	91.74	78.42	2.50	94.71	46.69	2.0	0.7467
2026	74.98	94.83	81.35	3.36	97.86	48.23	2.0	0.7533
2027	76.65	96.97	83.32	3.62	100.07	49.33	2.0	0.7533
2028	78.19	98.91	84.98	3.85	102.07	50.31	2.0	0.7533
2029	79.75	100.88	86.68	3.93	104.11	51.32	2.0	0.7533
2030	81.35	102.90	88.42	4.01	106.18	52.35	2.0	0.7533
2031	82.97	104.96	90.18	4.09	108.30	53.39	2.0	0.7533
2032	84.63	107.06	91.99	4.17	110.47	54.46	2.0	0.7533
2033	86.32	109.20	93.83	4.25	112.69	55.55	2.0	0.7533
2034+	Escalated oil, gas and product prices at 2% per year thereafter							

Notes:

- (1) Inflation rates for forecasting prices and costs.
 - (2) Exchange rates used to generate the benchmark reference prices in this table.
5. Weighted average historical prices realized, before transportation and financial derivative contracts, in respect of the Newco Assets for the period from January 1, 2024 to November 30, 2024 were \$9.40/Mcf for natural gas, \$95.77/bbl for light and medium crude oil, \$nil/bbl for heavy crude oil and \$44.71/bbl for NGLs.
 6. Sproule's evaluation reflects the full estimated abandonment and reclamation for all existing wells (both active and inactive), undeveloped locations (booked by Sproule in the 2024 Newco Reserves Report), and facilities regardless of whether such entities had any attributed reserves.
 7. The forecast price and cost assumptions assume the continuance of current laws and regulations.
 8. The extent and character of all factual data supplied to Sproule were accepted by Sproule as represented. No field inspection was conducted.
 9. The after-tax net present value of the Newco Assets properties here reflects the tax burden on the properties on a stand-alone basis and utilizing Newco's expected tax pools. It does not consider the business-entity-level tax situation, or tax planning. It does not provide an estimate of the value at the level of the business entity, which may be significantly different. The financial statements and the management's discussion and analysis of Newco should be consulted for information at the level of the business entity. Furthermore, the tax methodology used assumes that all tax pools are utilized to the maximum depreciation rate as currently permitted.

Additional Information Relating to Reserves Data

Undeveloped Reserves

Undeveloped reserves are attributed by Sproule in accordance with standards and procedures contained in the COGE Handbook. Proved undeveloped reserves are those reserves that can be estimated with a high degree of certainty and are expected to be recovered from known accumulations where a significant expenditure is required to render them capable of production. Probable undeveloped reserves are those reserves that are less certain to be recovered than proved reserves and are expected to be recovered from known accumulations where a significant expenditure is required to render them capable of production. Proved and probable undeveloped reserves have been assigned in accordance with engineering and geological practices as defined under NI 51-101. In general, undeveloped reserves are planned to be developed over the next two years.

In some cases, it will take longer than two years to develop these reserves. There are a number of factors that could result in delayed or cancelled development, including the following: (i) changing economic conditions (due to pricing,

operating and capital expenditure fluctuations); (ii) changing technical conditions (including production anomalies, such as water breakthrough or accelerated depletion); (iii) multi-zone developments (for instance, a prospective formation completion may be delayed until the initial completion formation is no longer economic); (iv) a larger development program may need to be spread out over several years to optimize capital allocation and facility utilization; and (v) surface access issues (including those relating to land owners, weather conditions and regulatory approvals). For more information, see "*Risk Factors*" in this Appendix.

Sproule has assigned 781.5 Mbbl of light and medium crude oil, nil Mbbl of heavy crude oil, 965.6 MMcf of conventional natural gas and 159.7 Mbbl of NGLs to proved undeveloped reserves as of November 30, 2024. Sproule has assigned 1,000.6 Mbbl of light and medium crude oil, nil Mbbl of heavy crude oil, 1,734.8 MMcf of conventional natural gas and 198.4 Mbbl of NGLs to probable undeveloped reserves as of November 30, 2024.

In general, once proved and/or probable undeveloped reserves are identified, they are included in Newco's development plans. Both the proved and/or probable undeveloped reserves are fairly evenly distributed across Newco's geographic and commodity play types.

Newco plans to develop 36% of its proved undeveloped reserves by December 31, 2025, 77% by December 31, 2026, and the remaining 23% of proved undeveloped reserves by December 31, 2027. Beyond the reasons noted below, Newco plans to continue to focus on capital discipline in the short term until commodity pricing and other market factors provide greater economic certainty to accelerate development drilling. This drilling timeline provides strong cash flows to manage potential market uncertainties while still providing sufficient cash to accelerate its enhanced oil recovery opportunities, and meet other corporate objectives.

Newco plans to develop 49% of its probable undeveloped reserves by December 31, 2025, 84% by December 31, 2026, and the remaining probable undeveloped reserves 16% by December 31, 2027. These locations will continue to be re-evaluated to assess their relative economic merits when compared to other projects available to Newco.

Undeveloped reserves planned to be developed beyond two to three years are scheduled in that manner due to various factors including access to capital, limitations on egress and pricing uncertainty. A number of factors that could result in delayed or cancelled development are as follows:

- development of a superior opportunity inventory to select from;
- changing economic conditions (due to pricing, royalties, operating and capital expenditure fluctuations);
- changing technical conditions (production anomalies (such as water breakthrough, accelerated depletion));
- multi-zone developments (such as a prospective formation completion may be delayed until the initial completion is no longer economic);
- a larger development program may need to be spread out over several years to optimize capital allocation and facility utilization; and
- surface access issues (landowners, weather conditions, regulatory approvals).

See "*Statement of Reserves Data and Other Oil and Gas Information Regarding the Newco Assets – Other Oil and Gas Information – Principal Properties*", "*Additional Information Relating to Reserves Data – Future Development Costs*" and "*Statement of Reserves Data and Other Oil and Gas Information Regarding the Newco Assets – Capital Expenditures*" for a description of Newco's exploration and development plans and expenditures.

Significant Factors or Uncertainties

The process of evaluating reserves is inherently complex. It requires significant judgments and decisions based on available geological, geophysical, engineering and economic data. These estimates may change substantially as additional data from ongoing development activities and production performance becomes available and as economic conditions impacting crude oil and natural gas prices and costs change. The reserve estimates contained herein are based on current production forecasts, prices and economic conditions and other factors and assumptions that may affect the reserve estimates and the present worth of the future net revenue therefrom. These factors and assumptions include, among others: (i) historical production in the area compared with production rates from analogous producing areas; (ii) initial production rates; (iii) production decline rates; (iv) ultimate recovery of reserves; (v) success of future

development activities; (vi) marketability and pricing of production; (vii) effects of government regulations; and (viii) other government levies imposed over the life of the reserves.

As circumstances change and additional data becomes available, reserve estimates also change. Estimates are reviewed and revised, either upward or downward, as warranted by the new information. Revisions are often required due to changes in well performance, prices, economic conditions and government restrictions. Revisions to reserve estimates can arise from changes in year-end prices, reservoir performance and geologic conditions or production. These revisions can be either positive or negative.

Newco does not anticipate any unusually high development costs or operating costs to produce and sell any material portion of its reserves. Where required, capital to construct facilities and pipelines necessary to deliver the forecasted products to market has been deducted from the estimates of cash flows used to calculate future net revenue. Newco has not entered into any contractual obligations to produce and sell a significant portion of production at prices substantially below those which could be realized except for those contractual obligations described under the heading "*Statement of Reserves Data and Other Oil and Gas Information Regarding the Newco Assets – Other Oil and Gas Information – Forward Contracts and Marketing*".

Newco does not anticipate any unusually high abandonment or reclamation costs. See "*Statement of Reserves Data and Other Oil and Gas Information Regarding the Newco Assets – Other Oil and Gas Information – Additional Information Concerning Abandonment and Reclamation Costs*".

Future Development Costs

The following table sets forth development costs deducted in the estimation of Newco's future net revenue attributable to the reserve categories noted below:

Year	Forecast Capital Costs (M\$)	
	Proved Reserves	Proved Plus Probable Reserves
2025	9,060	18,120
2026	10,518	17,005
2027	5,865	8,798
2028	-	-
Thereafter	-	-
Total Undiscounted	25,443	43,923

On an ongoing basis, Newco will use internally generated funds from operations, debt and new equity issues if available on favourable terms to finance its capital expenditure program. The cost of funding is not expected to have any effect on disclosed reserves or future net revenue nor make the development of a property uneconomic for Newco.

If funds from operations are other than projected, capital expenditures may be adjusted. In addition, depending on a number of factors including commodity prices, industry conditions and Newco's financial and operating results, debt or equity financing may not be available, which could also result in adjustments to the capital program as required.

Other Oil and Gas Information

Principal Properties

Newco is engaged in the exploration for and development and production of crude oil and natural gas in Western Canada. All of Newco's operations will be in the Provinces of Alberta and Saskatchewan.

The following is a description of the Newco Assets as at the date hereof, unless otherwise stated. The reserve amounts stated are gross reserves, as at November 30, 2024, based on forecast costs and prices as evaluated in the 2024 Newco Reserves Report (see "*Reserves Data*"). The estimates of reserves for individual properties may not reflect the same confidence level as estimates of reserves for all properties, due to the effects of aggregation. The production values are all stated on a company interest basis, which includes Newco's royalty interests but does not deduct for royalties payable by Newco.

Wilson Creek, Alberta

The Wilson Creek property was acquired by Gear in July 2016 and is located primarily within Townships 42 and 43, and Ranges 4 and 5 W5 in Central Alberta. The primary target zone is the regional Basal Belly River consolidated sandstone formation, which is a light oil pool that requires hydraulic fracturing. It is comprised of approximately 48,600 gross (40,000 net) acres of land. There are no material expiries expected as the majority of lands have been continued pursuant to the applicable tenure regulations.

Wilson Creek development is primarily characterized by the Basal Belly River reservoir with depth of approximately 1,300 meters. The light oil in the area is processed partially at single well batteries and partially with individual wells flow-lined to central facilities. In both cases, the resulting clean oil is trucked to the various sales points. The associated gas from Wilson Creek is gathered through third party infrastructure and sold to various parties.

Following completion of the Wilson Creek property in 2016, Gear drilled two gross wells (2 net) full section horizontal light oil wells into the Basal Belly River, one of which was completed in late 2016 and the other which was completed in early 2017. In 2017, Gear drilled three gross wells (2.8 net) full section horizontal light oil wells into the Basal Belly River. In 2018, Gear drilled seven gross (4.9 net) full section or extended reach light oil horizontal wells and initiated waterfloods. In 2019, Gear drilled one gross (1 net) horizontal light oil well in the Wilson Creek area and expanded waterflood activity. In 2020, Gear did not drill any wells in the area, but did convert an additional well to injection for further waterflood optimization. In 2021, Gear participated in two gross (0.7 net) non-operated extended reach light oil wells, and expanded waterflood activity in two pools. In 2022, there was no drilling or expanded waterflood activity in the Wilson Creek area. In 2023, and 2024 there was no drilling activity in the Wilson Creek area and Gear expanded waterflood activity in one pool. See "*Description of the Business of Newco– Business Strategy*".

The 2024 Newco Reserves Report assigns total proved plus probable reserves of 3,394.1 Mbbls of light crude oil, 639.1 Mbbls of NGLs and 4.40 Bcf of conventional natural gas for the period from January 1, 2024 to November 30, 2024 within Wilson Creek. The average production from the area for the period from January 1, 2024 to November 30, 2024 was 869 BOE/d, which consisted of 590 bbls/d of light crude oil, 847 mcf/d of conventional natural gas and 138 bbls/d of natural gas liquids.

Tucker Lake, Alberta

The Tucker Lake property was acquired in May 2023 and is located in the Cold Lake oil sands region of Alberta. Tucker Lake is comprised of approximately 4,800 gross (4,800 net) acres of undeveloped land. The prospective primary target zone is the regional Mannville formation, which is a heavy oil pool. There are no material expiries expected as the majority of lands have been continued pursuant to the applicable tenure regulations. The area is undeveloped at this time. No reserves have been booked in respect of the Tucker Lake property in the 2024 Newco Reserves Report.

Tableland, Saskatchewan

The Tableland property was acquired in September 2018 and is located primarily within Townships 1 and 2, and Ranges 10 and 11 W2, approximately 30 kilometers southwest of Estevan in Southeast Saskatchewan. It is comprised of approximately 25,400 gross (24,600 net) acres of land. There are no material expiries expected as the majority of lands have been continued pursuant to the applicable tenure regulations.

Tableland development is predominately focused on the Bakken/Torquay formation, with minor production from the Ratcliffe formations. The reservoir depths range from 1,800 to 2,100 meters. The sweet, light oil in the area is transported via pipe and truck to be processed at two Gear-owned central facilities. Sales oil is then trucked from those facilities to various sales points. Most of the associated gas from the Tableland production is now conserved through a third party midstream company. Small gas volumes associated with single well batteries and low volume facilities are still being flared, although various options for conservation continue to be evaluated.

In 2019, Gear drilled five gross (5 net) two mile horizontal light oil wells in the Tableland area. In 2020, Gear did not drill any wells in the area. In 2021, Gear drilled one gross (1 net) light crude Torquay two mile horizontal oil well in the area. In 2021, Gear also engaged a private midstream company under a multi-year deal to collect and process gas and natural liquid gas volumes from its 03-16-01-11W2 battery that would otherwise have been flared. This arrangement eliminated Gear's largest single point gas flare. In 2022, Gear drilled three gross (3 net) two mile horizontal light oil wells in the area and initiated waterflood activity in one pool. In 2023, Gear drilled two gross (2 net) two mile horizontal light oil wells in the area. No wells were drilled in 2024. See "*Description of the Business of Newco – Business Strategy*".

The 2024 Newco Reserves Report assigns total proved plus probable reserves of 1,911.2 Mbbbls of light crude oil, 303.3 Mbbbls of NGLs and 1.35 BCF of conventional natural gas as at November 30, 2024 to Tableland. The average production from the area in for the period from January 1, 2024 to November 30, 2024 was 904 BOE/d, which consisted of 668 bbls/d of light crude oil, 596 mcf/d of conventional natural gas and 137 bbls/d of natural gas liquids.

Oil and Gas Wells

The following table sets forth the number and status of crude oil and natural gas wells (all of which are onshore) related to the Newco Assets as at November 30, 2024.

	Oil Wells				Natural Gas Wells			
	Producing		Non-Producing		Producing		Non-Producing	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Alberta	104	82.4	47.0	39.7	395.0	43.4	99.0	79.2
Saskatchewan	61	61.0	40.0	36.3	-	-	-	-
Total	165	143.4	87.0	76.0	395.0	43.4	99.0	79.2

Note:

- (1) This table does not include water source wells, injection wells, abandoned wells or wells which have never produced. Producing wells are based on public data status.

Land Holdings Including Properties with no Attributable Reserves

The following table sets out developed and undeveloped land holdings related to the Newco Assets as at November 30, 2024.

	Developed Acres		Undeveloped Acres		Total Acres	
	Gross	Net	Gross	Net	Gross	Net
Alberta	66,044	45,478	51,019	46,273	117,063	91,751
Saskatchewan	19,890	19,541	5,928	5,908	25,818	25,449
Total	85,934	65,019	56,947	52,181	142,881	117,200

Gross and net acres have been calculated on a per lease basis. Undeveloped lands are calculated by adding the surface area acreage covered by the leases or agreements or portions of the leases or agreements without producing or potentially producing wells. In certain limited circumstances rights are related to different formations under the same surface area pursuant to different leases or agreements, we have included the acreage with respect to all such leases or agreements. There are no significant factors or uncertainties associated with the undeveloped land.

Newco does not expect to have any acres expire by December 31, 2025.

Forward Contracts and Marketing

Most of Newco's crude oil and natural gas production will be sold to major marketers on prearranged terms with indexing to published spot pricing. In a typical month, Newco expects to split the sale of its crude oil between several purchasers. These crude oil purchasers will then ship Newco's crude oil via both pipeline and rail as title transfers at either pipeline or railway terminals. Newco does not expect to set targets on the amount of crude oil to be sold into railway terminals; rather, it expects to direct its oil sales to the highest received price net of transportation. Newco's anticipated method of mitigating counter party risk will be to deal with counterparties with strong credit ratings and to accept pre-payment on oil deliveries from smaller purchasers or those with less established credit ratings, if applicable.

The contract term is generally a 30-day evergreen in the case of pipeline connected crude oil buyers and up to one year for natural gas and natural gas liquids. For crude oil purchaser contracts at rail terminals, Newco will generally enter into volume-based purchase contracts with 1 to 12 month terms. None of Newco's anticipated purchase agreements currently contain material non-performance penalties.

Newco may periodically hedge the price of a portion of its crude oil and natural gas production. Although no commodity price hedges are currently in place, hedges may be placed strategically throughout 2025 as Newco looks to manage its future risk.

Newco has no firm gas transportation contracts.

Tax Horizon

As a newly incorporated entity, Newco has not been required to pay any income related taxes. Following the Arrangement, Newco will have approximately \$60,000,000 of tax pools available, primarily Canadian Oil and Gas Property Expense and Capital Cost Allowance deductions. It is expected, based upon current legislation, the projections contained in the 2024 Newco Reserves Report and various other assumptions, that Newco will be cash taxable in the near future. A higher level of capital expenditures than those contained in the 2024 Newco Reserves Report, or further additional acquisitions, could further extend the estimated tax horizon.

Additional Information Concerning Abandonment and Reclamation Costs

Newco estimates the costs to abandon and reclaim all the Newco Assets, non-producing and producing wells, gas plants, pipelines, batteries and other facilities based on its previous experience, current regulations, costs, technology an industry standards area by area. No estimate of salvage value is netted against the estimated cost. Newco's model for estimating the amount of future abandonment and reclamation expenditures was done on an individual well and facility level. Estimated expenditures for each well and facility are based on internal estimates. Each well and facility is assigned an average cost for abandonment and reclamation over a 20 year period. Timing of expenditures is based on budgets and estimates of such annual activities. Facility reclamation costs are generally scheduled to begin shortly before the end of the reserve life of Newco's associated reserves and continue beyond the reserve life under the assumption that decommissioning of plant/facilities are generally mobile assets with a long useful life.

As at November 30, 2024, Newco is expected to incur abandonment and reclamation costs in respect of 867 gross (422.6 net) wells, and the approximate cost to abandon and reclaim all such wells and related facilities for proved plus probable reserves, discounted at 10% totals \$36.8 million (\$11.8 million undiscounted). Abandonment and reclamation costs undiscounted and expected to be paid over the next three years total \$5.5 million.

Capital Expenditures

The following table summarizes capital expenditures for the period from January 1, 2024 to November 30, 2024 related to the Newco Assets:

	(M\$)
Corporate Acquisition Cost	-
Property Acquisition Costs	
Proved properties	-
Undeveloped properties	-
Exploration costs	1,358
Development costs	1,421
Dispositions	-
Total	<u>2,779</u>

Exploration and Development Activities

Gear did not participate in any exploratory or development wells on the Newco Assets during the period from January 1, 2024 to November 30, 2024.

See "Statement of Reserves Data and Other Oil and Gas Information Regarding the Newco Assets – Other Oil and Gas Information – Principal Properties" for a description of Newco's exploration and development plans.

Production Estimates

The following tables disclose, by product type, and by area, the total volume of gross production estimated by Sproule for the Newco Assets from November 30, 2024 to December 31, 2024. reflected in the estimates of future net revenue from gross proved and gross probable reserves in the 2024 Newco Reserves Report and disclosed under "Statement of Reserves Data and Other Oil and Gas Information Regarding the Newco Assets" in this Appendix.

From Gross Proved Reserves:	Light and Medium Crude Oil (bbls/d)	Heavy Crude Oil (bbls/d)	Conventional Natural Gas (Mcf/d)	Natural Gas Liquids (bbls/d)	BOE (BOE/d)	%
Wilson Creek	560	-	849	123	824	51
Tableland	486	-	355	79	624	39
Other	70	-	522	12	169	10
Total	<u>1,115</u>	<u>-</u>	<u>1,726</u>	<u>214</u>	<u>1,617</u>	<u>100</u>

Note:

- (1) Columns may not add due to rounding.

From Gross Probable Reserves:	Light and Medium Crude Oil (bbls/d)	Heavy Crude Oil (bbls/d)	Conventional Natural Gas (Mcf/d)	Natural Gas Liquids (bbls/d)	BOE (BOE/d)	%
Wilson Creek	564	-	855	124	831	51
Tableland	498	-	367	82	642	39
Other	70	-	525	12	170	10
Total	<u>1,133</u>	<u>-</u>	<u>1,747</u>	<u>218</u>	<u>1,642</u>	<u>100</u>

Note:

- (1) Columns may not add due to rounding.

Production History

The following tables summarize certain information in respect of production (which includes royalty interest volumes), product prices received, royalties paid, operating expenses and resulting netback for the Newco Assets for the periods indicated below:

	Period of January 1, 2024 to November 30, 2024	Year ended December 31, 2023	2023			
			Three months ended			
			Dec 31	Sept 30	June 30	Mar 31
Average Daily Production⁽¹⁾						
Light and Medium Crude Oil (bbls/d) ⁽²⁾	1,334	1,374	1,399	1,325	1,358	1,416
Heavy Crude Oil (bbls/d) ⁽²⁾	-	-	-	-	-	-
Conventional Natural Gas (Mcf/d) ⁽³⁾	2,498	3,274	3,252	3,220	3,219	3,408
NGLs (bbls/d)	306	272	316	226	269	279
Combined (BOE/d)	2,057	2,192	2,257	2,087	2,163	2,263
Average Price Received						
Light and Medium Crude Oil (\$/bbl) ⁽²⁾	95.77	97.54	95.53	105.53	93.73	95.64
Heavy Crude Oil (\$/bbl) ⁽²⁾	-	-	-	-	-	-
Conventional Natural Gas (\$/Mcf) ⁽³⁾	9.40	16.01	14.04	16.79	13.88	19.22
NGLs (\$/bbl)	44.71	44.57	43.94	45.03	39.99	49.38
Combined (\$/BOE)	70.69	70.67	68.74	76.17	67.24	70.75
Royalties Paid						
Light and Medium Crude Oil (\$/bbl) ⁽²⁾	15.04	14.51	15.27	15.06	13.88	13.82
Heavy Crude Oil (\$/bbl) ⁽²⁾	-	-	-	-	-	-
Conventional Natural Gas (\$/Mcf) ⁽³⁾	0.08	0.06	0.08	0.12	(0.12)	0.17
NGLs (\$/bbl)	4.36	3.43	4.22	3.80	(0.61)	6.13
Combined (\$/BOE)	10.52	9.61	10.17	10.15	8.46	9.65
Operating Expenses (\$/BOE)						
Light and Medium Crude Oil (\$/bbl) ⁽²⁾	24.32	25.88	22.77	25.37	27.25	28.19
Heavy Crude Oil (\$/bbl) ⁽²⁾	-	-	-	-	-	-
Conventional Natural Gas (\$/Mcf) ⁽³⁾	3.40	3.38	3.18	3.54	3.25	3.53
NGLs (\$/bbl)	8.48	9.23	8.34	8.50	8.74	11.32
Combined (\$/BOE)	21.20	22.41	19.87	22.47	23.03	24.35
Netback Received (\$/BOE)⁽⁴⁾						
Light and Medium Crude Oil (\$/bbl) ⁽²⁾	56.35	57.15	57.49	65.10	52.60	53.62
Heavy Crude Oil (\$/bbl) ⁽²⁾	-	-	-	-	-	-
Conventional Natural Gas (\$/Mcf) ⁽³⁾	5.91	12.57	10.78	13.13	10.75	15.53
NGLs (\$/bbl)	31.87	31.92	31.37	32.73	31.86	31.93
Combined (\$/BOE)	38.97	38.64	38.70	43.55	35.75	36.75

Notes:

- (1) Before deduction of royalties.
- (2) Including solution gas and other by-products.
- (3) Including by-products, but excluding solution gas and by-products from oil wells. Includes immaterial volumes of production from coal bed methane reserves.
- (4) Netbacks are calculated by subtracting royalties, and operating and transportation costs from revenues.

The following table indicates the average daily production from important areas associated with the Newco Assets for the period from January 1, 2024 to November 30, 2024:

	Light and Medium Crude Oil ⁽¹⁾ (bbls/d)	Heavy Crude Oil ⁽¹⁾ (bbls/d)	Conventional Natural Gas ⁽²⁾ (Mcf/d)	NGLs (bbls/d)	BOE (BOE/d)
Wilson Creek	590	-	847	138	869
Tableland	668	-	596	137	904
Other	76	-	1,054	31	284
Total	1,334	-	2,498	306	2,057

Notes:

- (1) Including solution gas and other by-products.
- (2) Including by-products, but excluding solution gas and by-products from oil wells.

Production for the Newco Assets for the period from January 1, 2024 to November 30, 2024 was nil heavy crude oil, 65% light and medium crude oil, 20% conventional natural gas and 15% NGLs. For the period from January 1, 2024 to November 30, 2024, approximately 97% of gross revenue from the Newco Assets was derived from crude oil and NGLs production and 3% was derived from conventional natural gas production.

DIVIDEND POLICY

There are no restrictions in Newco's articles or elsewhere which could prevent Newco from paying dividends. It is not contemplated that any dividends will be paid on any Newco Shares in the immediate future, as it is anticipated that all available funds will be invested to finance the growth of Newco's business.

The directors of Newco will determine if, and when, dividends will be declared and paid in the future from funds properly applicable to the payment of dividends based on Newco's financial position at the relevant time. Any decision to pay dividends on the Newco Shares will be made by the Newco Board on the basis of Newco's earnings, financial requirements and other factors existing at such future time, including commodity prices, production levels, capital expenditure requirements, debt service requirements, operating costs, royalty burdens, foreign exchange rates and the satisfaction of the liquidity and solvency tests imposed by the ABCA for the declaration and payment of dividends. Holders of Newco Shares will be entitled to receive dividends, if, as and when declared by the Newco Board. See "*Risk Factors*" and "*Description of Share Capital*" in this Appendix.

CONSOLIDATED CAPITALIZATION

The following table sets forth the capitalization of Newco as at November 30, 2024 before and after giving effect to the Arrangement and the Asset Conveyance Agreement.

	Authorized	Amount Outstanding as of November 30, 2024 before giving effect to the Arrangement ⁽¹⁾	Amount Outstanding as of November 30, 2024 after giving effect to the Arrangement ⁽²⁾⁽³⁾
Newco Shares	unlimited	\$1.00 (1 Newco Share)	\$80,000,000 ⁽⁵⁾ (40,000,000 Newco Shares)
Due to related party liability		\$114,676	-
Long Term Debt ⁽⁴⁾	-	-	-
Long Term Liabilities ⁽⁴⁾	-	-	-

Notes:

- (1) The one Newco Share currently outstanding as at the date hereof was issued to Gear on August 21, 2024. See "*Prior Sales*" in this Appendix.
- (2) Assuming no Dissent Rights are exercised and all Gear Options are surrendered and cancelled in connection with the Arrangement.

- (3) An aggregate of up to 10% of the Newco Shares outstanding, after giving effect to the Arrangement will be reserved for issuance pursuant to the Newco Share Option Plan. See "*Newco Share Option Plan*".
- (4) Upon transfer of assets to Newco and evidence of a minimum cash balance of \$15,000,000 at closing, Newco is expected to have a \$35,000,000 credit facility.
- (5) The deemed \$80,000,000 value of the Newco Shares is based on an estimated \$20,000,000 initial cash balance and \$60,000,000 asset value derived from a combination of proved developed producing reserve value and a reasonable market valuation based on forecasted 2025 results.

AVAILABLE FUNDS AND PRINCIPAL PURPOSES

In accordance with the Arrangement Agreement and the Arrangement, Cenovus will contribute the Cenovus Contribution Amount to Newco as a step in the Plan of Arrangement. The calculation of the Cenovus Contribution Amount is based on the total cash consideration of \$110,000,000 to be paid by Cenovus pursuant to the Arrangement less the aggregate amount of: (i) the Cash Maximum of \$80,000,000; (ii) the Dissenting Shareholder Amount (if any); (iv) amount outstanding under the Gear Credit Facility (after payment of all Gear Transaction Costs); and (iv) the Adjustment Amount, as adjusted in accordance with Schedule "E" to the Arrangement Agreement, which is attached as Appendix A to the Information Circular. The Cenovus Contribution Amount will be adjusted with Cenovus receiving the benefit of the operations on the Excluded Assets between the Economic Effective Date of January 1, 2025 and the Effective Date, which is expected to be on or about February 5, 2025. Gear currently estimates that the Cenovus Contribution Amount will be approximately \$20,000,000, however, that will depend on the amount outstanding under the Gear Credit Facility, the Dissenting Shareholder Amount, if any, and other adjustments. See "*Risk Factors – Risks Related to the Arrangement – The amount of the Cenovus Contribution Amount may be less than anticipated*" in the Information Circular.

Newco intends to use the Cenovus Contribution Amount as follows:

	\$'000s
Oil and gas activities ⁽¹⁾ <i>(exploration for and development and appraisal of oil and gas interests)</i>	19,800
General and administrative costs and other corporate working capital	-
Unallocated funds ⁽²⁾	200
Total	20,000 ⁽³⁾

Notes:

- (1) Capital expenditures may increase dependent upon cash flow from operations.
- (2) In accordance with TSXV Policy 2.1, Newco reserves \$200,000 in unallocated funds.
- (3) The estimate of available funds is prior to giving effect to any potential adjustments of the Cenovus Cash Contribution under the Arrangement Agreement and Plan of Arrangement, among other factors. As a result, the actual available funds may be materially different from the current estimate.

See "*Description of the Business of Newco*" in this Appendix.

The use of available funds by Newco is consistent with its stated business objectives and strategic goals of the exploration for and development and appraisal of oil and gas interests in its core Central Alberta and Southeastern Saskatchewan areas. Other than the successful completion of the Arrangement, there is no particular significant event or milestone that must occur for Newco's business objectives to be accomplished.

While Newco intends to use the net proceeds as stated above, there may be circumstances that are not known at this time where a reallocation of the net proceeds may be advisable for business reasons that management believes are in Newco's best interests and as a result there is no assurance Newco will use the proceeds as stated. See "*Advisories – Forward-Looking Statements*" in this Appendix.

Pursuant to the Asset Conveyance Agreement, Newco has agreed to indemnify Gear in certain circumstances. See "Acquisition of the Newco Assets – Asset Conveyance Agreement" in this Appendix.

SELECTED OPERATIONAL AND FINANCIAL INFORMATION

The following is a summary of selected operational and financial information for the Newco Assets for the years ended as at December 31, 2023, 2022 and 2021 and for the nine months ended September 30, 2024 which has been derived from:

- (i) the audited balance sheet of Newco as at November 30, 2024 and the statements of cash flows, changes in equity and the statement of loss and comprehensive loss of Newco for the period from incorporation on August 21, 2024 to November 30, 2024 attached as Schedule A to this Appendix;
- (ii) the audited operating statements relating to the Newco Assets for the years ended December 31, 2023, December 31, 2022 and December 31, 2021 and unaudited operating statements relating to the Newco Assets for the three and nine months ended September 30, 2024, attached as Schedule B to this Appendix; and
- (iii) the discussion under the heading "Management's Discussion and Analysis" in this Appendix.

This summary financial information should be read in conjunction with the discussion under the heading "Management's Discussion and Analysis" included elsewhere in this Appendix.

Newco relied on the exemption in subsection 32.9(1) of Form 41-101F1 – *Information Required in a Prospectus* from the requirements set forth in Item 32.2 of Form 41-101F1. The Newco Assets may be viewed as a primary business of Newco pursuant to Section 32.1(b) of Form 41-101F1. In the absence of an exemption, the treatment of the Newco Assets as a primary business of Newco would require Gear to include audited financial statements in respect of the Newco Assets. However, per subsection 32.9(1) of Form 41-101F1, operating statements for the business may be provided in lieu of financial statements where the following conditions are satisfied: (i) the acquisition is an acquisition of a business which is an interest in an oil and gas property; (ii) the acquisition is not an acquisition of securities of another issuer; (iii) the issuer is unable to provide the financial statements in respect of the acquisition because those financial statements do not exist or because the issuer does not have access to those financial statements; and (iv) the acquisition does not constitute a reverse takeover. The Newco Assets consist of interests in oil and gas properties in Central Alberta and Southeast Saskatchewan. Newco will acquire the Newco Assets from Gear directly pursuant to the terms of the Asset Conveyance Agreement and the acquisition of the Newco Assets does not involve the acquisition by Newco of the securities of another issuer. Gear is unable to provide financial statements in respect of the Newco Assets because the financial statements for the Newco Assets do not exist and it is impracticable to prepare carve-out financial statements because the Newco Assets were integrated into other businesses of Gear and did not represent a separate reporting or operating segment of Gear. The acquisition by Newco of the Newco Assets will not constitute a reverse takeover using the predecessor value method of accounting.

Gross Production from the Newco Assets

	Nine months ended September 30, 2024	Twelve Months Ended ⁽¹⁾		
		December 31, 2023	December 31, 2022	December 31, 2021
Light and medium crude oil (Bbls/d)	1,384	1,374	1,289	1,294
Conventional natural gas (Mcf/d)	2,627	3,274	3,548	2,812
NGLs (Bbls/d)	309	272	267	163
Oil equivalent (BOE/d)	2,131	2,192	2,147	1,925

Commodity Prices for the Newco Assets

	Nine months ended September 30, 2024	Twelve Months Ended December 31, ⁽¹⁾⁽²⁾		
		2023	2022	2021
Realized Commodity Prices				
Light oil (\$/Bbl)	96.25	97.54	117.64	78.75
Conventional natural gas (\$/Mcf)	1.61	2.67	5.51	3.84
NGLs (\$/Bbl)	45.24	44.57	62.26	47.39
Reference Commodity Prices and Exchange Rate				
WTI (\$US/Bbl)	77.54	77.62	94.23	67.91
AECO monthly index (\$/Mcf)	1.54	2.64	5.26	3.62
\$Cdn/\$US	1.36	1.35	1.30	1.25

Schedule of Revenue, Royalties and Operating Expenses for the Newco Assets

(thousands of dollars)	Nine months ended September 30, 2024	Twelve Months Ended December 31,		
		2023	2022	2021
Revenues ⁽¹⁾	41,495	56,545	68,530	43,948
Royalties ⁽¹⁾	(6,171)	(7,692)	(9,518)	(4,876)
Excess of revenues over royalties ⁽¹⁾	35,324	48,853	59,012	39,072
Operating expenses ⁽¹⁾	(11,116)	(15,683)	(14,302)	(12,161)
Transportation expenses ⁽¹⁾	(1,216)	(2,251)	(4,026)	(1,497)
Operating Income (Loss) ⁽¹⁾	22,992	30,919	40,684	25,414
Operating Income (Loss) per BOE ⁽²⁾	39.38	38.64	51.92	36.16

Notes:

- (1) Derived from the audited operating statements relating to the Newco Assets for the years ended December 31, 2023, December 31, 2022 and December 31, 2021 and the unaudited operating statements for the Newco Assets for the three and nine months ended September 30, 2024 attached as Schedule B to this Appendix.
- (2) Derived from the discussion under the heading "Management's Discussion and Analysis" in this Appendix.

Newco was not otherwise engaged in oil and gas activities as at December 31, 2023 and November 30, 2024 and therefore this Appendix does not contain the annual oil and gas information and reports of Newco (as set out in Forms 51-101F1, Form 51-101F2 – *Report on Reserves Data* and Form 51-101F3 – *Report of Management and Directors on Oil and Gas Disclosure*) as at its most recently completed year-end date as required under NI 51-101 for companies engaged in oil and gas activities. However, this Appendix does contain estimates of reserves and related future net revenue in respect of the Newco Assets which Newco anticipates acquiring pursuant to the Asset Conveyance Agreement, which estimates have been independently evaluated by Sproule in the 2024 Newco Reserves Report, which is summarized under the heading "Statement of Reserves Data and Other Oil and Gas Information Regarding the Newco Assets" and in the 2023 Newco Reserves Report, which is summarized in Schedule C to this Appendix.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A"), dated as of November 30, 2024, provides a detailed explanation of the revenue, royalties, operating and transportation expenses of the Newco Assets for the years ended December 31, 2023, 2022 and 2021 and three and nine months ended September 30, 2024. The MD&A contains non-GAAP measures and readers are cautioned that the MD&A should be read in conjunction with the audited operating statements for the years ended December 31, 2023, 2022 and 2021 and unaudited three and nine months ended September 30, 2024 set forth in Schedule B to this Appendix. As at November 30, 2024, Newco has not

commenced commercial operations. The explanations of revenue, royalties and transportation expenses provide users with information on the Newco Assets, currently operated by Gear, as disclosed in the operating statements. These statements may not be indicative of future performance and they do not necessarily reflect what results of operations, and cashflows would have been if Newco had operated as an independent entity. The operating statements have been prepared in all material respects in accordance with the financial reporting framework specified in subsection 3.17 of National Instrument 52-107 – *Acceptable Accounting Principles and Auditing Standards*. All references are to Canadian dollars unless otherwise indicated. All per BOE amounts are stated at a conversion rate of six thousand cubic feet of natural gas being equal to one barrel of oil or liquids.

Petroleum and Natural Gas Sales

Sales by product (\$ thousands)	Three months ended September 30, 2024	Nine months ended September 30, 2024	Year ended December 31,		
			2023	2022	2021
Light oil	10,541	36,509	48,925	55,329	37,190
Natural gas liquids	1,207	3,826	4,431	6,062	2,818
Natural gas	121	1,160	3,189	7,139	3,940
Total petroleum and natural gas sales	11,869	41,495	56,545	68,530	43,948
Production					
Liquids (bbl/d)					
Light oil (bbl/d)	1,189	1,384	1,374	1,289	1,294
Natural gas liquids (bbl/d)	320	309	272	267	163
Total liquids (bbl/d)	1,510	1,693	1,647	1,555	1,457
Natural gas (mcf/d)	1,906	2,627	3,274	3,548	2,812
Total production (boe/d)	1,827	2,131	2,192	2,147	1,925
% Liquids production	83	79	75	72	76
% Natural gas production	17	21	25	28	24
Realized prices					
Light oil (\$/bbl)	96.33	96.25	97.54	117.64	78.75
Natural gas liquids (\$/bbl)	40.97	45.24	44.57	62.26	47.39
Natural gas (\$/mcf)	0.69	1.61	2.67	5.51	3.84
Realized price (\$/boe)	70.61	71.08	70.67	87.46	62.54
Average benchmark prices					
WTI oil (US\$/bbl) ⁽¹⁾	75.09	77.54	77.62	94.23	67.91
MSW (Cdn\$/bbl) ⁽²⁾	97.89	98.42	100.42	120.24	80.25
LSB (Cdn\$/bbl) ⁽³⁾	95.74	96.50	97.92	118.15	80.10
AECO natural gas (\$/mcf) ⁽⁴⁾	0.68	1.54	2.64	5.26	3.62
Cdn\$ / US\$ exchange rate	1.36	1.36	1.35	1.30	1.25

Notes:

- (1) WTI represents the posting price of West Texas Intermediate oil.
- (2) MSW represents the Mixed Sweet Blend oil index for Alberta light oil.
- (3) LSB represents the Light Sour Blend oil index for Southeast Saskatchewan light oil.
- (4) Represents the AECO 5a monthly index.

Overall, the change in realized commodity prices reflects the fluctuations in the underlying benchmark prices. Production decreased in 2024 mainly due to reduced drilling activities compared to previous years as well as natural well declines.

Royalties

(\$ thousands except % and per boe)	Three months ended	Nine months ended	Year ended December 31,		
	September 30, 2024	September 30, 2024	2023	2022	2021
Royalty expense	1,986	6,171	7,692	9,518	4,876
Royalty expense as a % of sales	16.7	14.9	13.6	13.9	11.1
Royalty expense per boe	11.81	10.57	9.61	12.15	6.94

Royalty expense consists of Crown royalties paid to the provincial governments and royalties paid to royalty owners of surface and mineral rights. Crown royalties are calculated based on commodity prices and individual well production rates, and as such are impacted by commodity price fluctuations, changes in production volumes and royalty incentive programs. Royalty expense is also dependent on the mix of royalty encumbrances associated with each well.

Royalties as a percentage of petroleum and natural gas sales has increased over the years mainly due to existing wells reaching higher royalty tiers as well as new 2024 wells drilled having higher royalty rates due to the mix of royalty encumbrances associated with them. The increase was also due to the sale of oil inventory in 2024 which at the time, was produced at a higher price than when it was sold and as a result carried a higher associated royalty burden as a percentage of revenue.

Operating and Transportation Expenses

(\$ thousands except per boe)	Three months ended	Nine months ended	Year ended December 31,		
	September 30, 2024	September 30, 2024	2023	2022	2021
Operating expense	3,573	11,116	15,683	14,302	12,161
Transportation expense	324	1,216	2,251	4,026	1,497
Operating and transportation expense	3,897	12,332	17,934	18,328	13,658
Operating expense per boe	21.25	19.04	19.60	18.25	17.30
Transportation expense per boe	1.93	2.08	2.81	5.14	2.13
Operating and transportation expense per boe	23.18	21.12	22.41	23.39	19.43

The decrease in operating costs per boe in 2024 was due to decreased well servicing and decreased carbon taxes due to gas conservation, partially offset by general inflationary pressures on the business. The increase in operating costs per boe from 2021 to 2023 was primarily a result of general inflationary pressures on the business as well as fluctuations in maintenance costs, well servicing costs and carbon taxes.

The increase in transportation expense per boe in 2021, 2022 and 2023 was associated with a third-party gas gathering system in southeast Saskatchewan. In the fourth quarter of 2021, Gear tied production into a newly constructed third-party gas gathering system and Gear's revenue associated with this incremental production in southeast Saskatchewan was offset by a transportation fee until the total commitment was extinguished in the second quarter of 2023. Starting in third quarter of 2023, Gear received the revenue associated with the incremental production from this gas gathering system and also incurred less transportation expense as a result.

Operating Income

(\$000s)	Three months ended		Nine months ended		Year ended December 31,	
	September 30, 2024		September 30, 2024		2023	2022
Sales	11,869	41,495	56,545	68,530	43,948	
Royalties	(1,986)	(6,171)	(7,692)	(9,518)	(4,876)	
Operating expenses	(3,573)	(11,116)	(15,683)	(14,302)	(12,161)	
Transportation expenses	(324)	(1,216)	(2,251)	(4,026)	(1,497)	
Operating income	5,986	22,992	30,919	40,684	25,414	

(\$/boe)	Three months ended		Nine months ended		Year ended December 31,	
	September 30, 2024		September 30, 2024		2023	2022
Sales	70.60	71.08	70.67	87.46	62.54	
Royalties	(11.81)	(10.57)	(9.61)	(12.15)	(6.94)	
Operating expenses	(21.25)	(19.04)	(19.60)	(18.25)	(17.30)	
Transportation expenses	(1.93)	(2.08)	(2.81)	(5.14)	(2.13)	
Operating income	35.61	39.38	38.64	51.92	36.16	

Changes in operating income over the years was primarily due to the fluctuations in realized prices. Operating income in 2024 increased on a per boe basis from the prior year due to the increase in realized prices but decreased on a dollar basis as a result of decreased production.

The primary factor that causes significant variability of the Newco Assets' operating income is commodity prices. The Newco Assets' operating income will be dependent on the prices received for crude oil and natural gas. Commodity prices have fluctuated widely and are determined by economic and political factors. Supply and demand factors, including weather and general economic conditions as well as conditions in other oil and natural gas regions, impact prices. Any movement in commodity prices could have a material effect on operating income. As a result of changes in commodity prices, historical financial performance may not be indicative of future performance. See "*Risk Factors – Risks Relating to Newco and the Newco Assets – Volatility of Oil and Gas Prices and Markets*" in this Appendix.

DESCRIPTION OF SHARE CAPITAL

Newco is authorized to issue an unlimited number of Newco Shares.

Disclosure of Outstanding Security Data on a Fully Diluted Basis

Following the completion of the Arrangement, 40,000,000 Newco Shares are expected to be issued and outstanding. In addition, Newco has reserved for issuance pursuant to grants under the Newco Share Option Plan such number of Newco Shares which is equal to 10% of the number of Newco Shares issued and outstanding at the time of grant.

See "*Consolidated Capitalization*" in this Appendix.

Overview of Newco Securities

The following is a summary of the material attributes and characteristics of the securities of Newco. The following description may not be complete and is subject to, and qualified in its entirety by reference to the terms and provisions of Newco's articles and the Newco Share Option Plan, as applicable.

Newco Shares

The holders of Newco Shares are entitled to: (a) vote at any meeting of shareholders of Newco; (b) to receive any dividend declared by Newco; and (c) to receive the remaining property of Newco upon dissolution.

At any meeting of Newco Shareholders for the transaction of business, a quorum shall be at least two persons present in person, each being a Newco Shareholder entitled to vote thereat or a duly appointed proxy or representative for an

absent Newco Shareholder so entitled, and representing in the aggregate not less than 10% of the outstanding Newco Shares.

Newco Options

Pursuant to the Newco Share Option Plan, the total number of Newco Shares reserved for issuance pursuant to the Newco Options granted and outstanding under the Newco Share Option Plan shall not exceed a number of Newco Shares equal to 10% of the number of issued and outstanding Newco Shares. As of the date of the Information Circular, no Newco Options have been granted.

PRIOR SALES

The following table sets forth the Newco Shares issued by Newco since incorporation:

Date	Number of Newco Shares Issued	Issue Price Per Newco Share (\$)	Aggregate Issue Price (\$)	Nature of Consideration
August 21, 2024	1 ⁽¹⁾	\$1.00	\$1.00	Cash

Note:

- (1) The one Newco Share currently outstanding as at the date hereof was issued to Gear on August 21, 2024 upon the incorporation of Newco.

Please see "*The Arrangement*" in the Information Circular for more information on the Arrangement and the securities issuable or to be transferred thereunder. The above table does not include the Newco Shares to be transferred in connection with the Arrangement.

As of the date hereof, Newco has no securities posted or listed for trading on any Canadian or foreign market, however, Newco has applied to list the Newco Shares on the TSXV. For more information, see "*Description of Securities to be Listed*".

DESCRIPTION OF SECURITIES TO BE LISTED

The completion of the Arrangement is conditional upon the listing of the Newco Shares which are transferred to Gear Shareholders pursuant to the Arrangement having been conditionally approved by the TSXV. Newco has applied to list the Newco Shares on the TSXV under the symbol "LTC". As of the date hereof, the TSXV has not conditionally approved the listing of the Newco Shares. While Newco anticipates meeting the TSXV's initial listing requirements of a Tier 1 Issuer and expects to be listed as such, listing of these securities will be subject to fulfilling all the minimum listing requirements of the TSXV. There are no assurances that the TSXV will list the Newco Shares. As at the date of the Information Circular, Newco does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, a U.S. marketplace, or a marketplace outside of Canada and the United States of America.

The holders of Newco Shares are entitled to dividends if, as and when declared by the Newco Board, to vote at any meetings of the holders of Newco Shares and upon liquidation, dissolution or winding up of Newco, to receive the remaining property and assets of Newco. See "*Description of Share Capital*".

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS ON TRANSFER

To the knowledge of Newco, as at the date hereof, there are no securities of Newco in escrow or that are subject to a contractual restriction on transfer. Newco expects that none of the Newco Shares transferred to Gear Shareholders pursuant to the Arrangement will be subject to escrow requirements.

PRINCIPAL SECURITYHOLDERS

To the knowledge of Newco, as at the date hereof, no person or corporation owns or controls or directs, directly or indirectly, more than 10% of the issued and outstanding Newco Shares other than as set out below:

Name and Municipality of Residence	Ownership	Number and Percentage of Newco Shares held as of the date hereof
Gear Energy Ltd.	Registered	1 (100%)

Following completion of the Arrangement, Newco does not anticipate that any one shareholder will, directly or indirectly, hold more than 10% of the issued and outstanding Newco Shares at such time.

LISTING OF THE NEWCO SHARES AND SECURITIES LAW MATTERS

Newco has applied to list the Newco Shares on the TSXV. As of the date hereof, the TSXV has not conditionally approved the listing of the Newco Shares. There is no assurance that Newco will meet the listing requirements of the TSXV, however if listing approval is ultimately obtained, trading in the Newco Shares is expected to commence concurrently with the delisting of the Gear Shares from the TSX, or shortly thereafter. It is a condition to the completion of the Arrangement that the TSXV shall have conditionally approved the listing of the Newco Shares.

Upon completion of the Arrangement, Newco will become a reporting issuer or the equivalent thereof in Alberta, British Columbia, Manitoba, Ontario and Saskatchewan and will become subject to the informational reporting requirements under Applicable Canadian Securities Laws. Newco Shares to be transferred to Gear Shareholders pursuant to the Arrangement will, except for trades by "control persons", generally not be subject to any resale or transfer restrictions in Canada.

See "*The Arrangement – Stock Exchange Listings*", "*The Arrangement – Canadian Securities Law Matters*" and "*The Arrangement – United States Securities Law Matters*" in the Information Circular.

SPONSORSHIP

Newco has applied for an exemption from sponsorship pursuant to Section 3.4 of Policy 2.2 of the TSXV in connection with its application to list the Newco Shares on the TSXV. There is no guarantee that such exemption will be granted by the TSXV. Should Newco not be exempted from sponsorship, Newco intends to apply to the TSXV for a sponsorship waiver.

DIRECTORS AND EXECUTIVE OFFICERS

The following table provides the name, province and country of residence, positions held with Newco, principal occupation during the preceding five years, and the pro forma holdings of Newco Shares following completion of the Arrangement of each of the current and anticipated directors and executive officers of Newco.

Name and Province and Country of Residence	Position to be held with Newco	Held Office Since	Principal Occupation For the Past Five Years	Pro Forma Holdings of Newco Shares ⁽¹⁾⁽²⁾
Greg Bay British Columbia, Canada	Director	Proposed ⁽³⁾	Founding Partner of Cypress Capital Management Ltd., an investment management firm, since 1998.	65,476 (0.2%)
Kathy Turgeon Alberta, Canada Director	Director	Proposed ⁽³⁾	Independent businesswoman; Vice President and Chief Financial Officer of Peyto Exploration & Development Corp. (" Peyto ") from July 2022 to March 2024; prior thereto, Vice President, Finance and Chief Financial Officer of Peyto since November 30, 2007; prior thereto Vice President, Finance of Peyto from January 2006 to November 2007; prior thereto, Ms. Turgeon was the Controller of Peyto from April 2004 to January 2006.	5,311 (0.0%)
Kevin Johnson Alberta, Canada	President, Chief Executive Officer and Director	August 21, 2024	President and Chief Executive Officer of Gear since April 2024; prior thereto Vice President, Engineering at Artis Exploration Ltd.	249,980 (0.6%)
Don T. Gray Arizona, United States of America	Director	Proposed ⁽³⁾	Private investor; a director of Gear since February 2009 and Chairman of Gear since January 2010; Chairman of the Board of Petrus Resources Ltd., a public oil and gas company, since 2010; prior thereto, Mr. Gray was the Chief Executive Officer of Peyto Exploration & Development Corp. (formerly Peyto Energy Trust) (" Peyto ") from August 2006 to January 2007; prior thereto, Mr. Gray was the President and Chief Executive Officer of Peyto from October 1998 to August 2006.	2,608,728 (6.5%)
Scott Robinson Alberta, Canada	Chairman	Proposed ⁽³⁾	An independent businessman; Vice President, Business Development of	152,294 (0.4%)

Name and Province and Country of Residence	Position to be held with Newco	Held Office Since	Principal Occupation For the Past Five Years	Pro Forma Holdings of Newco Shares⁽¹⁾⁽²⁾
Wilson Wang Hawaii, United States of America	Director	Proposed ⁽³⁾	Peyto, a public oil and gas company, from 2019 to 2023; prior thereto, Executive Vice President Operations and Chief Operating Officer of Peyto from 2006 to February 2019. Managing Partner and founder of Twin Peaks Capital LLC, an investment management firm, since 2014, and founder of HFI Research, a research firm focused on the oil and gas industry since 2015.	2,574,499 (6.4%)
Bindu Wyma Alberta, Canada	Director	Proposed ⁽³⁾	An independent businesswoman; Vice President of Business Development for North America of Talisman Energy Inc. from 2011 to 2015. Prior thereto, Ms. Wyma held various positions at Talisman since 1997.	21,656 (0.1%)
David Hwang Alberta, Canada	Vice President, Finance and Chief Financial Officer	August 21, 2024	Vice President, Finance of Gear since June 2011; prior thereto, controller at ARC Resources Ltd. ("ARC") since 2010 and, prior thereto, manager at ARC since 2006.	392,518 (1.0%)
Jason Kaluski Alberta, Canada	Vice President, Operations	Proposed ⁽³⁾	Vice President, Operations of Gear since March 2011; prior thereto, manager of operations for Qvesterre Energy Corporation from 2008 to 2011.	176,800 (0.4%)
Steve Power Alberta, Canada	Vice President, Exploration	Proposed ⁽³⁾	Vice President, Exploration since April 2024; prior thereto, Geologist with Vermilion Energy Inc. from 2009 to 2024.	61,596 (0.2%)
Edward (Ted) Brown Alberta, Canada	Corporate Secretary	Proposed ⁽²⁾	Partner and Co-Leader of the Business Law Group at the Calgary based law firm of Burnet, Duckworth & Palmer LLP and has practiced corporate and securities law since 2005.	47,043 (0.1%)

Notes:

- (1) Assuming each such individual elects to receive Newco Shares only and does not receive any Cash Consideration per Share under the Arrangement. See "*Information Concerning Newco*" in the Information Circular.
- (2) The number of Newco Shares estimated to be transferred pursuant to the Arrangement has been rounded down to the nearest whole number of Newco Shares.
- (3) The proposed director and/or officer of Newco has not yet been appointed to the position noted in the table, although it is anticipated that such director and/or officer will hold the position noted in the table at the Effective Time.

Newco intends to establish an Audit Committee, a Corporate Governance Compensation, and Safety Committee (the "**CGC&S Committee**") and a Reserves Committee (the "**Newco Committees**") following completion of the Arrangement. Members of these committees following completion of the Arrangement in accordance with the requirements of the ABCA, Applicable Canadian Securities Laws and the rules and policies of the TSXV. The composition of the Newco Committees is anticipated to be as follows:

Audit Committee

1. Greg Bay
2. Kathy Turgeon (Chair)
3. Don T. Gray
4. Wilson Wang

Corporate Governance, Compensation and Safety Committee

1. Greg Bay (Chair)
2. Kathy Turgeon
3. Don T. Gray
4. Scott Robinson
5. Wilson Wang
6. Bindu Wyma

Reserves Committee

1. Don T. Gray
2. Scott Robinson (Chair)
3. Bindu Wyma

Each of the directors of Newco will hold office until the first annual meeting of the holders of Newco Shares or until his or her successor is duly elected or appointed, unless his or her office is earlier vacated in accordance with Newco's articles or by-laws.

As at the date hereof, the current and proposed directors and executive officers of Newco, as a group, do not beneficially own, directly or indirectly, or exercise control or direction over any Newco Shares. Following completion of the Arrangement, it is expected that the directors and executive officers of Newco listed above shall beneficially own or control or direct, directly or indirectly, a maximum of approximately 6,473,545 Newco Shares, being approximately 16.2% of the issued and outstanding Newco Shares (assuming each such individual elects to receive Newco Shares only and does not receive any Cash Consideration under the Arrangement).

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Cease Trade Orders

To the knowledge of Newco, no proposed director or executive officer of Newco (nor any personal holding company of any of such persons) is, as of the date of the Information Circular, or was within ten years before the date of the Information Circular, a director, chief executive officer or chief financial officer of any company (including Newco), that: (a) was subject to a cease trade order (including a management cease trade order), an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days (collectively, an "**Order**"), that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (b) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Bankruptcies

To the knowledge of Newco, no proposed director or executive officer of Newco (nor any personal holding company of any of such persons) or shareholder holding a sufficient number of securities of Newco to affect materially the control of Newco: (a) is, as of the date of the Information Circular, or has been within the ten years before the date of the Information Circular, a director or executive officer of any company (including Newco) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (b) has, within the ten years before the date of the Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Penalties or Sanctions

To the knowledge of Newco, no proposed director or executive officer of Newco (nor any personal holding company of any of such persons), or shareholder holding a sufficient number of securities of Newco to affect materially the control of Newco, has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

Circumstances may arise where members of the Newco Board or officers of Newco are directors or officers of companies, which are in competition to the interests of Newco. Pursuant to the ABCA, directors who have an interest in a proposed transaction upon which the Newco Board is voting are required to disclose their interests and refrain from voting on the transaction.

As at the date hereof, Newco is not aware of any existing or potential material conflicts of interest between Newco and a subsidiary of Newco and a director or officer of Newco or of a subsidiary of Newco, other than in respect of the Arrangement. At the current time and at the time the Arrangement was voted upon by Newco Board of Directors, Newco is/was a wholly-owned subsidiary of Gear and therefore the interests of the two entities are not divergent. The ABCA provides that for contracts and transactions between "affiliates" (which Gear and Newco are) directors need not refrain from voting in respect of such contracts.

Advance Notice By-law

Newco's by-laws contain advance notice provisions regarding advance notice of nominations of directors of Newco (the "**Advance Notice Provisions**"). The Advance Notice Provisions provide that advance notice to Newco must be made in circumstances where nominations of persons for election to the Newco Board are made by Newco Shareholders other than pursuant to: (a) a "proposal" made in accordance with the ABCA; or (b) a requisition of a meeting made pursuant to the ABCA.

The Advance Notice Provisions fix a deadline by which Newco Shareholders must submit director nominations to the Chief Financial Officer of Newco prior to any annual or special meeting of Newco Shareholders and outlines the specific information that a nominating Newco Shareholder must include in the written notice to the Chief Financial Officer of Newco for an effective nomination to occur. No person nominated by a Newco Shareholder will be eligible for election as a director of Newco unless nominated in accordance with the provisions of the Advance Notice Provisions.

In the case of an annual meeting of Newco Shareholders, notice to the Chief Financial Officer of Newco must be made not less than 30 days prior to the date of the annual meeting; provided, however, that in the event that the annual meeting is to be held on a date that is less than 50 days after the date on which the first public announcement of the

date of the annual meeting was made, notice may be made not later than the close of business on the 10th day following such public announcement. In the case of a special meeting of Newco Shareholders (which is not also an annual meeting), notice to Newco must be made not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting was made.

If Notice-and-Access Provisions are used for delivery of proxy-related materials in respect of a meeting described above and the notice date in respect of the meeting is not less than 50 days before the date of the applicable meeting, the notice must be received not later than the close of business on the 40th day before the date of the applicable meeting.

In the event of an adjournment or postponement of an annual meeting or special meeting of Newco Shareholders or any announcement thereof, a new time period shall commence for the giving of timely notice.

The Newco Board may, in its sole discretion, waive any requirement of the Advance Notice Provisions of Newco's by-laws.

STATEMENT OF EXECUTIVE COMPENSATION

Pursuant to NI 51-102, Newco is required to disclose certain information with respect to its compensation of executive officers and directors, as summarized below.

Period Ended November 30, 2024

During the period ended November 30, 2024, Newco had no executive officers and no salary or other form of compensation by Newco.

Expectations for the Year Ended December 31, 2025

To date, Newco has not carried on any active business (except in respect of the Arrangement) and has not completed a fiscal year of operations. No compensation has been paid by Newco to its executive officers or directors and none is expected to be paid until after the Arrangement is completed.

As at the date hereof, the exact compensation to be paid to directors and executive officers of Newco has not been determined. However, following the completion of the Arrangement, it is anticipated that the executive officers of Newco will be paid salaries at levels comparable to the salaries currently paid by Gear to such officers. For a detailed discussion of the compensation of Gear, see the 2024 AGM Information Circular, which is incorporated by reference in the Information Circular.

Termination and Change of Control Benefits

As discussed under "*The Arrangement – Interests of Certain Persons in the Arrangement*", each of David Hwang, Vice-President, Finance and Chief Financial Officer, Bryan Dozzi, Vice President, Engineering, and Jason Kaluski, Vice President, Operations, will each receive a retiring allowance in accordance with the terms of their respective Employment Agreements on closing of the Arrangement. Mr. Dozzi intends to retire on closing of the Arrangement and is not expected to be employed by Newco. Each of Mr. Hwang and Mr. Kaluski are expected to be employed in the same positions with Newco as their current positions with Gear; however, neither Mr. Hwang nor Mr. Kaluski are expected to enter into employment agreements with Newco that provide for severance on change of control or termination.

Both Kevin Johnson, President and Chief Executive Officer of Gear, and Steve Power, Vice-President, Exploration of Gear, have agreed that their existing Employment Agreements will be assigned to Newco on substantially the same terms and have waived any entitlement to severance payment or a retirement allowance on closing of the Arrangement. As a result, both Mr. Johnson and Mr. Power will have Employment Agreements with Newco.

Under the terms of the Employment Agreements of Mr. Johnson and Mr. Power, the Employment Agreements will continue indefinitely until terminated in accordance with the terms thereof and the annual salary payable thereunder is subject to annual review. The Employment Agreements may be terminated by Newco for just cause at any time

without any payment, other than salary owing for services rendered up to and including the last day of employment and outstanding vacation pay. Newco may terminate an Employment Agreement without just cause upon paying Mr. Johnson or Mr. Power all salary earned but not paid to the termination date, all vacation pay due and owing to such date and a retiring allowance (as calculated in accordance with the Employment Agreements) of the sum of:

For Mr. Johnson:

- (a) an amount equal to 1.5 times (with such amount increasing by 0.25 to a maximum of 2.0 for every completed year of service since the commencement of employment with Gear) of the annual base salary as at the Cessation Date (as defined in the Employment Agreements); and
- (b) an amount equal to 1.5 times (with such amount increasing by 0.25 to a maximum of 2.0 for every completed year of service since the commencement of employment with Gear) the bonus amounts, if any, paid in the twelve (12) month period immediately preceding the Cessation Date.

For Mr. Power:

- (a) an amount equal to 1.0 times of the annual base salary as at the Cessation Date; and
- (b) an amount equal to 1.0 times the bonus amounts, if any, paid in the twelve (12) month period immediately preceding the Cessation Date.

In addition, each of Mr. Johnson and Mr. Power may terminate his Employment Agreement within six (6) months following the occurrence of a change of control if there is an event which constitutes "Good Reason" (as defined in each of the Employment Agreements), which includes: material adverse change by Newco and without the agreement of such officer, in the such officer's salary, title or lines of reporting, or the requirement that the officer be based anywhere other than Newco's Calgary office on a normal and regular basis, such that immediately after such change or series of changes, the responsibilities and status of the officer, taken as a whole, are not at least substantially equivalent to those assigned to the officer immediately prior to such change, or any reason which would constitute constructive dismissal, in which case the officer shall also be entitled to the termination payments outlined above. In exchange for payment of the retiring allowance, the officer agrees to provide a release in an agreed upon form.

Anticipated Newco Board Compensation

Newco has not established an annual retainer fee or attendance fee for directors. However, Newco may determine to pay directors' fees in the future and will reimburse directors for all reasonable expenses incurred in order to attend meetings. In addition to any fee or retainer that the Newco Board may determine to pay to the non-management directors, it is anticipated that non-management directors will be compensated for their time and effort through the grant of Newco Options pursuant to the Newco Share Option Plan.

NEWCO SHARE OPTION PLAN

The Newco Board has adopted the Newco Share Option Plan, which must be approved by Gear Shareholders at the Gear Meeting, pursuant to which options may be granted to its directors, officers, employees, consultants and other service providers of Newco or, if applicable, any of its subsidiaries (collectively, "**Newco Service Providers**"). The purpose of the Newco Share Option Plan is to develop the interest of Newco Service Providers in the growth and development of Newco by providing them the opportunity through options to acquire an increased proprietary interest in Newco.

The Newco Share Option Plan was adopted by the Newco Board on December 18, 2024 to attract and retain directors, officers, employees, consultants and other service providers of Newco or its subsidiaries through the issuance of Newco Options. No Newco Options have been granted under the Newco Share Option Plan as of the date hereof and none will be granted until after the listing of the Newco Shares on the TSXV. Gear Shareholders will be asked at the Gear Meeting to vote on a resolution to approve the Newco Share Option Plan for the ensuing year. The full text of

the Newco Share Option Plan is appended to the Information Circular as Appendix F, however a summary of the Newco Share Option Plan is provided below.

The following is a summary only of the material terms of the Newco Share Option Plan and is subject to, and qualified in its entirety by, the full text of the Newco Share Option Plan. Gear Shareholders are urged to read the Newco Share Option Plan, which will be substantially in the form attached as Appendix F to the Information Circular. Terms used but not defined in the below summary have the meanings ascribed thereto in the Newco Share Option Plan.

The Newco Share Option Plan which permits the granting of Newco Options to officers, directors, employees and consultants to Newco and its subsidiaries, and other persons who provide ongoing management and consulting services to Newco and its subsidiaries.

Newco Options are expected to be granted by the Newco Board on the recommendation of senior management, in the case of employees, and by the CGC&S Committee, in the case of executive officers including the Chief Executive Officer. Newco Options are intended to encourage retention and provide incentive, thereby aligning employee and shareholder interests by attempting to create a direct link between compensation and shareholder return. In addition, the Newco Share Option Plan provides the opportunity for executive officers to develop and maintain a significant ownership position in Newco. By allowing participation in the Newco Share Option Plan, Newco will be able to reward overall corporate performance year over year. As with most companies in Newco's peer group, Newco Options will form an important part of the total compensation provided to Newco's executive officers as Newco Options help compensate for lower base salaries relative to larger companies in the oil and gas industry.

Newco Options are expected to be normally awarded by the Newco Board upon the commencement of employment with Newco, based on the level of responsibility within Newco. Additional grants may be made periodically to ensure that the number of Newco Options granted to any particular individual is commensurate with the individual's level of ongoing responsibility within Newco. When determining Newco Options to be allocated to each individual executive officer, a number of factors are expected to be considered including the number of outstanding Newco Options held by such executive officer, Newco Options held by the executive officer that have been exercised or that have expired since the last grant to such executive officer, the value of such Newco Options held by the executive officer and the total number of available Newco Options for grant.

The Newco Share Option Plan limits the number of Newco Shares that may be subject to Newco Options granted and outstanding under the Newco Share Option Plan, and any other share compensation arrangements established by Newco, at any time to 10% of the outstanding Newco Shares.

Newco Options granted pursuant to the Newco Share Option Plan have a term as determined by the Newco Board (not to exceed five (5) years and vest in such manner as determined by the Newco Board at the time of grant. Newco Options which expire during a blackout period (as defined in the Newco Share Option Plan) or within nine business days following the expiration of a blackout period, shall be extended for a period of ten business days after the end of such blackout period. Newco Options granted under the Newco Share Option Plan are non-assignable and non-transferable. Subject to the policies of the TSXV, the exercise price of Newco Options granted shall be fixed by the Newco Board at the time of grant provided that such price shall not be less than the Discounted Market Price of the Newco Shares. For this purpose, if Newco does not issue a news release to fix the price in accordance with the policies of the TSXV, "Discounted Market Price" shall mean the last closing trading price per Newco Share on the TSXV (or if the Newco Shares are not listed on the TSXV, on such stock exchange as the Newco Shares are then traded) before the date of grant of the Newco Option, less the applicable discount, or, if the Newco Shares are not listed on any stock exchange, a price determined by the Board. Newco must obtain disinterested shareholder approval for any reduction in the Exercise Price of a Newco Option or the extension of the term of a Newco Option that is held by an insider of Newco at the time of the proposed amendment.

Subject to the policies of the TSXV and the limitations of the Newco Share Option Plan:

- (i) the number of Newco Shares reserved for issuance at any time, pursuant to the Newco Share Option Plan and all other established or proposed share compensation arrangements of Newco, to insiders of Newco shall

not exceed 10% of the outstanding Newco Shares and the number of Newco Shares issued within one year, pursuant to the Newco Share Option Plan and all other established or proposed share compensation arrangements of Newco, to any one insider and such insider's associates shall not exceed 10% of the outstanding Newco Shares;

- (ii) unless the approval of the disinterested shareholders of Newco is obtained, the number of Newco Shares reserved for issuance at any time, pursuant to the Newco Share Option Plan and all other established or proposed share compensation arrangements of Newco, to Insiders shall not exceed 10% of the outstanding Newco Shares and the number of Newco Shares issued within a 12 month period, pursuant to the Newco Share Option Plan and all other established or proposed share compensation arrangements of Newco, to any one Insider and such Insider's associates shall not exceed 10% of the outstanding Newco Shares;
- (iii) the aggregate number of Newco Shares that may be reserved for issuance pursuant to the exercise of Newco Options awarded to any one person (inclusive of entities that are wholly owned by such person) within a 12 month period shall not exceed 5% of the Newco Shares outstanding from time to time (determined at the date a Newco Option is granted);
- (iv) the aggregate number of Newco Shares that may be reserved for issuance pursuant to the exercise of Newco Options awarded, to any one Consultant within a 12 month period shall not exceed 2% of the Newco Shares outstanding (determined at the date a Newco Option is granted); and
- (v) the aggregate number of Newco Shares that may be reserved for issuance pursuant to the exercise of Newco Options awarded within any 12 month year period to all persons engaged in Investor Relations Activities must not exceed 2% of the Newco Shares outstanding (determined at the date a Newco Option is granted).

Board members are also eligible to participate in the Newco Share Option Plan. The number of Newco Options awarded to directors will be determined by criteria to be established by the CGC&S Committee.

In case of death of an Optionee (as defined in the Newco Share Option Plan), Newco Options terminate on the date determined by the Newco Board which may not be more than 12 months from the date of death and, if the Optionee ceases to be a director, officer or employee of, or to provide ongoing management or consulting services (for reason other than death) to, Newco, Newco Options terminate on the expiry of a period not in excess of six (6) months as determined by the Newco Board at the time of grant. In the absence of any determination by the Newco Board to the contrary, the Newco Options will terminate thirty (30) days following the date that the Optionee ceases to be an officer, director or employee of, or to provide ongoing management or consulting services to, Newco, as the case may be. In each case, the Optionee is entitled to exercise those Newco Options that the Optionee was entitled to exercise on the date of death or the date the Optionee ceased to be an officer, director or employee of, or to provide ongoing management or consulting services to, Newco, as the case may be. An Optionee, other than an Optionee that is an Investor Relations Service Provider (as defined in the Newco Share Option Plan) may make an offer ("**Surrender Offer**") to Newco, at any time, for the disposition and surrender by the Optionee to Newco of any Newco Options granted for an amount in cash or in Newco Shares equal to the difference between closing price of the Newco Shares on the date the Options are surrendered (the "**Surrender Price**") and the exercise price of such Newco Options and Newco may, but is not obligated to, accept the Surrender Offer. If the Newco Shares are not listed and posted for trading on a stock exchange, the Surrender Price shall be determined by the Board in its sole discretion acting reasonably and in good faith. The exercise of any Newco Options for cash pursuant to the Newco Share Option Plan (including the Surrender Price thereof) will be subject to the prior approval of the TSXV.

The Newco Share Option Plan provides that if a grantee is terminated in connection with a "Change of Control" (as defined in the Newco Share Option Plan) or voluntarily resigns within six (6) months of such Change of Control for "Good Reason" (as such term is defined in the Newco Share Option Plan) then all Newco Options held by such grantee will vest and be exercisable.

If approved by the Newco Board, Newco Options may provide that, whenever the Shareholders receive a take-over proposal (a "**Take-over Proposal**"), such Newco Option may be exercised as to all or any of the Newco Shares in respect of which such Newco Option has not previously been exercised (including in respect of Newco Shares not otherwise vested at such time) by the Newco Service Provider, but any such Newco Option not otherwise vested and

deemed only to have vested in accordance with the foregoing may only be exercised for the purposes of tendering to such Take-over Proposal.

The Newco Board may amend, modify or terminate the Newco Share Option Plan and any Options granted pursuant to the Newco Share Option Plan at any time, provided that no such amendment may, without the consent of the Optionee, adversely alter or impair any Newco Option previously granted to a Newco Service Provider under the Newco Share Option Plan and provided further that any amendment to the Newco Share Option Plan will be subject to the prior approval of the TSXV, as required the policies of the TSXV, and approval of the shareholders of the Corporation, if required by the TSXV.

In addition to any resale restrictions imposed under applicable securities laws, if required by the TSXV or any other regulatory authority, Newco Options granted under the Newco Share Option Plan and Newco Shares issued on exercise of such Newco Options may be required to be legended evidencing that the Newco Options and the Newco Shares issued upon exercise of the Newco Options are subject to a hold period or restricted period as required by the TSXV or other applicable regulatory authority and the Newco Service Providers, by accepting the Newco Option, will have agreed to comply therewith.

See Appendix F – *Newco Share Option Plan* and "*Other Matters of Special Business Relating to Newco – Newco Option Plan*" of the Information Circular.

Outstanding Newco Options

As at the date hereof, no Newco Shares were reserved for issuance pursuant to the Newco Share Option Plan and no Newco Options have been granted.

NEWCO RIGHTS PLAN

Overview and Purpose of the Newco Rights Plan

The Newco Board proposes that Newco enter into the Newco Rights Plan with Odyssey Trust Company, as rights agent, effective as of the Effective Date. The Newco Rights Plan must be approved by Gear Shareholders at the Gear Meeting.

The Newco Rights Plan will ensure, to the extent possible, that (a) all Newco Shareholders are treated fairly and equally in connection with any unsolicited take-over bid or other attempt to acquire control of Newco (including by way of a "creeping" take-over bid or the acquisition of a control block through private agreements between a few large Newco Shareholders) and (b) the Newco Board has sufficient opportunity to identify, develop and negotiate value-enhancing alternatives, if considered appropriate, to any unsolicited take-over bid or other attempt to acquire control of Newco.

The Newco Rights Plan is similar to shareholder rights plans adopted by other Canadian public companies.

Issue of Newco Rights and Newco Rights Exercises under the Newco Rights Plan

Pursuant to the Newco Rights Plan, one Newco Right will be issued and attached to each Newco Share outstanding at 5:00 p.m. (Calgary time) on the Effective Date (the "**Newco Rights Plan Effective Time**"). A Newco Right will also be attached to each Newco Share issued after the Newco Rights Plan Effective Time. The issuance of the Newco Rights will not change the manner in which Newco Shareholders trade their Newco Shares. Subject to the terms of the Newco Rights Plan, the Newco Rights issued under the Newco Rights Plan become exercisable only if a Person (the "**Acquiring Person**"), together with certain related Persons (including Persons "acting jointly or in concert" as defined in the Newco Rights Plan), acquires or announces its intention to acquire 20% or more of the Newco Shares without complying with the "Permitted Bid" provisions of the Newco Rights Plan. Following a transaction that results in a Person becoming an Acquiring Person, the Newco Rights entitle the holder thereof (other than the Acquiring Person and certain related Persons) to purchase Newco Shares at a significant discount to the Market Price (as defined in the Newco Rights Plan) at that time.

The Newco Rights Plan will not be triggered solely by the holding of 20% or more of the Newco Shares by a Newco Shareholder and its Affiliates, Associates and joint actors prior to the Newco Rights Plan Effective Time, as any such Person would be Grandfathered Persons (as defined in the Newco Rights Plan) subject to the terms of the Newco Rights Plan; however, subsequent purchases of Newco Shares by a Grandfathered Person after the Newco Rights Plan Effective Time may cause such Person to become an Acquiring Person pursuant to the terms of the Newco Rights Plan.

A transaction in which a Person becomes an Acquiring Person is referred to as a "**Flip-in Event**". Any Newco Rights held by an Acquiring Person on or after the earlier of the Separation Time or the Stock Acquisition Date (each as defined in the Newco Rights Plan), will become void upon the occurrence of a Flip-in Event. After the close of business on the tenth Trading Day (as defined in the Newco Rights Plan) after the first public announcement of the occurrence of a Flip-in Event, each Newco Right (other than those held by the Acquiring Person) will entitle the holder to purchase, for the Exercise Price (as defined in the Newco Rights Plan), that number of Newco Shares having an aggregate Market Price equal to three times the Exercise Price.

If a Newco Shareholder holds Newco Rights and it does not exercise them following a Flip-in Event, a Newco Shareholder may suffer substantial dilution. By permitting holders of Newco Rights other than an Acquiring Person to acquire Newco Shares at a discount to market value, the Newco Rights may cause substantial dilution to a Person or group that acquires 20% or more of the Newco Shares other than by way of a Permitted Bid (as defined below) or other than in circumstances where the Newco Rights are redeemed or the Newco Board waives the application of the Newco Rights Plan.

Permitted Bids under the Newco Rights Plan

The Newco Rights Plan is not triggered if an offer to acquire Newco Shares would allow sufficient time for the Newco Shareholders to consider and react to the offer and would allow them to decide to tender or not tender without the concern that they will be left with illiquid Newco Shares should they not tender.

Under the Newco Rights Plan, a "**Permitted Bid**" is a Take-Over Bid made in compliance with the Canadian take-over bid regime. Specifically, a Permitted Bid is a Take-Over Bid that is made to all Newco Shareholders, that is open for 105 days (or such shorter period as is permitted under the Canadian take-over bid regime) and that contains certain conditions, including that no Newco Shares will be taken up and paid for unless more than 50% of the Newco Shares that are held by Independent Newco Shareholders (as defined in the Newco Rights Plan) are tendered to the Take-Over Bid.

A Permitted Bid is not required to be approved by the Newco Board and such bids may be made directly to Newco Shareholders. Acquisitions of Newco Shares made pursuant to a Permitted Bid or a Competing Permitted Bid (as defined in the Newco Rights Plan) do not give rise to a Flip-in Event.

Waiver and Redemption under the Newco Rights Plan

The Newco Board may, before the occurrence of a Flip-in Event, waive the application of the Newco Rights Plan to a particular Flip-in Event that would occur as a result of a Take-Over Bid circular to all of the Newco Shareholders. In such event, the Newco Board shall be deemed to also have waived the application of the Newco Rights Plan to any other future Flip-in Event occurring as a result of any other Take-Over Bid circular to all of the Newco Shareholders prior to the expiry of any Take-Over Bid for which the Newco Rights Plan has been waived or deemed to have been waived.

Subject to the prior consent of the Newco Shareholders, the Newco Board may also, before the occurrence of a Flip-in Event, waive the application of the Newco Rights Plan to a particular Flip-in Event that would occur as a result of an acquisition of Newco Shares other than pursuant to a Take-Over Bid circular to all of the Newco Shareholders. In such event, the Newco Board shall extend the Separation Time to a date at least ten Business Days subsequent to the meeting of Newco Shareholders called to approve such waiver.

The Newco Board may also waive the application of the Newco Rights Plan to an inadvertent Flip-in Event, on the condition that the Person who became an Acquiring Person in the Flip-in Event reduces its Beneficial Ownership of Newco Shares such that it is not an Acquiring Person within ten days of the determination of the Newco Board (or any earlier or later time specified by the Newco Board).

Subject to the prior consent of the Newco Shareholders, until the occurrence of a Flip-in Event, the Newco Board may choose to redeem all but not less than all of the then outstanding Newco Rights at \$0.00001 per Newco Right. In the event that a Person acquires Newco Shares pursuant to a Permitted Bid, a Competing Permitted Bid or pursuant to a transaction for which the Newco Board has waived the application of the Newco Rights Plan, then the Newco Board shall, immediately upon the consummation of such acquisition, without further formality, be deemed to have elected to redeem the Newco Rights at the redemption price.

Amendment of Newco Rights Plan

The Newco Board may, without the approval of holders of Newco Shares and Newco Rights, make amendments: (i) to correct clerical or typographical errors; and (ii) which are required to maintain the validity of the Newco Rights Plan as a result of any change in applicable legislation, regulations or rules thereunder. Any such amendment, if made before the Separation Time, be submitted for approval to the holders of Newco Shares at the next meeting of Newco Shareholders and, if made after the Separation Time, must be submitted to the holders of Newco Rights for approval.

At any time before the Separation Time, the Newco Board may, with the prior consent of holders of Newco Shares and Newco Rights, received at the special meeting called and held for such purpose, amend, vary or rescind any of the provisions of the Newco Rights Plan or the Newco Rights, whether or not such action would materially adversely affect the interests of the Newco Rights generally.

At any time after the Separation Time, the Newco Board may, with prior consent of the holders of Newco Rights received at the meeting called and held for such purpose, amend, vary or rescind any of the provisions of the Newco Rights Plan or the Newco Rights, whether or not such action would materially adversely affect the interests of the Newco Rights generally.

Confirmation

The Newco Rights Plan must be reconfirmed at every third annual meeting of the Newco Shareholders. If the Newco Rights Plan is not approved at such meeting of Newco Shareholders, the Newco Rights Plan and all outstanding Newco Rights will terminate and be void and of no further force and effect.

Additional Information relating to Newco Rights Plan

The form of Newco Rights Plan will be filed on Gear's SEDAR+ profile at www.sedarplus.ca under "Other" at the same time that the Information Circular is filed. See "*Other Matters of Special Business Relating to Newco – Newco Rights Plan*" in the Information Circular.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

At no time since the incorporation of Newco has there been any indebtedness of any director or officer of Newco, any proposed directors of Newco, or any associate or affiliate of any such director or officer, to Newco or to any other entity which is, or at any time since the beginning of the most recently completed financial period has been, the subject of a guarantee, support agreement, letter of agreement or other similar arrangement or understanding provided by Newco.

CORPORATE GOVERNANCE DISCLOSURE

Following the Effective Date, it is expected that Newco will establish an Audit Committee, a Corporate Governance and Compensation Committee and a Reserves Committee. It is expected that all of the committees of the Newco Board will operate under written mandates similar to those currently in place for Gear which will be established following completion of the Arrangement.

The following sets out information in respect of Newco's proposed corporate governance practices in accordance with National Instrument 58-101 – *Disclosure of Corporate Governance Practices*.

Newco Board

The Newco Board will be comprised of seven (7) directors, of which six (6) are independent within the meaning of "independence" in section 1.4 of National Instrument 52-110 – *Audit Committees* ("**NI 52-110**"). All of the directors of Newco are expected to be independent except for Kevin Johnson. Mr. Johnson is not considered independent by virtue of being the President and Chief Executive Officer of Newco. Accordingly, a majority of the Newco Board is expected to be independent.

In order to facilitate the exercise of independent judgment, it is expected that members of the Newco Board will recuse themselves from the discussion of and voting on any matters of Newco which may be perceived to place them in a conflict of interest. In addition, it is anticipated that the independent directors of Newco will hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance, typically in conjunction with each regularly scheduled meeting of the Newco Board. Further, the Newco Board is expected to facilitate its independent supervision over management by reviewing and approving long-term strategic, business and capital plans, material contracts and business transactions, and all debt and equity financing transactions. Through its Audit Committee, it is expected that the Newco Board will examine the effectiveness of Newco's internal control processes and information systems.

Newco Board and Officer Public Company Experience

Certain of Newco's proposed directors or officers serve as directors or officers of other reporting issuers in the five year period preceding the date hereof, as indicated in the table below:

Name	Name and Jurisdiction of Reporting Issuer	Name of Trading Market	Position	From	To
Don T. Gray	Peyto Exploration & Development Corp.	Toronto Stock Exchange	Director	October 23, 1998	Present
	Petrus Resources Ltd.	Toronto Stock Exchange	Director	May 12, 2016	Present
Greg Bay	New Stratus Energy Inc.	TSX Venture Exchange	Director	September 16, 2021	Present
Kathy Turgeon	Prairie Provident Resources Inc.	Toronto Stock Exchange	Director	August 23, 2023	Present

Board Mandate

The Newco Board has not yet implemented a board mandate. It is expected that the Newco Board will implement a mandate following completion of the Arrangement and will be in substantially the same form as the current Gear Board mandate. The mandate of the Gear Board is attached as Schedule A to the 2024 AGM Information Circular, which is incorporated by reference into the Information Circular.

Position Descriptions

As the committees of the Newco Board have not been constituted as of the date of the Information Circular, the Newco Board has not developed written position descriptions for the chair of each committee. Further, the Newco Board and the Chief Executive Officer have not developed a written position description for the Chief Executive Officer as Newco was only recently incorporated. It is expected that the foregoing position descriptions will be developed following completion of the Arrangement and will be in substantially the same form as the respective position descriptions of Gear.

Orientation and Continuing Education

Newco has not yet developed a formal orientation and continuing education program for new directors as Newco was only recently incorporated. Newco does not anticipate it will develop an orientation program for new directors in light of Newco's particular circumstances, including the size of Newco and the experience and expertise of the members of the Newco Board.

Ethical Business Conduct

It is anticipated that the Newco Board will adopt a Code of Business Conducts and Ethics and a Whistleblower Policy following completion of the Arrangement and that both will be in substantially the same form as the respective policies of Gear.

Nomination of Directors – Corporate Governance and Compensation Committee

The members of the CGC&S Committee of the Newco Board are expected to be the current members of the CGC&S Committee of Gear. It is expected that the CGC&S Committee will be responsible for identifying qualified new candidates to join the Newco Board and for making recommendations for nominees for election as directors. The CGC&S Committee will be expected to objectively consider the independence of candidates, their financial acumen and other skills and the time which candidates have available to devote to the duties of the Newco Board in making their recommendations for nomination to the Newco Board. The CGC&S Committee will review the composition and size of the Newco Board and tenure of directors in advance of annual meetings when directors are most commonly elected, as well as when individual directors indicate that their terms may end or that their status may change.

Compensation – CGC&S Committee

The members of the CGC&S Committee of the Newco Board have not yet been determined but are anticipated to be the current members of the CGC&S Committee of Gear. It is expected that the CGC&S Committee will be responsible to:

- recommend to the Newco Board compensation policies and guidelines concerning executive compensation and benefits;
- endeavour to ensure that Newco has in place programs to attract and develop high calibre management and a process to provide for the orderly succession of management;
- review and approve corporate goals and objectives relevant to compensation of the Chief Executive Officer, and evaluate the Chief Executive Officer's performance in light of such corporate goals and objectives;
- make recommendations to the Newco Board with respect to the annual salary, bonus and other benefits, direct and indirect, of the Chief Executive Officer having consideration to the CGC&S Committee's evaluation of the Chief Executive Officer's performance and to recommend to the Newco Board compensation for all other designated officers of Newco after considering the recommendations of the Chief Executive Officer, all within the compensation policies and general human resources policies and guidelines concerning employee compensation and benefits, such compensation to realistically reflect the responsibilities and risks of such positions;
- implement and administer compensation policies and guidelines concerning executive compensation and benefits concerning the following:
 - executive compensation, contracts, stock plans or other incentive plans; and
 - proposed personnel changes involving officers reporting to the Chief Executive Officer;
- from time to time, review Newco's broad policies and programs in relation to benefits;
- annually receive from the Chief Executive Officer recommendations concerning annual compensation policies;
- from time to time, review with the Chief Executive Officer Newco's broad policies on compensation;
- review and endorse, as deemed appropriate, major changes in the organizational structure of management as proposed by the Chief Executive Officer; and
- review and recommend to the Newco Board for approval, the compensation committee report and statement of executive compensation for inclusion in the public disclosure documents.

See "*Statement of Executive Compensation*" in this Appendix.

Assessments

The Newco Board has not, as yet, adopted any formal procedures for regularly assessing the effectiveness of the Newco Board, its committees or individual directors with respect to their effectiveness and contributions. Nevertheless, their effectiveness is subjectively measured on an ongoing basis by each director based on their assessment of the performance of the Newco Board, its committees or the individual directors compared to their expectation of performance. In doing so, the contributions of an individual director are informally monitored by the other Newco Board members, bearing in mind the business strengths of the individual and the purpose of originally nominating the individual to the Newco Board.

Reserves Committee

The members of the Reserves Committee of the Newco Board have not yet been determined, but it is anticipated the following individuals will be appointed to the Reserves Committee of Newco: (i) Don T. Gray; (ii) Scott Robinson; and (iii) Bindu Wyma. It is expected that the function of the Reserves Committee will be to meet with Newco's independent reserves evaluation engineers, at least annually, to discuss the evaluation of Newco's reserves and to assist Newco in fulfilling its duties and obligations under NI 51-101.

AUDIT COMMITTEE INFORMATION

The purpose of the Audit Committee to the Newco Board, once established following completion of the Arrangement, will be to provide assistance to the Newco Board in fulfilling its legal and fiduciary obligations with respect to matters involving the accounting, auditing, financial reporting, internal control and legal compliance functions of Newco. It is the objective of the Audit Committee to maintain a free and open means of communications among the Newco Board, the independent auditors and the senior management of Newco.

Audit Committee Charter

Since the Audit Committee has not been established, a mandate for the Audit Committee has not been implemented. However, it is expected that the Audit Committee, once constituted, will implement a charter in substantially the same form as that of Gear following completion of the Arrangement. The mandate of the Audit Committee of the Gear Board is attached as Schedule C to the Gear AIF, which is incorporated by reference in the Information Circular.

Composition of the Audit Committee

The members of the Audit Committee of the Newco Board have not yet been determined; however it is expected that the current members of Gear's audit committee will be appointed to the Newco Audit Committee. Each of the proposed members of the Audit Committee is expected to be independent within the meaning of section 1.4 of National Instrument 52-110 - *Audit Committees* ("**NI 52-110**") and financially literate within the meaning of section 1.6 of NI 52-110. For additional information regarding the Audit Committee of Gear, see "Audit Committee Information" in the Gear AIF which is incorporated by reference herein.

Pre-Approved Policies and Procedures

The Audit Committee is expected to adopt specific policies and procedures for the engagement of non-audit services.

External Auditor Services Fees

As of the date of the Information Circular, Newco has not paid any fees to external auditors since incorporation.

INDUSTRY CONDITIONS

Companies operating in the Canadian oil and gas industry are subject to extensive regulation and control of operations (including with respect to land tenure, exploration, development, production, refining and upgrading, transportation, and marketing). Legislation has been enacted by, and agreements have been entered into between, various levels of government with respect to the pricing and taxation of petroleum and natural gas, all of which should be carefully considered by investors in Newco. All current legislation is a matter of public record and the is unable to predict what additional legislation or amendments governments may enact in the future.

Newco's assets and operations are regulated by administrative agencies that derive their authority from legislation enacted by the applicable level of government. Regulated aspects of Newco's upstream oil and natural gas business include all manner of activities associated with the exploration for and production of oil and natural gas, including, among other matters: (i) permits for the drilling of wells and construction of related infrastructure; (ii) technical drilling and well requirements; (iii) permitted locations and access to operation sites; (iv) operating standards regarding conservation of produced substances and avoidance of waste, such as restricting flaring and venting; (v) minimizing environmental impacts, including by reducing emissions; (vi) storage, injection and disposal of substances associated with production operations; and (vii) the abandonment and reclamation of impacted sites. To conduct oil and natural gas operations and remain in good standing with the applicable regulatory regimes, producers must comply with applicable legislation, regulations, orders, directives and other directions (all of which are subject to governmental oversight, review and revision, from time to time). Compliance in this regard can be costly and a breach of the same may result in fines or other sanctions.

The discussion below outlines some of the principal aspects of the legislation, regulations, agreements, orders, directives and a summary of other pertinent conditions that impact the oil and gas industry in Western Canada, where Newco's assets are primarily located. While these matters do not affect Newco's operations in any manner that is materially different than the manner in which they affect other similarly sized industry participants with similar assets and operations, investors should consider such matters carefully.

Pricing and Marketing in Canada

The price of crude oil, natural gas, and Natural Gas Liquids ("NGLs") is negotiated by buyers and sellers. Various factors may influence prices, including (global, in some instances) supply and demand, quality of product, distance to market, availability of transportation, value of refined products, prices of competing products, price of competing stock, contract term, weather conditions, supply/demand balance and contractual terms of sale.

Transportation Constraints and Market Access

Capacity to transport production from Western Canada to Eastern Canada, the United States and other international markets has been, and continues to be, a major constraint on the exportation of crude oil, natural gas and NGLs. Many proposed projects have been cancelled or delayed due to regulatory hurdles, court challenges and economic and socio-political factors.

Oil Pipelines

Under Canadian constitutional law, the development and operation of interprovincial and international pipelines fall within the federal government's jurisdiction and, under the *Canadian Energy Regulator Act*, new interprovincial and international pipelines require a federal regulatory review and Cabinet approval before they can proceed. In recent years, however, there has been a perceived lack of policy and regulatory certainty in this regard such that, even when projects are approved, they often face delays due to actions taken by provincial and municipal governments and legal opposition related to issues such as Indigenous rights and title, the government's duty to consult and accommodate Indigenous peoples and the sufficiency of relevant environmental review processes. Export pipelines from Canada to the United States face additional unpredictability as such pipelines also require approvals from several levels of government in the United States.

Producers negotiate with pipeline operators to transport their products to market on a firm, spot or interruptible basis depending on the specific pipeline and the specific substance. Transportation availability is highly variable across different jurisdictions and regions. This variability can determine the nature of transportation commitments available, the number of potential customers and the price received.

Specific Pipeline Updates

Construction of the Trans Mountain Pipeline expansion, which received Cabinet approval in November 2016, was completed in April 2024, and service began in May 2024. The original pipeline and the newly completed expansion now operate collectively. With the expansion completed, the system's nominal capacity increased from approximately 300,000 to 890,000 barrels per day, and the expansion included three new berths at Westridge Marine Terminal in British Columbia.

Natural Gas and Liquefied Natural Gas ("LNG")

Natural gas prices in Western Canada have been constrained in recent years, reaching record lows in 2024, due to increasing North American supply, limited access to markets and limited storage capacity. Companies that secure firm access to infrastructure to transport their natural gas production out of Western Canada may be able to access more markets and obtain better pricing. Companies without firm access may be forced to accept spot pricing in Western Canada for their natural gas, which is generally lower than the prices received in other North American regions.

In October 2020, TC Energy Corporation ("TC") received federal approval to expand the Nova Gas Transmission Line system (the "**NGTL System**"). The NGTL system is in the midst of implementing a \$9.9 billion infrastructure program to add 3.58 billion cubic feet per day of capacity between 2020 to 2024. In July 2024, TC announced an historic equity interest purchase agreement with an Indigenous-owned investment partnership which will enable up to 72 Indigenous communities to become equity owners of the network of infrastructure assets spanning Western Canada.

In January 2024, Shell plc signed a deal to buy LNG from a floating export facility to serve Asian energy markets – a 20-year deal which calls for 2 million metric tons of LNG per year over the course of the agreement.

Land Tenure

Mineral rights

Except for Manitoba, each provincial government in Western Canada owns most of the mineral rights to the oil and natural gas located within their respective provincial borders. Provincial governments grant rights to explore for and produce oil and natural gas pursuant to leases, licences and permits (for the purposes of this section, collectively, "**leases**") for varying terms, and on conditions set forth in provincial legislation, including requirements to perform specific work or make payments in lieu thereof. Provincial governments in Western Canada conduct land sales where oil and natural gas companies bid for the leases necessary to explore for and produce oil and natural gas owned by the respective provincial governments. These leases generally have fixed terms, but they can be continued beyond their initial terms if the necessary conditions are satisfied.

Private ownership of oil and natural gas (i.e. freehold mineral lands) also exists in Western Canada, as well as rights to explore for and produce privately owned oil and natural gas are granted by a lease or other contract on such terms and conditions as may be negotiated between the owner of such mineral rights and companies seeking to explore for and/or develop oil and natural gas reserves.

An additional category of mineral rights ownership is Canadian federal government ownership of mineral rights on Indian reserves (as designated under the *Indian Act*), which is managed and regulated by a separate government body according to distinct legislation. Newco does not have operations on Indian reserves.

Surface rights

To develop oil and natural gas resources, producers must also have access rights to the surface lands required to conduct operations. For Crown lands, surface access rights can be obtained directly from the government. For private lands, access rights can be negotiated with the landowner. Where an agreement cannot be reached, however, each province has developed its own process that producers can follow to obtain and maintain the surface access necessary to conduct operations throughout the lifespan of a well, facility or pipeline.

Royalties and Incentives

Each province has legislation and regulations in place to govern Crown royalties and establish the royalty rates that producers must pay in respect of the production of Crown resources. Provincial royalty regimes operate in conjunction with applicable federal and provincial taxes and is a significant factor in the profitability of oil sands projects and oil, natural gas and NGL production. Royalties payable on production from lands where the Crown does not hold the mineral rights are negotiated between the mineral freehold owner and the lessee, though certain provincial taxes and other charges on production or revenues may be payable. Royalties from production on Crown lands are determined by provincial regulation and are generally calculated as a percentage of the value of production.

Producers and working interest owners of oil and natural gas rights may create additional royalties or royalty-like interests, such as overriding royalties, net profits interests and net carried interests, through private transactions, the terms of which are subject to negotiation.

From time to time, the federal government and provincial governments create incentive programs for businesses operating in specific industries, including those in the oil and gas industry. These are often introduced when commodity prices are low to encourage exploration and development activity, and may provide for volume-based incentives, royalty rate reductions, royalty holidays or royalty tax credits. Governments may also introduce incentive programs to encourage producers to prioritize certain kinds of development or to utilize technologies that enhance or improve recovery of oil, natural gas and NGLs, or improve environmental performance.

Regulatory Authorities and Environmental Regulation

The Canadian oil and gas industry is subject to environmental regulation under a variety of Canadian federal, provincial, territorial, and municipal laws and regulations, all of which are subject to governmental review and revision from time to time. Such regulations provide for, among other things, restrictions and prohibitions on the spill, release or emission of various substances produced in association with certain oil and gas industry operations, such as sulphur dioxide and nitrous oxide. The regulatory regimes set out the requirements with respect to oilfield waste handling and storage, habitat protection and the satisfactory operation, maintenance, abandonment and reclamation of well, facility and pipeline sites.

Compliance with such regulations can require significant expenditures and a breach of such requirements may result in suspension or revocation of necessary licences and authorizations, civil liability, and the imposition of material fines and penalties. In addition, future changes to environmental legislation, including legislation related to air pollution and greenhouse gas ("**GHG**") emissions (typically measured in terms of their global warming potential and expressed in terms of carbon dioxide equivalent ("**CO₂e**")), may impose further requirements on operators and other companies in the oil and gas industry. Companies that have hydraulic fracturing operations have additional operational regulatory and reporting requirements.

Liability Management

The Alberta Energy Regulator (the "**AER**") administers several liability management programs to manage liability for most conventional upstream oil and natural gas wells, facilities and pipelines in Alberta. The province is gradually moving from a prescriptive framework toward a more holistic approach to liability management.

Alberta has an orphan fund to help pay the costs to suspend, abandon, remediate and reclaim a well, facility or pipeline included in certain of the AER's programs if a licensee or working interest participant becomes insolvent or is unable to meet its obligations. The orphan fund is funded through a levy and a loan from the provincial government. In March

2024, the Alberta government approved a \$135 million levy to fund the Orphan Well Association's 2024/25 operating budget.

The Supreme Court of Canada's (SCC) decision in *Orphan Well Association v Grant Thornton* (also known as the "Redwater" decision), provides the backdrop for Alberta's approach to liability management. As a result of the Redwater decision, receivers and trustees can no longer avoid the AER's legislated authority to impose abandonment orders against licensees or to require a licensee to pay a security deposit before approving a licence transfer when any such licensee is subject to formal insolvency proceedings. This means that insolvent estates can no longer disclaim assets that have reached the end of their productive lives (and therefore represent a net liability) in order to deal primarily with the remaining productive and valuable assets without first satisfying any abandonment and reclamation obligations associated with the insolvent estate's assets. The burden of a defunct licensee's abandonment and reclamation obligations first falls on the defunct licensee's working interest partners, and second, the AER may order the orphan fund to assume care and custody and accelerate the clean-up of wells or sites which do not have a responsible owner.

To address abandonment and reclamation liabilities in Alberta, the AER also implements, from time to time, programs intended to encourage the decommissioning, remediation and reclamation of inactive or marginal oil and natural gas infrastructure.

Similar to Alberta, the BC regulator has moved away from the formulaic approach to liability management toward a more holistic assessment of a permit holder's ability to meet its abandonment and reclamation obligations. Additionally, similar to Alberta's orphan fund, BC and Saskatchewan have programs to address the abandonment and reclamation costs for orphan sites. The Government of Manitoba has not implemented a liability management rating program like those found in the other Western Canadian provinces, however, the province has a process in place to sell or abandon a well or facility when a licensee or permittee fails to comply with a shutdown order, or to rehabilitate the site of an abandoned well or facility including addressing any adverse effect on property caused by a well or facility.

The British Columbia Dormancy and Shutdown Regulation establishes the first set of legally imposed timelines for the restoration of oil and natural gas wells in Western Canada, with a goal of ensuring that 100% of currently dormant sites are reclaimed by 2036 with additional regulated timelines for sites that have become dormant between 2019 and 2023 and will become dormant during or after 2024.

Climate Change Regulation

Climate change regulation at each of the international, federal and provincial levels has the potential to significantly affect the future of the oil and gas industry in Canada. These impacts are uncertain, and it is not possible to predict what future policies, laws and regulations will entail. Any new laws and regulations (or additional requirements to existing laws and regulations) could have a material impact on Newco's operations and cash flow.

Federal

Canada has been a signatory to the United Nations Framework Convention on Climate Change (the "UNFCCC") since 1992. Since its inception, the UNFCCC has instigated numerous policy changes with respect to climate governance. In 2016, 195 countries, including Canada, signed the Paris Agreement, committing to prevent global temperatures from rising more than 2° Celsius above pre-industrial levels and to pursue efforts to limit this rise to no more than 1.5° Celsius. In 2016, Canada ratified the Paris Agreement and committed to reducing its emissions by 30% below 2005 levels by 2030. In 2021, Canada updated its original commitment by pledging to reduce emissions by 40–45% below 2005 levels by 2030, and to net-zero by 2050.

During the course of the 2021 United Nations Climate Change Conference Canada, pledged to (i) reduce methane emissions in the oil and gas sector to 75% of 2012 levels by 2030; (ii) cease to export thermal coal by 2030; (iii) impose a cap on emissions from the oil and gas sector; (iv) halt direct public funding to the global fossil fuel sector by the end of 2022; and (v) commit that all new vehicles sold in the country will be zero-emission on or before 2040. During the 2023 United Nations Climate Change Conference, which concluded on December 12, 2023, Canada signed

an agreement with nearly 200 other parties, which includes renewed commitments to transitioning away from fossil fuels and further cutting GHG emissions.

The Government of Canada released the Pan-Canadian Framework on Clean Growth and Climate Change in 2016, setting out a plan to meet the federal government's 2030 emissions reduction targets. On June 21, 2018, the federal government enacted the Greenhouse Gas Pollution Pricing Act (the "**GGPPA**"), which came into force on January 1, 2019. This regime has two parts: an output-based pricing system ("**OBPS**") for large industry (enabled by the Output-Based Pricing System Regulations) and a fuel charge (enabled by the Fuel Charge Regulations), both of which impose a price on CO₂e emissions. The GGPPA system applies in provinces and territories that request it and in those that do not have their own equivalent emissions pricing systems in place that meet the federal standards and ensure that there is a uniform price on emissions across the country.

Originally under the federal plans, the price was set to escalate by \$10 per year until it reached a maximum price of \$50/tonne of CO₂e in 2022. However, on December 11, 2020, the federal government announced its intention to continue the annual price increases beyond 2022. As of 2023, the benchmark price per tonne of CO₂e will increase by \$15 per year until it reaches \$170/tonne of CO₂e in 2030. Effective January 1, 2024, the minimum price permissible under the GGPPA rose to \$80/tonne of CO₂e and is expected to increase to \$95/tonne of CO₂e in 2025. While several provinces challenged the constitutionality of the GGPPA following its enactment, the SCC confirmed its constitutional validity in a judgment released on March 25, 2021.

On April 26, 2018, the federal government passed the Regulations Respecting Reduction in the Release of Methane and Certain Volatile Organic Compounds (Upstream Oil and Gas Sector) (the "**Federal Methane Regulations**"). The Federal Methane Regulations seek to reduce emissions of methane from the oil and natural gas sector, and came into force on January 1, 2020. By introducing new control measures, the Federal Methane Regulations aim to reduce unintentional leaks and the intentional venting of methane and ensure that oil and natural gas operations use low-emission equipment and processes. Among other things, the Federal Methane Regulations limit how much methane upstream oil and natural gas facilities are permitted to vent.

In December 2023, the federal government stated that the existing measures, which were designed to reduce the oil and gas sector's methane emissions by 40–45% by 2025 (relative to 2012) would not be sufficient to meet Canada's commitment to achieving a 75% reduction (below 2012 levels) by 2030. Accordingly, it released proposed amendments to the Federal Methane Regulations which would build on the existing requirements and increase stringency by introducing new prohibitions and limits on certain intentional emissions, a new risk-based approach around unintentional emissions, and a new performance-based approach for compliance that relies on continuous emissions monitoring systems, among others. The proposed amendments are targeted to come into force in January 2027.

The federal government has also enacted the Multi-Sector Air Pollutants Regulation under the authority of the Canadian Environmental Protection Act, 1999, which regulates certain industrial facilities and equipment types, including boilers and heaters used in the upstream oil and gas industry, to limit the emission of air pollutants such as nitrogen oxides and sulphur dioxide.

In the November 23, 2021, Speech from the Throne, the federal government restated its commitment to achieve net-zero-emission by 2050. In pursuit of this objective, the government's proposed actions include: (i) moving to cap and cut oil and gas sector emissions; (ii) investing in public transit and mandating the sale of zero-emission vehicles; (iii) increasing the federally imposed price on pollution; (iv) investing in the production of cleaner steel, aluminum, building products, cars, and planes; (v) addressing the loss of biodiversity by continuing to strengthen partnerships with First Nations, Inuit, and Métis to protect nature and the traditional knowledge of those groups; (vi) creating a Canada Water Agency to safeguard water as a natural resource and support Canadian farmers; (vii) strengthening action to prevent and prepare for floods, wildfires, droughts, coastline erosion, and other extreme weather worsened by climate change; and (viii) helping build back communities impacted by extreme weather events through the development of Canada's first-ever National Adaptation Strategy.

The *Canadian Net-Zero Emissions Accountability Act* (the "**CNEAA**") received royal assent on June 29, 2021, and came into force on the same day. The CNEAA binds the Government of Canada to a process intended to help Canada achieve net-zero emissions by 2050. It establishes rolling five-year emissions reduction targets and requires the government to develop plans to reach each target and support these efforts by creating a Net-Zero Advisory Body. The CNEAA also requires the federal government to publish annual reports that describe how departments and Crown corporations are considering the financial risks and opportunities of climate change in their decision-making. A comprehensive review of the CNEAA is required every five years from the date the CNEAA came into force.

The Government of Canada introduced its 2030 Emissions Reduction Plan (the "**2030 ERP**") on March 29, 2022. In the 2030 ERP, the Government of Canada proposes a roadmap to reduce its GHG emissions to 40-45% below 2005 levels by 2030. As the first emissions reduction plan issued under the CNEAA, the 2030 ERP aims to reduce emissions by incentivizing electric vehicles and renewable electricity, and capping emissions from the oil and gas sector, among other measures. Canada is projected to surpass its interim objective to reduce emissions by 20% below 2005 levels by 2026 and is on track to meet its 2030 target.

On June 8, 2022, the Canadian Greenhouse Gas Offset Credit System Regulations were published in the Canada Gazette. The regulations establish a regulatory framework to allow certain kinds of projects to generate and sell offset credits for use in the federal OBPS through Canada's Greenhouse Gas Offset Credit System. The system enables project proponents to generate federal offset credits through projects that reduce GHG emissions under a published federal GHG offset protocol. Offset credits can then be sold to those seeking to meet limits imposed under the OBPS or those seeking to meet voluntary targets.

On June 20, 2022, the federal Clean Fuel Regulations came into force and in July 2023 they took effect. The Clean Fuel Regulations aim to discourage the use of fossil fuels by increasing the price of those fuels when compared to lower-carbon alternatives, imposing obligations on primary suppliers of transportation fuels in Canada, and requiring fuels to contain a minimum percentage of renewable fuel content and meet emissions caps calculated over the life cycle of the fuel. The Clean Fuel Regulations also establish a market for compliance credits. Compliance credits can be generated by primary suppliers, among others, through carbon capture and storage, producing or importing low-emission fuel, or through end-use fuel switching (for example, operating an electric vehicle charging network).

In November 2024, the federal government published the proposed *Oil and Gas Sector Greenhouse Gas Emissions Cap Regulations* (the "**Proposed Regulations**"). The Proposed Regulations would cap emissions from a range of oil and gas related activities, create an emissions cap-and-trade system, and require facility operators to comply with various reporting and remittance obligations. The final version of the Proposed Regulations is expected to be published in mid-2025 and come into force by January 1, 2026.

The Government of Canada has developed a Carbon Management Strategy, whereby it aims to deploy various carbon management technologies, including carbon capture, to help achieve federal climate goals. Carbon capture is a technology that captures carbon dioxide from facilities, including industrial or power applications, or directly from the atmosphere. The captured carbon dioxide is then compressed and transported for permanent storage in underground geological formations or used to make new products such as concrete. As part of the 2021 budget, the federal government committed to investing \$319 million over seven years into research, development and demonstrations to advance the commercial viability of carbon capture technologies, as they will be critical to reaching net-zero by 2050.

In June 2024, the federal government enacted various new tax credits for sustainability-related projects, including the Carbon Capture, Utilization, and Storage ("**CCUS**") Investment Tax Credit ("**ITC**"). The CCUS ITC is a refundable tax credit that applies to certain expenses incurred for eligible CCUS projects. It was enacted on June 19, 2024 (but deemed to have come into effect on January 1, 2022). The credit is available from January 1, 2022, until December 31, 2040, with the magnitude of the credit being reduced by 50% beginning on January 1, 2031.

In June 2023, the International Sustainability Standards Board ("**ISSB**") issued two international environmental reporting standards: IFRS S1, which addresses sustainability-related disclosure, and IFRS S2, which addresses climate-related disclosure; the Canadian Sustainability Standards Board ("**CSSB**") subsequently released proposed

Canadian versions of the international standards ("**CSDS 1**" and "**CSDS 2**"), which are substantially similar to the international standards, with delayed implementation timelines. In early 2024, CSSB conducted a public comment period on CSDS 1 and CSDS 2 and is currently working toward finalizing the standards based on the feedback it received.

The new IFRS Sustainability Standards and draft CSSB standards require issuers, among other things, to include quantitative data regarding their climate change considerations, to use scenario analysis in developing their disclosure, and to disclose Scope 3 GHG emissions. While Canadian companies are not required to follow these standards at this time, the Canadian Securities Administrators are considering amending Canadian reporting requirements to include certain requirements of the new standards, however to what extent they will be adopted remains unclear.

In June 2024 the federal *Competition Act* was amended to enact new deceptive marketing provisions targeting greenwashing. The new provisions introduced unclear substantiation requirements for companies making environmental claims and significant fines for failing to meet the new requirements. As a result of the uncertainty with respect to the applicability of the new rules, many companies removed their environmental and sustainability-related disclosure from the public domain. In December 2024 the constitutionality of the new deceptive marketing provisions was challenged in the Alberta Court of King's Bench and the lawsuit remains ongoing.

Provincial

In December 2016, the *Oil Sands Emissions Limit Act* (Alberta) came into force, establishing an annual 100 megatonne limit for GHG emissions from all oil sands sites, but the regulations necessary to enforce the limit have not yet been developed. The delay in drafting these regulations has been inconsequential thus far, as Alberta's oil sands emitted roughly 82 megatonnes of GHG in 2023, well below the 100 megatonne limit.

In June 2019, the fuel charge element of the federal backstop program took effect in Alberta. In December 2019, the federal government approved Alberta's Technology Innovation and Emissions Reduction ("**TIER**") regulation, which applies to large emitters. The TIER regulation came into effect on January 1, 2020 (as amended January 1, 2023) and replaced the previous Carbon Competitiveness Incentives Regulation. The TIER regulation meets the federal benchmark stringency requirements for emissions sources covered in the regulation, but the federal backstop continues to apply to emissions sources not covered by the regulation.

The GGPPA system applies in part in Saskatchewan for specific industry sectors, and the federal backstop continues to apply to emissions sources not covered by the provincial emissions legislation. In Manitoba, the federal system applies in full, whereas it does not apply in British Columbia, which has its own system altogether.

The Government of Alberta committed to lowering annual methane emissions from 2014 levels by 45% by 2025 and reached this target 3 years early. The Government of Alberta enacted the Methane Emission Reduction Regulation on January 1, 2020, and in November 2020, the Government of Canada and the Government of Alberta announced an equivalency agreement regarding the reduction of methane emissions such that the Federal Methane Regulations will not apply in Alberta. Similarly, in 2024, the Government of Saskatchewan and Canada entered into a similar equivalency agreement such that the Federal Methane Regulations will not apply in Saskatchewan.

Indigenous Rights

Constitutionally mandated government-led consultation with, and if applicable, accommodation of the rights of, Indigenous groups impacted by regulated industrial activity, as well as proponent-led consultation and accommodation or benefit sharing initiatives, play an increasingly important role in the Western Canadian oil and gas industry. In addition, Canada is a signatory to the United Nations Declaration on the Rights of Indigenous Peoples ("**UNDRIP**") and the principles set forth therein may continue to influence the role of Indigenous engagement in the development of the oil and gas industry in Western Canada. For example, in November 2019, the *Declaration on the Rights of Indigenous Peoples Act* ("**DRIPA**") became law in British Columbia. The DRIPA aims to align British Columbia's laws with UNDRIP. In June 2021, the *United Nations Declaration on the Rights of Indigenous Peoples Act* ("**UNDRIP Act**") came into force in Canada. Similar to British Columbia's DRIPA, the UNDRIP Act requires the Government of

Canada to take all measures necessary to ensure the laws of Canada are consistent with the principles of UNDRIP and to implement an action plan to address UNDRIP's objectives.

As of June 2022, the federal government has sought to implement the UNDRIP Act by, among other things, creating a Secretariat within the Department of Justice to support Indigenous participation in the implementation of UNDRIP (the "**Implementation Secretariat**"), consulting with Indigenous peoples to identify their priorities, drafting an action plan to align federal laws with UNDRIP's, and implementing efforts to educate federal departments on UNDRIP principles. On June 21, 2023, the Implementation Secretariat released The United Nations Declaration on the Rights of Indigenous Peoples Act Action Plan (the "**Action Plan**") with respect to aligning federal laws with UNDRIP, which has a 2023-2028 implementation timeframe. In June 2024, the federal government tabled its Third Annual Progress Report on the implementation of the UNDRIP Act (the "**Progress Report**"), which provides various progress updates, including on the implementation of Canada's Action Plan.

There are various pieces of Indigenous-related legislation currently being considered, and regulations being developed, by the federal government, including the proposed *First Nations Clean Water Act* (currently being considered by the House of Commons) and regulations regarding Indigenous impact assessment co-administration agreements (currently being developed under the *Impact Assessment Act*). In addition to the changing legislative landscape, common law precedent regarding existing and new Indigenous-related laws continues to develop. Such developments are expected to continue to add uncertainty to the ability of entities operating in the Canadian oil and gas industry to execute on major resource development and infrastructure projects, including, among other projects, pipelines.

On June 29, 2021, the British Columbia Supreme Court issued a judgment in *Yahey v British Columbia* (the "**Blueberry Decision**"), in which it determined that the cumulative impacts of industrial development on the traditional territory of the Blueberry River First Nation ("**BRFN**") in northeast British Columbia had breached BRFN's rights guaranteed under Treaty 8. The Blueberry Decision may have significant impacts on the regulation of industrial activities in northeast British Columbia and may lead to similar claims of cumulative effects across Canada in other areas covered by numbered treaties, as has been seen in Alberta.

On January 18, 2023, the Government of British Columbia and BRFN signed the Blueberry River First Nations Implementation Agreement (the "**BRFN Agreement**"). The BRFN Agreement aims to address cumulative effects of development on BRFN's claim area through restoration work, establishment of areas protected from industrial development, and a constraint on development activities. Such measures will remain in place while a long-term cumulative effects management regime is implemented. Specifically, the BRFN Agreement includes, among other measures, the establishment of a \$200-million restoration fund by June 2025, an ecosystem-based management approach for future land-use planning in culturally important areas, limits on new petroleum and natural gas development, and a new planning regime for future oil and gas activities. BRFN will receive \$87.5 million over three years, with an opportunity for increased benefits based on petroleum and natural gas revenue sharing and provincial royalty revenue sharing in the next two fiscal years. In July 2024, BRFN filed a civil claim against the Province of British Columbia with respect to the first implementation plan made under the BRFN Agreement, which raises questions about implementation challenges of such an agreement.

The BRFN Agreement has acted as a blueprint for other agreements between the Government of British Columbia and Indigenous groups in Treaty 8 territory. In late January 2023, the Government of British Columbia and four Treaty 8 First Nations — Fort Nelson, Saulteau, Halfway River and Doig River First Nations — reached consensus on a collaborative approach to land and resource planning (the "**Consensus Agreement**"). The Consensus Agreement implements various initiatives including a "cumulative effects" management system linked to natural resource landscape planning and restoration initiatives, new land-use plans and protection measures, and a new revenue sharing approach to support the priorities of Treaty 8 First Nations communities.

In July 2022, Duncan's First Nation filed a lawsuit against the Government of Alberta relying on similar arguments to those advanced successfully by BRFN. Duncan's First Nation claims in its lawsuit that Alberta has failed to uphold its treaty obligations by authorizing development without considering the cumulative impacts on the First Nation's treaty rights. Beaver Lake Cree Nation ("**BLCN**") brought a similar Treaty claim against the Government of Alberta in 2008,

and after 10 years and millions of dollars spent attempting to advance the claim, BLCN filed an application for advanced cost which, if successful, would require both the Alberta and federal governments to pay part of BLCN's litigation costs. This claim ultimately made its way to the SCC, which ruled in favour of BLCN, establishing a new test regarding whether an applicant "can afford" litigation. The initial Treaty claim has been remitted back to the trial court and the parties have been ordered to pay annual litigation costs (including the Government of Alberta being ordered to pay 1.5M annually) until the matter is settled. The long-term impacts of these lawsuits on the Canadian oil and gas industry remain uncertain.

RISK FACTORS

Newco will be subject to both risks that directly affect Newco's anticipated business and operations, as well as indirect risks that impact third parties or the industry generally. The risks set out below are not an exhaustive list and should not be taken as a complete summary or description of all the risks that will be associated with Newco's business, the business of third parties with whom Newco will conduct business and the crude oil and natural gas business in general. If any event arising from the risk factors set forth below occurs, Newco's anticipated business, prospects, financial condition, results of operation or cash flows and in some cases, its reputation, could be materially adversely affected. Additional risks and uncertainties not yet known or which currently are considered immaterial may also impair the anticipated business and operations of Newco and cause the price of the Newco Shares to decline.

Readers should carefully consider the risk factors set out below and consider all other information contained herein before making an investment decision. Readers are also encouraged to carefully consider the risk factors set out in the Information Circular under "Risk Factors" in conjunction with the risk factors set out in this Appendix.

Risks Relating to the Arrangement

Possible Failure to Realize Anticipated Benefits of the Arrangement

Completing the Arrangement positions Newco in the oil and natural gas industry to create opportunity and to realize certain benefits. Achieving the benefits of the Arrangement depends in part on factors that will be outside of Newco's control, including, but not limited to, commodity prices, regulatory regimes and tax and royalty regimes. The Conveyance Consideration for the Newco Assets is partially based on engineering and economic assessments made by independent petroleum engineers as well as actual historical financial and operating results. These assessments and historical results include a number of material assumptions and factors regarding matters such as recoverability and marketability of oil, natural gas and NGLs, future prices of oil, natural gas and NGLs, and operating costs, future capital expenditures and royalties and other government levies which will be imposed over the producing life of the reserves. Many of these factors are subject to change and will be beyond the control of the operators of the Newco Assets, Newco and Gear. In particular, changes in the prices of and markets for petroleum, natural gas, NGLs and sulphur from those anticipated at the time of making such assessments will affect the return on the value of the Newco Shares. In addition, all such assessments involve a measure of geological and engineering uncertainty which could result in lower production and reserves than that attributed to the Newco Assets.

Acquisitions of oil and gas properties or companies are based in large part on engineering, environmental and economic assessments made by the acquiror, independent engineers and consultants. These assessments include a series of assumptions regarding such factors as recoverability and marketability of oil and natural gas, environmental restrictions and prohibitions regarding releases and emissions of various substances, future prices of oil and gas, future operating costs, future capital expenditures and royalties and other government levies which will be imposed over the producing life of the reserves. Many of these factors are subject to change and will be beyond the control of Newco. All such assessments involve a measure of geologic, engineering, environmental and regulatory uncertainty that could result in lower production and reserves or higher operating or capital expenditures than anticipated. Although select title and environmental reviews will be conducted prior to any purchase of resource assets, such reviews cannot guarantee that any unforeseen defects in the chain of title will not arise to defeat Newco title to certain assets or that environmental defects, liabilities or deficiencies do not exist or are greater than anticipated. Such deficiencies or defects could adversely affect the anticipated value of the Newco Assets and Newco securities.

Other Risks Relating to the Arrangement

Forward-Looking Statements May Prove Inaccurate

Gear Shareholders and prospective investors are cautioned not to place undue reliance on forward-looking statements regarding Newco. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking statements or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate.

Additional information on the risks, assumptions and uncertainties are found under the heading "*Forward-Looking Statements*" in this Appendix and under the heading "*Information Circular – Forward-looking Statements*" in the Information Circular.

For a description of the other risks related to the Arrangement, see the Information Circular under the heading "*Risk Factors – Risks Relating to the Arrangement*".

Risks Relating to Newco and the Newco Assets

Prices, Markets and Marketing

Various factors may adversely impact the marketability of oil and natural gas, affecting net production revenue, production volumes and development and exploration activities

Numerous factors that will be beyond Newco's control will affect the marketability and price of oil and natural gas acquired, produced, or discovered by Newco. Newco's ability to market oil and natural gas may depend upon its ability to acquire capacity in pipelines that deliver oil, NGLs and natural gas to commercial markets or contract for the delivery of crude oil and NGLs by rail. Deliverability uncertainties related to the distance of Newco's reserves, as disclosed herein, from pipelines, railway lines, processing and storage facilities; operational problems affecting pipelines, railway lines and processing and storage facilities; and government regulation relating to prices, taxes, royalties, land tenure, allowable production, the export of oil and natural gas and many other aspects of the oil and natural gas business may also affect Newco.

Oil and natural gas prices may be volatile for a variety of reasons including market uncertainties over the supply and demand of these commodities due to the current state of the world economies, actions of OPEC, political uncertainties, sanctions imposed on certain oil producing nations by other countries, the Russian Ukrainian war and conflicts in the Middle East, or other adverse economic or political development in the United States, Europe, or Asia. Additionally, the occurrence or threat of terrorist attacks in the United States or other countries could adversely affect the global economy. Prices of oil and natural gas are also subject to the availability of foreign markets and Newco's ability to access such markets.

A material decline in prices could result in a reduction of Newco's anticipated net production revenue. The economics of producing from some wells may change because of lower prices, which could result in reduced production of oil or natural gas and a reduction in the volumes and the value of Newco's reserves as disclosed herein. Newco may also elect not to produce from certain wells at lower prices. Any substantial and extended decline in the price of oil and natural gas would have an adverse effect on Newco's anticipated carrying value of its reserves, borrowing capacity, revenues, profitability and cash flows from operations and may have a material adverse effect on Newco's anticipated business, financial condition, results of operations and prospects. See "*Industry Conditions – Transportation Constraints and Market Access*".

Volatile oil and natural gas prices make it difficult to estimate the value of producing properties for acquisitions and often cause disruption in the market for oil and natural gas producing properties, as buyers and sellers have difficulty agreeing on such value. Price volatility also makes it difficult to budget for, and project the return on, acquisitions and development and exploitation projects.

Exploration, Development and Production Risks***Newco's future performance may be affected by the financial, operational, environmental and safety risks associated with the exploration, development and production of oil and natural gas***

Oil and natural gas operations involve many risks that even a combination of experience, knowledge and careful evaluation may not be able to overcome. The long-term commercial success of Newco will depend on its ability to find, acquire, develop and commercially produce oil and natural gas reserves. Without the continual addition of new reserves, Newco's reserves as disclosed herein, and the production from them, will decline over time as Newco produces from such reserves. A future increase in Newco's reserves will depend on both the ability of Newco to explore and develop its existing properties and its ability to select and acquire suitable producing properties or prospects. There is no assurance that Newco will be able to find satisfactory properties to acquire or participate in. Moreover, management of Newco may determine that current markets, terms of acquisition, or participation or pricing conditions make potential acquisitions or participation uneconomic. There is also no assurance that Newco will discover or acquire further commercial quantities of oil or natural gas.

Future oil and natural gas exploration may involve unprofitable efforts from dry wells or from wells that are productive but do not produce sufficient petroleum substances to return a profit after drilling, completing (including hydraulic fracturing), operating and other costs. Completion of a well does not ensure a profit on the investment or recovery of drilling, completion and operating costs.

Drilling hazards, environmental damage and various field operating conditions could greatly increase the cost of operations and adversely affect the production from successful wells. Field operating conditions include, but are not limited to, delays in obtaining governmental approvals or consents, shut-ins of wells resulting from extreme weather conditions, insufficient storage or transportation capacity or geological and mechanical conditions. While diligent well supervision, effective maintenance operations and the development of enhanced oil recovery technologies can contribute to maximizing production rates over time, it is not possible to eliminate production delays and declines from normal field operating conditions, which can negatively affect revenue and cash flow levels to varying degrees.

Oil and natural gas exploration, development and production operations are subject to all the risks and hazards typically associated with such operations, including, but not limited to, fire, explosion, blowouts, cratering, sour gas releases, spills and other environmental hazards. These typical risks and hazards could result in substantial damage to oil and natural gas wells, production facilities, other property and the environment and cause personal injury or threaten wildlife. Particularly, it is anticipated that Newco may explore for and produce sour gas in certain areas. An unintentional leak of sour gas could result in personal injury, loss of life or damage to property and may necessitate an evacuation of populated areas, all of which could result in liability to Newco.

Oil and natural gas production operations are also subject to geological and seismic risks, including encountering unexpected formations or pressures, premature decline of reservoirs and the invasion of water into producing formations. Losses resulting from the occurrence of any of these risks may have a material adverse effect on Newco's business, financial condition, results of operations and prospects.

As is standard industry practice, Newco will not be fully insured against all risks, nor are all risks insurable. Although Newco will maintain liability insurance and business interruption insurance for the facility assets in Tableland, Saskatchewan in an amount that it considers consistent with industry practice, liabilities associated with certain risks could exceed policy limits or not be covered. See "*Risk Factors – Insurance*". In either event, Newco could incur significant costs.

Management of Growth

Newco may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls

The ability of Newco to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of Newco to deal with this growth may have a material adverse effect on Newco's anticipated business, financial condition, results of operations and prospects.

Market Price of Newco Shares

The trading price of the Newco Shares may be adversely affected by factors related and unrelated to the crude oil and natural gas industry

The trading price of the securities of oil and natural gas issuers is subject to substantial volatility often based on factors related and unrelated to the financial performance or prospects of the issuers involved. Factors unrelated to Newco's performance could include macroeconomic developments nationally, within North America or globally, domestic and global commodity prices, current perceptions of the crude oil and natural gas market and worldwide pandemics. In recent years, the volatility of commodities prices has increased due in part to the implementation of computerized trading and the decrease of discretionary commodity trading. In addition, the volatility, trading volume and share price of issuers have been impacted by increasing investment levels in passive funds that track major indices, as such funds only purchase securities included in such indices. In addition, in certain jurisdictions, institutions, including government sponsored entities, have determined to decrease their ownership in oil and natural gas entities which may impact the liquidity of certain securities and put downward pressure on the trading price of those securities. Similarly, the market price of the Newco Shares could be subject to significant fluctuations in response to variations in Newco's operating results, financial condition, liquidity and other internal factors. Accordingly, the price at which the Newco Shares will trade cannot be accurately predicted.

Project Risks

The success of Newco's anticipated operations may be negatively impacted by factors outside of its control resulting in operational delays, and cost overruns

Newco will manage a variety of small and large projects in the conduct of its business. Project interruptions may delay expected revenues from operations. Significant project cost overruns could make a project uneconomic. Newco's ability to execute projects and market oil and natural gas will depend upon numerous factors beyond Newco's control, including:

- the availability of processing capacity;
- the availability and proximity of pipeline capacity;
- the availability of storage capacity;
- the availability of, and the ability to acquire, water supplies needed for drilling, hydraulic fracturing, and waterfloods or Newco's ability to dispose of water used or removed from strata at a reasonable cost and in accordance with applicable environmental regulations;
- the effects of inclement and severe weather events, including fire, drought, extreme cold and flooding;
- the availability of drilling and related equipment;
- unexpected cost increases;
- accidental events;
- currency fluctuations;
- regulatory changes;
- availability and productivity of skilled labour;
- political uncertainty;
- environmental and Indigenous activism that may result in delays or cancellations of projects; and
- the regulation of the oil and natural gas industry by various levels of government and governmental agencies.

Because of these factors, Newco may be unable to execute projects on time, on budget, or at all.

Failure to Realize Anticipated Benefits of Acquisitions and Dispositions

The anticipated benefits of acquisitions may not be achieved and Newco may dispose of non-core assets for less than their carrying value on the financial statements as a result of weak market conditions

It is anticipated that Newco will consider acquisitions and dispositions of businesses and assets in the ordinary course of business. Achieving the benefits of acquisitions depends on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner and Newco's ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with those of Newco. The integration of acquired businesses and assets may require substantial management effort, time and resources diverting management's focus from other strategic opportunities and operational matters. Newco's management will continually assess the value and contribution of services provided by third parties and the resources required to provide such services. In this regard, non-core assets may be periodically disposed of so Newco can focus its efforts and resources more efficiently. Depending on the state of the market for such non-core assets, certain non-core assets of Newco acquired by way of this Arrangement, if disposed of, may realize less on disposition than their assessed carrying value on the financial statements of Newco.

Inflation and Rising Interest Rates

A failure to secure the services and equipment necessary to Newco's operations for the expected price, on the expected timeline, or at all, may have an adverse effect on Newco's financial performance and cash flows.

Recently, Canada, the United States and other countries have experienced high levels of inflation, supply chain disruptions, inflationary cost pressures, equipment limitations, escalating supply costs and commodity prices, and additional government intervention through stimulus spending and additional regulations. These factors may increase the anticipated operating costs of Newco. If Newco is unable to manage costs, it may impact project returns and future development decisions, which could have a material adverse effect on its financial performance and cash flows.

The cost or availability of oil and gas field equipment may adversely affect Newco's ability to undertake exploration, development and construction projects. The oil and natural gas industry is cyclical in nature and is prone to shortages of supply of equipment and services including drilling rigs, geological and geophysical services, engineering and construction services, major equipment items for infrastructure projects and construction materials generally. These materials and services may not be available at reasonable prices when required. A failure to secure the services and equipment necessary to Newco's anticipated operations for the expected price, on the expected timeline, or at all, may have an adverse effect on Newco's anticipated financial performance and cash flows.

In addition, many central banks including the Bank of Canada and U.S. Federal Reserve have taken steps to raise interest rates in an attempt to combat inflation. The rise in interest rates are likely to impact Newco's borrowing costs. The increase in borrowing costs may impact project returns and future development decisions, which could have a material adverse effect on the anticipated financial performance and cash flows of Newco. Rising interest rates could also result in a recession in Canada, the United States or other countries. A recession may have a negative impact on demand for oil and natural gas, causing a decrease in commodity prices. A decrease in commodity prices would immediately impact Newco's revenues and cash flows and could also reduce drilling activity on Newco's proposed properties. It is unknown how long inflation will continue to impact the economies of Canada and the United States and how inflation and rising interest rates will impact oil and gas demand and commodity prices.

Geopolitical Risks

Newco's business may be adversely affected by political and social events and decisions made in Canada, the United States, Europe, the Middle East and elsewhere

Newco's anticipated results may be adversely impacted by political, legal, or regulatory developments in Canada and elsewhere that affect local operations and local and international markets. Changes in government, government policy or regulations, changes in law or interpretation of settled law, third party opposition to industrial activity generally or

projects specifically, and duration of regulatory reviews could impact Newco's planned operations and projects. This will include actions by regulators or other political actors that may delay or deny necessary licences and permits for Newco's anticipated activities or restrict the operation of third party infrastructure on which Newco will rely. Additionally, changes in environmental regulations, assessment processes or other laws, and increasing and expanding stakeholder consultation (including Indigenous stakeholders), may increase the cost of compliance or reduce or delay available business opportunities and adversely impact Newco's anticipated results.

In particular, the incoming Trump administration in the United States has threatened to impose significant tariffs on exports out of Canada into the United States, which could include tariffs on oil and natural gas. In addition, the Liberal administration in Canada has publicly discussed imposing export taxes on certain items including oil and gas exported from Canada to the United States. If any of these tariffs or taxes are implemented it could have a material adverse impact on the Canadian economy, the Canadian oil and gas industry and Newco.

Other government and political factors that could adversely affect Newco's anticipated financial results include increases in taxes or government royalty rates (including retroactive claims) and changes in trade policies and agreements. Further, the adoption of regulations mandating efficiency standards, and the use of alternative fuels or uncompetitive fuel components could affect Newco's proposed operations. Many governments are providing tax advantages and other subsidies to support alternative energy sources or are mandating the use of specific fuels or technologies. Governments and others are also promoting research into new technologies to reduce the cost and increase the scalability of alternative energy sources. The success of these initiatives may decrease demand for Newco's anticipated products.

A change in federal, provincial, state or municipal governments in Canada or the United States may have an impact on the directions taken by such governments on matters that may impact the oil and natural gas industry including the balance between economic development and environmental policy. The oil and natural gas industry has become an increasingly politically polarizing topic resulting in a rise in civil disobedience surrounding oil and natural gas development – particularly with respect to infrastructure projects. Protests, blockades and demonstrations may have the potential to delay and disrupt Newco's anticipated activities. See "*Industry Conditions – Regulatory Authorities and Environmental Regulation*" and "*Industry Conditions – Transportation Constraints and Market Access*".

Potential Conflicts of Interest

There may be potential conflicts of interest with respect to the proposed directors and officers of Newco

Should this Arrangement be successfully completed, there may be circumstances in which the interests of Newco and its affiliates will conflict with those of shareholders. It is anticipated that Newco and its affiliates may acquire oil and natural gas properties on their own behalf or on behalf of persons other than the shareholders. It is not anticipated that Newco, or its management, will carry on their full-time activity on behalf of shareholders and, when acting on their own behalf or on behalf of others, may at times act in competition with the interests of shareholders. In the event of such conflicts, decisions will be made on a basis consistent with the provisions of any relevant contractual arrangements and objectives and financial resources of each group of interested parties. Newco will use all reasonable efforts to resolve such conflicts of interest in a manner which will treat Newco, and the other interested party, fairly taking into account all of the circumstances of Newco and such interested party and to act honestly and in good faith in resolving such matters. Circumstances may arise where members of the Newco Board are directors or officers of corporations which are in competition to the interests of Newco. No assurances can be given that opportunities identified by such board members will be provided to Newco.

It is anticipated that certain directors of Newco will be directors of other oil and gas companies and as such may, in certain circumstances, have a conflict of interest requiring them to abstain from certain decisions. Conflicts, if any, will be subject to the procedures and remedies of the ABCA which require a director or officer of a corporation who is a party to, or is a director or an officer of, or has a material interest in any person who is a party to, a material contract or proposed material contract with Newco to disclose his or her interest and, in the case of directors, to refrain from voting on any matter in respect of such contract unless otherwise permitted under the ABCA. See "*Directors and Executive Officers – Conflicts of Interest*" in this Appendix.

Dividends

The payment of dividends in the future by Newco will be dependent on a number of factors

Newco does not currently intend to pay dividends on the Newco Shares. Payment of dividends in the future will be dependent on, among other things, the cash flow, results of operations and financial condition of Newco, the need for funds to finance ongoing operations and other considerations, as the Newco Board considers relevant. See "*Dividend Policy*" in this Appendix.

Middle Eastern Conflicts

Newco's business may be adversely affected by geopolitical conflicts abroad

On October 7, 2023, Hamas terrorists infiltrated Israel's southern border from the Gaza Strip and conducted a series of attacks on civilian and military targets. Hamas also launched extensive rocket attacks on the Israeli population and industrial centres located along Israel's border with the Gaza Strip and in other areas within the State of Israel. Following the attack, Israel's security cabinet declared war against Hamas and the military campaign against these terrorist organizations has launched a series of responding attacks in Palestine. This conflict has significantly broadened with Israel also battling Hezbollah in Lebanon and significant conflict between Israel and Iran and other Iran backed proxies in the area. In addition recently the Syrian Assad regime has fallen and it is unknown whether a stable Syrian government will develop.

The outcome of these conflicts and developments has the potential to have wide-ranging consequences on the world economy. There is a risk that these conflicts and developments could lead to wider regional instability in the Middle East, home to some of the world's biggest oil producers. The long-term impacts of these conflicts remain uncertain on oil and natural gas prices and the world economy. Such developments could have an impact on the oil and gas industry as a whole including Newco.

Russian Ukrainian War

Newco's business may be adversely affected by geopolitical conflicts abroad

In February 2022, Russian military forces invaded Ukraine. Ukrainian military personnel and civilians continue to actively resist the invasion. Many countries throughout the world have provided aid to Ukraine in the form of financial aid and in some cases military equipment and weapons to assist in its resistance to the Russian invasion. The North Atlantic Treaty Organization ("**NATO**") has also mobilized forces to NATO member countries that are close to the conflict as deterrence to further Russian aggression in the region. Additionally, certain countries including Canada have imposed strict financial and trade sanctions against Russia. The outcome of the ongoing conflict remains uncertain and may have wide-ranging consequences on the peace and stability of the region and the world economy.

Reliance on a Skilled Workforce and Key Personnel

An inability to recruit and retain a skilled workforce and key personnel may negatively impact Newco

The operation and management of Newco will require the recruitment and retention of a skilled workforce, including engineers, technical personnel and other professionals. The loss of key members of such workforce, or a substantial portion of the workforce as a whole, could result in the failure to implement Newco's business plans which could have a material adverse effect on Newco's anticipated business, financial condition, results of operations and prospects.

Competition for qualified personnel in the crude oil and natural gas industry is intense and there can be no assurance that Newco will be able to attract and retain all personnel necessary for the development and operation of its business. Newco will not have any key personnel insurance in place. Contributions of Newco's incoming management team to the immediate and near-term operations of Newco are likely to be of central importance. In addition, certain of Newco's incoming employees will be senior and have significant institutional knowledge that will have to be transferred to other employees prior to their departure from the workforce. If Newco is unable to: (i) retain their employees; (ii) successfully complete effective knowledge transfers; and/or (iii) recruit new employees with the requisite knowledge

and experience, Newco could be negatively impacted. In addition, Newco may experience increased costs to retain and recruit these professionals in the future. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the incoming management of Newco.

Gathering and Processing Facilities, Pipeline Systems, Trucking and Rail

Lack of capacity and/or regulatory constraints on gathering and processing facilities, pipeline systems and railway lines may have a negative impact on Newco's ability to produce and sell its oil and natural gas

Newco will deliver its products through gathering and processing facilities and pipeline systems. The amount of oil and natural gas that Newco is able to produce and sell will be subject to the accessibility, availability, proximity and capacity of these gathering and processing facilities and pipeline systems. The lack of firm pipeline capacity, production limits and limits on availability of capacity in gathering and processing facilities, pipeline systems or railway lines continues to affect the oil and natural gas industry and limits the ability to transport produced oil and natural gas to market. In addition, the pro-rationing of capacity on interprovincial pipeline systems from time to time affects the ability of oil and natural gas companies to export oil and natural gas, and could result in our inability to realize the full economic potential of our production or in a reduction of the price we receive for our products. Unexpected shutdowns or curtailment of capacity of pipelines for maintenance or integrity work or because of actions taken by regulators could also affect Newco's anticipated production, operations and financial results.

It is expected that a portion of Newco's production will, from time to time, be processed through facilities owned by third parties and over which Newco will not have control. From time to time, these facilities may discontinue or decrease operations either as a result of normal servicing requirements or as a result of unexpected events. A discontinuation or decrease of operations could have a material adverse effect on Newco's ability to process its anticipated production and deliver the same to market. Midstream and pipeline companies may take actions to maximize their return on investment, which may in turn adversely affect producers and shippers, especially when combined with a regulatory framework that may not always align with the interests of particular shippers.

Operational Dependence

The successful operation of a portion of Newco's proposed properties will depend on third parties

On a limited basis, other companies will operate some of the assets in which Newco will have an interest by way of this Arrangement. Newco will have limited ability to exercise influence over the operation of those assets or their associated costs, which could adversely affect Newco's anticipated financial performance. Newco's projected return on assets operated by others will depend upon a number of factors that may be outside of Newco's control, including, but not limited to, the timing and amount of capital expenditures, the operator's expertise and financial resources, the approval of other participants, the selection of technology and risk management practices.

In addition, due to the low and volatile commodity prices, many companies, including companies that may operate some of the assets in which Newco will have an interest, may be in financial difficulty. This could impact their ability to fund and pursue capital expenditures, carry out their operations in a safe and effective manner and satisfy regulatory requirements with respect to abandonment and reclamation obligations. If companies that operate some of the assets in which Newco will have an interest fail to satisfy regulatory requirements with respect to abandonment and reclamation obligations, Newco may be required to satisfy such obligations and to seek reimbursement from such companies. To the extent that any such companies go bankrupt, become insolvent or make a proposal or institute any proceedings relating to bankruptcy or insolvency, it could result in such assets being shut-in, Newco potentially becoming subject to additional liabilities relating to such assets and Newco having difficulty collecting revenue due from such operators or recovering amounts owing to Newco from such operators for their share of abandonment and reclamation obligations. Any of these factors could have a material adverse effect on Newco's anticipated financial and operational results.

Abandonment and Reclamation Costs

Newco may have to pay certain costs associated with abandonment and reclamation

Newco will need to comply with the terms and conditions of environmental and regulatory approvals and all legislation regarding the abandonment of its projects and reclamation of the project lands at the end of their economic life, which may result in substantial abandonment and reclamation costs. Any failure to comply with the terms and conditions of Newco's approvals and legislation may result in the imposition of fines and penalties, which may be material. Generally, abandonment and reclamation costs are substantial and, while Newco will accrue a reserve in its financial statements for such costs in accordance with IFRS Accounting Standards, such accruals may be insufficient.

It is not possible at this time to estimate abandonment and reclamation costs reliably since they will, in part, depend on future regulatory requirements. In addition, in the future, Newco may determine it prudent or be required by applicable laws, regulations or regulatory approvals to establish and fund one or more reclamation funds to provide for payment of future abandonment and reclamation costs. If Newco establishes a reclamation fund, its liquidity and cash flow may be adversely affected.

Alberta has developed liability management programs designed to prevent taxpayers from incurring costs associated with suspension, abandonment, remediation and reclamation of wells, facilities and pipelines if a licensee or permit holder is unable to satisfy its regulatory obligations. The implementation of or changes to the requirements of liability management programs may result in significant increases to the security that must be posted by licensees, increased and more frequent financial disclosure obligations or may result in the denial of licence or permit transfers, which could impact the availability of capital to be spent by such licensees which could in turn materially adversely affect Newco's anticipated business and financial condition. In addition, these liability management programs may prevent or interfere with a licensee's ability to acquire or dispose of assets, as both the vendor and the purchaser of oil and natural gas assets must comply with the liability management programs (both before and after the transfer of the assets) for the applicable regulatory agency to allow for the transfer of such assets.

Variations in Foreign Exchange Rates and Interest Rates

Variations in foreign exchange rates and interest rates could adversely affect Newco's financial condition

World oil and natural gas prices are quoted in United States dollars. The Canadian/United States dollar exchange rate, which fluctuates over time, consequently affects the price received by Canadian producers of oil and natural gas. Material increases in the value of the Canadian dollar relative to the United States dollar will negatively affect Newco's anticipated production revenues. Accordingly, exchange rates between Canada and the United States could affect the future value of Newco's reserves, acquired by way of this Arrangement, as determined by independent evaluators. Although a low value of the Canadian dollar relative to the United States dollar may positively affect the price Newco receives for its anticipated oil and natural gas production, it could also result in an increase in the price for certain goods used in Newco's anticipated operations, which may have a negative impact on Newco's anticipated financial results.

To the extent that Newco will engage in risk management activities related to foreign exchange and interest rates, there is a credit risk associated with counterparties with which Newco may contract.

An increase in interest rates could result in a significant increase in the amount Newco is currently projected to pay to service debt, resulting in a reduced amount of funds available to fund its exploration and development activities, and if applicable, the cash available for dividends. Such an increase could also negatively impact the market price of the Newco Shares.

Cost of New Technologies

Newco's ability to successfully implement new technologies into its anticipated operations in a timely and efficient manner will affect its ability to compete

The petroleum industry is characterized by rapid and significant technological advancements and introductions of new products and services utilizing new technologies. Other companies will have greater financial, technical and personnel resources that allow them to implement and benefit from technological advantages. There can be no assurance that Newco will be able to respond to such competitive pressures and implement such technologies on a timely basis, or at an acceptable cost. If Newco does implement such technologies, there is no assurance that Newco will do so successfully. One or more of the technologies potentially implemented by Newco in the future may become obsolete. If Newco is unable to utilize the most advanced commercially available technology, or is unsuccessful in implementing certain technologies, its anticipated business, financial condition and results of operations could also be adversely affected, potentially in a material way.

Alternatives to and Changing Demand for Petroleum Products

Changes to the demand for oil and natural gas products and the rise of petroleum alternatives may negatively affect Newco's financial condition, results of operations and cash flow

Fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and natural gas and technological advances in fuel economy and renewable energy generation systems could reduce the demand for oil and natural gas. Recently, certain jurisdictions have implemented policies or incentives to decrease the use of fossil fuels and encourage the use of renewable fuel alternatives, which may lessen the demand for petroleum products and put downward pressure on commodity prices. Advancements in energy efficient products have a similar effect on the demand for oil and natural gas products. Newco will be unable to predict the impact of changing demand for oil and natural gas products, and any major changes may have a material adverse effect on Newco's anticipated business, financial condition, results of operations and cash flow by decreasing Newco's anticipated profitability, increasing its anticipated costs, limiting its access to capital and decreasing the value of its assets it acquires by way of this Arrangement.

Regulatory Landscape

Modification to current or implementation of additional regulations may reduce the demand for oil and natural gas, increase Newco's anticipated costs and delay planned operations

The implementation of new regulations or the modification of existing regulations affecting the oil and natural gas industry could reduce demand for oil and natural gas and increase Newco's costs, either of which may have a material adverse effect on Newco's anticipated business, financial condition, results of operations and prospects. Further, third party challenges to regulatory decisions and orders can reduce the efficiency of the regulatory regime, as the implementation of decisions and orders may be delayed resulting in uncertainty and interruption to the business of the oil and natural gas industry.

To conduct oil and natural gas operations, Newco will require regulatory permits, licences, registrations, approvals and authorizations from various governmental authorities at the municipal, provincial and federal level. There can be no assurance that Newco will be able to obtain all of the permits, licences, registrations, approvals and authorizations that may be required to conduct operations that it may wish to undertake. In addition, certain federal legislation such as the *Competition Act* and the *Investment Canada Act* could negatively affect Newco's anticipated business, financial condition and the market value of Newco Shares or Newco's assets acquired by way of this Arrangement, particularly when undertaking, or attempting to undertake, acquisition or disposition activity. See "*Industry Conditions – Regulatory Authorities and Environmental Regulation*".

Royalty Regimes

Changes to royalty regimes may negatively impact Newco's anticipated cash flows

Governments in the jurisdictions in which Newco will have assets may adopt new royalty regimes, or modify the existing ones, which may affect the economic viability of Newco's anticipated projects. An increase in royalties would reduce Newco's earnings and could make future capital investments or operations, less economic. See "*Industry Conditions – Royalties and Incentives*".

Environmental Regulation

Compliance with environmental regulations may require the dedication of a portion of Newco's financial and operational resources

All phases of the crude oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of federal, provincial and local laws and regulations. Environmental legislation provides for, among other things, the initiation and approval of new oil and natural gas projects, and restrictions and prohibitions on the spill, release or emission of various substances produced in association with oil and natural gas industry operations. In addition, such legislation sets out the requirements with respect to oilfield waste handling and storage, habitat protection and the satisfactory operation, maintenance, abandonment and reclamation of well and facility sites. New environmental legislation at the federal and provincial levels may increase uncertainty among oil and natural gas industry participants as the new laws are implemented, and the effects of the new rules and standards are felt in the crude oil and natural gas industry. See "*Industry Conditions – Regulatory Authorities and Environmental Regulation*".

Compliance with environmental legislation can require significant expenditures and a breach of applicable environmental legislation may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liabilities and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require Newco to incur costs to remedy such discharge. Although it is expected that Newco will be in material compliance with current applicable environmental legislation, no assurance can be given that environmental compliance requirements will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise have a material adverse effect on Newco's anticipated business, financial condition, results of operations and prospects.

Climate Change

Climate change concerns could result in increased operating costs and reduced demand for Newco's proposed products and shares, while the potential physical effects of climate change could disrupt Newco's anticipated production and cause it to incur significant costs in preparing for or responding to those effects.

Global climate issues continue to attract public and scientific attention. Numerous reports, including reports from the Intergovernmental Panel on Climate Change, have engendered concern about the impacts of human activity, especially fossil fuel combustion, on global climate issues. In turn, increasing public, government, and investor attention is being paid to global climate issues and to emissions of GHG, including emissions of carbon dioxide and methane from the production and use of oil and natural gas. The majority of countries, including Canada and the United States, have agreed to reduce their carbon emissions in accordance with the Paris Agreement. At the 2021 United Nations Climate Change Conference, Canada's Prime Minister Justin Trudeau made several pledges regarding reducing Canada's GHG emissions and at the 2023 United Nations Climate Change Conference, Canada renewed its commitments to transitioning away from fossil fuels and further cutting emissions. As discussed below, Newco will face both transition risks and physical risks associated with climate change and climate change policy and regulations. See "*Industry Conditions – Climate Change Regulation*".

Transition risks

Foreign and domestic governments continue to evaluate and implement policy, legislation, and regulations focused on restricting GHG emissions and promoting adaptation to climate change and the transition to a low-carbon economy. It is not possible to predict what measures foreign and domestic governments may implement in this regard, nor is it possible to predict the requirements that such measures may impose or when such measures may be implemented. However, international multilateral agreements, the obligations adopted thereunder and legal challenges concerning the adequacy of climate-related policy brought against foreign and domestic governments may accelerate the implementation of these measures. Given the evolving nature of climate change policy and the control of GHG emissions and resulting requirements, including carbon taxes and carbon pricing schemes implemented by varying levels of government, it is expected that current and future climate change regulations will have the effect of increasing Newco's production expenses, and, in the long-term, potentially reducing the demand for oil and natural gas and related products, resulting in a decrease in Newco's profitability and a reduction in the value of its proposed assets.

Claims have been made against certain energy companies alleging that GHG emissions from oil and natural gas operations constitute a public nuisance under certain laws or that such energy companies provided misleading disclosure to the public and investors of current or future risks associated with climate change. Individuals, governmental authorities, or other organizations may make claims against oil and natural gas companies, including Newco, for alleged personal injury, property damage, or other potential liabilities. Newco could be named in actions making similar allegations. An unfavourable ruling in any such case could adversely affect the demand for and price of Newco's securities, impact its operations and have an adverse impact on its financial condition.

Given the perceived elevated long-term risks associated with policy development, regulatory changes, public and private legal challenges, or other market developments related to climate change, there have also been efforts in recent years affecting the financial community, including investment advisors, sovereign wealth funds, banks, public pension funds, universities and other institutional investors, promoting direct engagement and dialogue with companies in their portfolios on climate change action (including exercising their voting rights on matters relating to climate change) and increased capital allocation to investments in low-carbon assets and businesses while decreasing the carbon intensity of their portfolios through, among other measures, divestments of companies with high exposure to GHG-intensive operations and products. Certain stakeholders have also pressured insurance providers and commercial and investment banks to reduce or stop financing, and providing insurance coverage to oil and natural gas and related infrastructure businesses and projects. The impact of such efforts will likely require Newco's management to dedicate significant time and resources to these climate change-related concerns, which may adversely affect Newco's operations, the demand for and price of Newco's securities and Newco's cost of capital and access to capital markets.

Emissions, carbon and other regulations impacting climate and climate-related matters are constantly evolving. With respect to environmental, social, governance and climate reporting, in June 2023 the International Sustainability Standards Board or the ISSB issued two new international sustainability disclosure standards, IFRS S1 and S2, with the aim to develop sustainability disclosure standards that are globally consistent, comparable and reliable. The Canadian Securities Administrators had previously published for comment Proposed National Instrument 51-107 – *Disclosure of Climate-Related Matters*, intended to introduce climate-related disclosure requirements for reporting issuers in Canada. It is expected that the introduction of the new international standards will instruct how new Canadian sustainability disclosure standards are finalized. If Newco is not able to meet future sustainability reporting requirements of regulators or current and future expectations of investors, insurance providers, or other stakeholders, its business and ability to attract and retain skilled employees, obtain regulatory permits, licences, registrations, approvals, and authorizations from various governmental authorities, and raise capital may be adversely affected. See "*Industry Conditions – Climate Change Regulation*".

Physical risks

The potential physical risks resulting from climate change are long-term in nature and associated with a high degree of uncertainty regarding timing, scope, and severity of potential impacts. Many experts believe global climate change could increase extreme variability in weather patterns such as increased frequency of severe weather, rising mean temperature and sea levels, and long-term changes in precipitation patterns. Extreme hot and cold weather, heavy

snowfall, heavy rainfall, drought and wildfires may restrict Newco's ability to access its proposed properties and cause operational difficulties, including damage to equipment and infrastructure. Extreme weather also increases the risk of personnel injury as a result of dangerous working conditions. Certain of Newco's assets acquired by way of this Arrangement, will be proximate to forests and rivers and a wildfire or flood may lead to significant downtime and/or damage to such assets or cause disruptions to the production and transport of its products or the delivery of goods and services in its supply chain.

Natural Disasters, Terrorist Acts, Civil Unrest, Pandemics and Other Disruptions and Dislocations

Natural Disasters, Terrorist Acts, Civil Unrest, Pandemics and Other Disruptions and Dislocations, may adversely affect Newco

Upon the occurrence of a natural disaster, or upon an incident of war, riot or civil unrest, the impacted country, province, state or region may not efficiently and quickly recover from such event, which could have a materially adverse effect on Newco, its customers, and/or either of their businesses or operations. Terrorist attacks, public health crises including epidemics, pandemics or outbreaks of new infectious disease or viruses, domestic and global trade disruptions, infrastructure disruptions, civil disobedience or unrest, natural disasters, national emergencies, acts of war, technological attacks and related events can result in volatility and disruption to local and global supply chains, operations, mobility of people and the financial markets, which could affect interest rates, credit ratings, credit risk, inflation, business, financial conditions, results of operations and other factors relevant to Newco, its customers, and/or either of their businesses or operations, which may have a material adverse effect on Newco's reputation, business, financial conditions or operating results in the future.

Substantial Capital Requirements

Newco's access to capital may be limited or restricted as a result of factors related and unrelated to it, impacting its ability to conduct future operations, and acquire and develop reserves

It is anticipated that Newco will be making substantial capital expenditures for the acquisition, exploration, development and production of oil and natural gas reserves in the future. As future capital expenditures will be financed out of cash generated from operations, borrowings, proceeds from asset sales and possible future equity sales, Newco's ability to do so is dependent on, among other factors:

- the overall state of the capital markets;
- Newco's credit rating (if applicable);
- commodity prices;
- interest rates;
- royalty rates;
- tax burden due to current and future tax laws; and
- investor appetite for investments in the energy industry and Newco's securities.

Further, if Newco's anticipated revenues or reserves decline, it may not have access to the capital necessary to undertake or complete future drilling programs. The conditions in, or those affecting, the crude oil and natural gas industry have negatively impacted the ability of oil and natural gas companies to access financing and/or the cost thereof. There can be no assurance that debt or equity financing, or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to Newco. If this occurs, Newco may be required to seek additional equity financing on terms that are highly dilutive to existing shareholders. The inability of Newco to access sufficient capital for its operations could have a material adverse effect on Newco's anticipated business financial condition, results of operations and prospects.

Additional Funding Requirements

Newco may require additional financing from time to time to fund the acquisition, exploration and development of properties and its ability to obtain such financing in a timely fashion and on acceptable terms may be negatively impacted by current economic conditions and global market volatility

Newco's cash flow from its reserves, as disclosed herein, may not be sufficient to fund its ongoing activities at all times and, from time to time, Newco may require additional financing in order to carry out oil and natural gas acquisition, exploration and development activities. Failure to obtain financing on a timely basis could cause Newco to forfeit its interest in its proposed properties, miss certain acquisition opportunities and reduce its operations.

As a result of global economic and political volatility, Newco may, from time to time, have restricted access to capital and increased borrowing costs. Failure to obtain suitable financing on a timely basis could cause Newco to forfeit its interest in proposed properties, miss certain acquisition opportunities and reduce or terminate its anticipated operations. If Newco's revenues from its reserves, as disclosed herein, decrease as a result of lower oil and natural gas prices or otherwise, it will affect Newco's ability to expend the necessary capital to replace its reserves or to maintain its production. To the extent that external sources of capital become limited, unavailable or available on onerous terms, Newco's ability to make capital investments and maintain existing assets acquired by way of this Arrangement may be impaired, and its anticipated assets, liabilities, business, financial condition and results of operations may be affected materially and adversely as a result. In addition, the future development of Newco's proposed petroleum properties may require additional financing and there are no assurances that such financing will be available or, if available, will be available upon acceptable terms. Alternatively, any available financing may be highly dilutive to existing shareholders. Failure to obtain any financing necessary for Newco's capital expenditure or acquisition plans may result in a delay in development of or production from Newco's proposed properties.

Credit Facility Arrangements

Failing to comply with covenants under a credit facility could result in restricted access to additional capital or being required to repay all amounts owing thereunder

Should this Arrangement be completed, it is expected that Newco will have a \$35 million credit facility available to it; however, there is no certainty that such credit facility will be finalized and approved. Alternatively, even if such credit facility is approved, such credit facility may provide for lesser amount of borrowing capacity than anticipated. Newco is expected to require credit facilities from time to time, as needed to fund its operations and meet its financial obligations. Newco will be required to comply with covenants under these credit facilities, which will include certain financial ratio tests, which, from time to time, will either affect the availability, or price, of additional funding. If Newco does not comply with these covenants, Newco's access to capital could be restricted or repayment could be required. Events beyond Newco's control may contribute to Newco's failure to comply with such covenants. A failure to comply with covenants could result in default under credit facilities which could result in Newco being required to repay amounts owing thereunder. The acceleration of indebtedness under one agreement may permit acceleration of indebtedness under other agreements that contain cross default or cross-acceleration provisions. In addition, the terms of a credit facility may impose operating and financial restrictions on Newco that could include restrictions on the payment of dividends, repurchase or making of other distributions with respect to Newco's securities, incurring of additional indebtedness, the provision of guarantees, the assumption of loans, making of capital expenditures, the entering into of amalgamations, mergers, take-over bids or acquisitions, and the disposition of assets, among others.

If Newco is unable to obtain a credit facility either at all or in an amount less than expected it could impact Newco's expected activities and capital expenditure plans. If Newco ultimately borrows money under any credit facility, a lender could require repayment of all or a portion of an amount outstanding under such credit facility for any reason, including for a default of a covenant. There is no certainty that Newco would be in a position to make such repayment. Even if Newco was able to obtain new financing in order to make any required repayment under a credit facility, such financing may not be on commercially reasonable terms, or terms that are acceptable to Newco. If Newco were unable to repay amounts owing under a credit facility, a lender could proceed to foreclose or otherwise realize upon the collateral granted to them to secure the indebtedness.

Issuance of Debt

Increased debt levels may impair Newco's ability to borrow additional capital on a timely basis to fund opportunities as they arise

It is anticipated that Newco may enter into transactions to acquire assets or shares of other organizations. These transactions may be financed in whole or in part with debt, which could increase Newco's debt levels above industry standards for oil and natural gas companies of similar size. Depending on future exploration and development plans, Newco may require additional debt financing that may not be available or, if available, may not be available on favourable terms. Neither Newco's articles nor its by-laws will limit the amount of indebtedness that Newco may incur. The level of Newco's indebtedness from time to time could impair Newco's ability to obtain additional financing on a timely basis to take advantage of business opportunities that may arise.

Hedging

Hedging activities expose Newco to the risk of financial loss and counter-party risk

From time to time, it is anticipated that Newco might enter into agreements to receive fixed prices or derivative contracts on its oil and natural gas production to offset the risk of revenue losses if commodity prices decline. However, to the extent that Newco engages in price risk management activities to protect itself from commodity price declines, it may also be prevented from realizing the full benefits of price increases above the levels of the derivative instruments used to manage price risk. In addition, Newco's hedging arrangements may expose it to the risk of financial loss in certain circumstances, including instances in which:

- production falls short of the hedged volumes or prices fall significantly lower than projected;
- there is a widening of price-basis differentials between delivery points for production and the delivery point assumed in the hedge arrangement;
- the counterparties to the hedging arrangements or other price risk management contracts fail to perform under those arrangements; or
- a sudden unexpected event materially impacts oil or natural gas prices.

Similarly, from time to time it is anticipated that Newco may enter into agreements to fix the exchange rate of Canadian dollars to United States dollars or other currencies in order to offset the risk of revenue losses if the Canadian dollar increases in value compared to other currencies. However, if the Canadian dollar declines in value compared to such fixed currencies, Newco would not benefit from the fluctuating exchange rate.

Title to and Right to Produce from Assets

Defects in the title or rights to produce Newco's properties may result in a financial loss

Newco's actual title to and interest in its proposed properties, and its right to produce and sell the crude oil and natural gas therefrom, may vary from Newco's records. In addition, there may be valid legal challenges or legislative changes that affect Newco's title to and right to produce from its oil and natural gas properties acquired by way of this Arrangement, which could impair Newco's activities and result in a reduction of the revenue received by Newco.

If a defect exists in the chain of title or in Newco's right to produce, or a legal challenge or legislative change arises, it is possible that Newco may lose all or a portion of the properties to which the title defect relates and/or its right to produce from such properties. This may cause a material adverse effect on Newco's anticipated business, financial condition, results of operations and prospects at that time.

Reserves Estimates

Newco's estimated reserves, as disclosed herein, are based on numerous factors and assumptions which may prove incorrect and which may affect Newco

There are numerous uncertainties inherent in estimating reserves, and the future cash flows attributed to such reserves. The reserves and associated cash flow information set forth in this document are estimates only. Generally, estimates of economically recoverable oil and natural gas reserves (including the breakdown of reserves by product type) and the future net cash flows from such estimated reserves are based upon a number of variable factors and assumptions, such as:

- historical production from properties;
- production rates;
- ultimate reserve recovery;
- timing and amount of capital expenditures;
- marketability of oil and natural gas;
- royalty rates; and
- the assumed effects of regulation by governmental agencies and future operating costs (all of which may vary materially from actual results).

For those reasons, estimates of the economically recoverable oil and natural gas reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues associated with reserves prepared by different engineers, or by the same engineers at different times, may vary. Newco's actual production, revenues, taxes and development and operating expenditures with respect to its reserves will vary from estimates and such variations could be material.

The estimation of proved reserves that may be developed and produced in the future is often based upon volumetric calculations and upon analogy to similar types of reserves rather than actual production history. Recovery factors and drainage areas are often estimated by experience and analogy to similar producing pools. Estimates based on these methods are generally less reliable than those based on actual production history. Subsequent evaluation of the same reserves based upon production history and production practices will result in variations in the estimated reserves and such variations could be material.

In accordance with applicable securities laws, Newco's independent reserves evaluator has used forecast prices and costs in estimating the reserves and future net cash flows as summarized herein. Actual future net cash flows will be affected by other factors, such as actual production levels, supply and demand for oil and natural gas, curtailments or increases in consumption by oil and natural gas purchasers, changes in governmental regulation or taxation and the impact of inflation on costs.

Actual production and cash flows derived from Newco's oil and natural gas reserves, as disclosed herein, will vary from the estimates contained in the reserve evaluation, and such variations could be material. The reserve evaluation is based in part on the assumed success of activities Newco intends to undertake in future years. The reserves and estimated cash flows to be derived therefrom and contained in the reserve evaluation will be reduced to the extent that such activities do not achieve the level of success assumed in the reserve evaluation. The reserve evaluation is effective as of a specific effective date and, except as may be specifically stated, has not been updated and therefore does not reflect changes in Newco's reserves since that date.

Insurance

Not all risks of conducting oil and natural gas opportunities are insurable and the occurrence of an uninsurable event may have a materially adverse effect on Newco

Newco's anticipated involvement in the exploration for and development of oil and natural gas properties may result in Newco becoming subject to liability for pollution, blowouts, leaks of sour gas, property damage, personal injury or other hazards. Although Newco will maintain insurance in accordance with industry standards to address certain of

these risks, such insurance has limitations on liability and may not be sufficient to cover the full extent of such liabilities. In addition, certain risks are not, in all circumstances, insurable or, in certain circumstances, Newco may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The payment of any uninsured liabilities would reduce the funds available to Newco. The occurrence of a significant event that Newco is not fully insured against, or the insolvency of the insurer of such event, may have a material adverse effect on Newco's anticipated business, financial condition, results of operations and prospects.

Newco's insurance policies will be generally renewed on an annual basis and, depending on factors such as market conditions, the premiums, policy limits and/or deductibles for certain insurance policies can vary substantially. In some instances, certain insurance may become unavailable or available only for reduced amounts of coverage. Significantly increased costs could lead Newco to decide to reduce or possibly eliminate, coverage. In addition, insurance is purchased from a number of third-party insurers, often in layered insurance arrangements, some of which may discontinue providing insurance coverage for their own policy or strategic reasons. Should any of these insurers refuse to continue to provide insurance coverage, Newco's overall risk exposure could be increased and Newco could incur significant costs.

Dilution

Newco may issue additional Newco Shares, diluting current shareholders

Newco may make future acquisitions or enter into financings or other transactions involving the issuance of securities of Newco which may be dilutive to shareholders.

Expiration of Licences and Leases

Newco, or its potential working interest partners, may fail to meet the requirements of a licence or lease in the future, causing its termination or expiry

Newco's proposed properties will be held in the form of licences and leases and working interests in licences and leases. If Newco or the holder of a licence or lease fails to meet the specific requirement of the licence or lease, the licence or lease may terminate or expire. There can be no assurance that any of the obligations required to maintain each licence or lease will be met. The termination or expiration of Newco's licences or leases or the working interests relating to a licence or lease and the associated abandonment and reclamation obligations may have a material adverse effect on Newco's anticipated business, financial condition, results of operations and prospects.

Litigation

Newco may be involved in litigation in the course of its normal operations and the outcome of the litigation may adversely affect Newco and its reputation

In the normal course of Newco's anticipated operations, it may become involved in, be named as a party to, or be the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions. Litigation may develop in relation to personal injuries, including resulting from exposure to hazardous substances, property damage, property taxes, land and access rights, and environmental issues, including claims relating to contamination or natural resource damages and contract disputes. The outcome with respect to future proceedings cannot be predicted with certainty and may be determined adversely to Newco and could have a material adverse effect on Newco's assets, liabilities, business, financial condition and results of operations at such time. Even if Newco prevailed in any such legal proceedings, the proceedings could be costly and time-consuming and may divert the attention of management and key personnel from business operations, which could have an adverse effect on Newco's financial condition.

Indigenous Land and Rights Claims

Opposition by Indigenous groups to the conduct of Newco's operations, development or exploratory activities may negatively impact Newco

Opposition by Indigenous groups to the conduct of Newco's anticipated operations, development or exploratory activities in any of the jurisdictions in which Newco will conduct business may negatively impact it in terms of public perception, diversion of management's time and resources, and legal and other advisory expenses, and could adversely impact Newco's progress and ability to explore and develop properties.

Some Indigenous groups have established or asserted Indigenous treaty, title and rights to portions of Canada. Although there are no Indigenous and treaty rights claims on lands where Newco will operate, no certainty exists that any lands currently unaffected by claims brought by Indigenous groups will remain unaffected by future claims. Such claims, if successful, could have a material adverse effect on its operations or pace of growth.

The Canadian federal and provincial governments have a duty to consult with Indigenous peoples when contemplating actions that may adversely affect asserted or proven Indigenous or treaty rights and, in certain circumstances, accommodate them. The scope of the duty to consult by federal and provincial governments varies with the circumstances and is often the subject of litigation. The fulfillment of the duty to consult Indigenous peoples and any associated accommodations may adversely affect Newco's ability to, or increase the timeline to, obtain or renew, permits, leases, licences and other approvals, or to meet the terms and conditions of those approvals. For example, a recent British Columbia Supreme Court decision determined that the cumulative impacts of government sanctioned industrial development on the traditional territories of a First Nation in northeast British Columbia breached that group's treaty rights. Recently, the Government of British Columbia and the First Nation came to an agreement relating to further industrial activities in the area. The developments in northeastern British Columbia relating to Indigenous rights may lead to similar claims of cumulative effects across Canada in other areas covered by numbered treaties. The potential long-term impacts and associated risks of the decision on the Canadian oil and natural gas industry and Newco remain uncertain.

In addition, the federal government has introduced legislation to implement the UNDRIP. Other Canadian jurisdictions, including British Columbia, have introduced or passed similar legislation and have begun considering the principles and objectives of UNDRIP, or may do so in the future. The means and timelines associated with UNDRIP's implementation by government are uncertain. Additional processes may be created and legislation associated with project development and operations may be amended or introduced, further increasing uncertainty with respect to project regulatory approval timelines and requirements. See "*Industry Conditions – Indigenous Rights*".

Breach of Confidentiality

Breach of confidentiality by a third party could impact Newco's competitive advantage or put it at risk of litigation

While discussing potential business relationships or other transactions with third parties, Newco may disclose confidential information relating to its business, operations or affairs. Although confidentiality agreements are generally signed by third parties prior to the disclosure of any confidential information, a breach could put Newco at competitive risk and may cause significant damage to its business. The harm to Newco's anticipated business from a breach of confidentiality cannot presently be quantified, but may be material and may not be compensable in damages. There is no assurance that, in the event of a breach of confidentiality, Newco would be able to obtain equitable remedies, such as injunctive relief, from a court of competent jurisdiction in a timely manner, if at all, in order to prevent or mitigate any damage to its business that such a breach of confidentiality may cause.

Income Taxes

Taxation authorities may reassess Newco's tax returns

Newco will file all required income tax returns as they become due and believes that it is in full compliance with the provisions of the Tax Act and all applicable provincial tax legislation. However, such returns are subject to reassessment by the applicable taxation authority. In the event of a successful reassessment of Newco, whether by re-

characterization of exploration and development expenditures or otherwise, such reassessment may have an impact on current and future taxes payable.

Income tax laws relating to the crude oil and natural gas industry, such as the treatment of resource taxation or dividends, may in the future be changed or interpreted in a manner that adversely affects Newco. Furthermore, tax authorities that will have jurisdiction over Newco may disagree with how Newco calculates its income for tax purposes or could change administrative practices to Newco's detriment.

Seasonality

Oil and natural gas operations are subject to seasonal weather conditions and Newco may experience significant operational delays as a result

The level of activity in the Canadian oil and natural gas industry is influenced by seasonal weather patterns. Wet weather and spring thaw may make the ground unstable. Consequently, municipal and provincial transportation departments enforce road bans that restrict the movement of rigs and other heavy equipment, thereby reducing activity levels. Road bans and other restrictions generally result in a reduction of drilling and exploratory activities and may also result in the shut-in of some of Newco's production if they occur. Certain oil and natural gas producing assets are located in areas that are inaccessible other than during the winter months because the ground surrounding the sites in these areas consists of muskeg. In addition, extreme cold weather, heavy snowfall and heavy rainfall may restrict access to properties in which Newco will acquire an interest in by way of this Arrangement and cause operational difficulties. Seasonal factors and unexpected weather patterns may lead to declines in exploration and production activity and corresponding decreases in the demand for the anticipated goods and services of Newco.

Third Party Credit Risk

Newco is exposed to credit risk of third party operators or partners of properties in which it has an interest

Should this Arrangement be completed, Newco may be exposed to third party credit risk through its contractual arrangements with future joint venture partners, marketers of its petroleum and natural gas production and other parties. In addition, Newco may be exposed to third party credit risk from operators of properties in which Newco will have a working or royalty interest. In the event such entities fail to meet their contractual or other obligations to Newco, such failures may have a material adverse effect on Newco's anticipated business, financial condition, results of operations and prospects. In addition, poor credit conditions in the industry, generally, and of Newco's future joint venture partners may affect a joint venture partner's willingness to participate in Newco's anticipated capital program, potentially delaying the program and the results of such program until Newco finds a suitable alternative partner. To the extent that any of such third parties go bankrupt, become insolvent or make a proposal or institute any proceedings relating to bankruptcy or insolvency, it could result in Newco being unable to collect all or a portion of any money owing from such parties. Any of these factors could materially adversely affect Newco's anticipated financial and operational results.

Information Technology Systems and Cyber-Security

Breaches of Newco's cyber-security and loss of, or access to, electronic data may adversely impact Newco's operations and financial position

Newco will be dependent upon the availability, capacity, reliability and security of its information technology infrastructure and its ability to expand and continually update this infrastructure, to conduct daily operations. Newco will depend on various information technology systems to estimate reserve quantities, process and record financial data, manage Newco's land base, manage financial resources, analyze seismic information, administer contracts with operators and lessees and communicate with employees and third-party partners.

Further, Newco will be subject to a variety of information technology and system risks as a part of its normal course operations, including potential breakdown, invasion, virus, cyber-attack, cyber-fraud, security breach, and destruction or interruption of Newco's information technology systems by third parties or insiders. Unauthorized access to these systems by employees or third parties could lead to corruption or exposure of confidential, fiduciary or proprietary

information, interruption to communications or operations or disruption to Newco's business activities or Newco's competitive position. In addition, cyber phishing attempts, in which a malicious party attempts to obtain sensitive information such as usernames, passwords, and credit card details (and money) by disguising as a trustworthy entity in an electronic communication, have become more widespread and sophisticated in recent years. If Newco becomes a victim of a cyber phishing attack it could result in a loss or theft of Newco's financial resources or critical data and information, or could result in a loss of control of Newco's technological infrastructure or financial resources. Newco's employees are likely to be the targets of such cyber phishing attacks, they may be targeted by parties using fraudulent "spoof" emails to misappropriate information or to introduce viruses or other malware through "Trojan horse" programs to Newco's computers. These emails appear to be legitimate emails, but direct recipients to fake websites operated by the sender of the email, request recipients to send a password or other confidential information through email, or to download malware.

Increasingly, social media is used as a vehicle to carry out cyber phishing attacks. Information posted on social media sites, for business or personal purposes, may be used by attackers to gain entry into Newco's systems and obtain confidential information. As social media continues to grow in influence and access to social media platforms becomes increasingly prevalent, there are significant risks that Newco may not be able to properly regulate social media use and preserve adequate records of business activities and client communications conducted through the use of social media platforms.

Newco will maintain policies and procedures that address and implement employee protocols with respect to electronic communications and electronic devices and conducts annual cyber-security risk assessments. Newco will also employ encryption protection of its confidential information, and all its computers and other electronic devices. Despite Newco's planned efforts to mitigate such cyber phishing attacks through education and training, cyber phishing activities will remain a serious problem that may damage its information technology infrastructure. Newco will apply technical and process controls in line with industry-accepted standards to protect its information, assets and systems, including a written incident response plan for responding to a cyber-security incident. However, these controls may not adequately prevent cyber-security breaches. Disruption of critical information technology services, or breaches of information security, could have a negative effect on Newco's performance and earnings, as well as on reputation, and any damages sustained may not be adequately covered by Newco's insurance coverage, or at all. The significance of any such event is difficult to quantify, but may in certain circumstances be material and could have a material adverse effect on Newco's anticipated business, financial condition and results of operations.

Data Protection

The handling of secure information exposes Newco to potential data security risks that could result in monetary damages against Newco and could otherwise damage its reputation, and adversely affect its business, financial condition and results of operations

The protection of customer, employee, and company data will be critical to Newco's business. The regulatory environment in Canada surrounding information security and privacy is increasingly demanding, with the frequent imposition of new and constantly changing requirements. Certain legislation, including the *Personal Information Protection and Electronic Documents Act* in Canada, require documents to be securely destroyed to avoid identity theft and inadvertent disclosure of confidential and sensitive information. A significant breach of customer, employee, or company data could attract a substantial amount of media attention, damage Newco's customer relationships and reputation, and result in lost sales, fines, or lawsuits. In addition, an increasing number of countries have introduced and/or increased enforcement of comprehensive privacy laws or are expected to do so. The continued emphasis on information security as well as increasing concerns about government surveillance may lead customers to request Newco to take additional measures to enhance security and/or assume higher liability under its contracts. As a result of legislative initiatives and customer demands, Newco may have to modify its anticipated operations to further improve data security. Any such modifications may result in increased expenses and operational complexity, and adversely affect its reputation, business, financial condition and results of operations.

Conflicts of Interest

Conflicts of interest may arise for Newco's directors and officers who are also involved with other industry participants

It is anticipated that certain directors or officers of Newco may also be directors or officers of other oil and natural gas companies and as such may, in certain circumstances, have a conflict of interest. Conflicts of interest, if any, will be subject to and governed by procedures prescribed by the ABCA which require a director or officer of a corporation who is a party to, or is a director or an officer of, or has a material interest in any person who is a party to, a material contract or proposed material contract with Newco to disclose his or her interest and, in the case of directors, to refrain from voting on any matter in respect of such contract unless otherwise permitted under the ABCA.

Expansion into New Activities

Expanding Newco's business exposes it to new risks and uncertainties

It is expected that the operations and expertise of Newco's management will focus primarily on oil and natural gas production, exploration and development in Western Canada. In the future Newco may acquire or move into new industry related activities or new geographical areas, and may acquire different energy-related assets. As a result, Newco may face unexpected risks, or alternatively, its exposure to one or more existing risk factors may be significantly increased, which may in turn result in Newco's future operational and financial conditions being adversely affected.

Hydraulic Fracturing

Implementation of new regulations on hydraulic fracturing may lead to operational delays, increased costs and/or decreased production volumes, adversely affecting Newco's financial position

Hydraulic fracturing involves the injection of water, sand and small amounts of additives under pressure into rock formations to stimulate the production of oil and natural gas. Specifically, hydraulic fracturing enables the production of commercial quantities of oil and natural gas from reservoirs that were previously unproductive. Certain areas in Alberta and other provinces have been prone to seismic activity and as a result, additional protocols have been implemented in such areas relating to hydraulic fracturing and seismic monitoring.

Waterflood

Regulatory water use restrictions and/or limited access to water or other fluids may impact Newco's production volumes from its waterflood

It is anticipated that Newco will undertake certain waterflooding programs which involve the injection of water or other liquids into an oil reservoir to increase production from the reservoir and to decrease production declines. To undertake such waterflooding activities Newco will need to have access to sufficient volumes of water, or other liquids, to pump into the reservoir to increase the pressure in the reservoir. There is no certainty that Newco will have access to the required volumes of water. In addition, in certain areas there may be restrictions on water use for activities such as waterflooding. If Newco is unable to access such water it may not be able to undertake waterflooding activities, which may reduce the amount of oil and natural gas that Newco is ultimately able to produce from its reservoirs. In addition, Newco may undertake certain waterflood programs that ultimately prove unsuccessful in increasing production from the reservoir and as a result have a negative impact on Newco's results of operations.

Industry Competition

Newco will compete with other oil and natural gas companies, some of which have greater financial and operational resources

The petroleum industry is competitive in all of its phases. Newco will compete with numerous other entities in the exploration for, and the development, production and marketing of oil and natural gas. Newco's competitors will include oil and natural gas companies that have substantially greater financial resources, staff and facilities than those

of Newco. Some of these companies not only explore for, develop and produce oil and natural gas, but also carry on refining operations and market oil and natural gas on an international basis. As a result of these complementary activities, some of these competitors may have greater and more diverse competitive resources to draw on than Newco will. Newco's ability to increase its reserves in the future will depend not only on its ability to explore and develop its proposed properties, but also on its ability to select and acquire other suitable producing properties or prospects for exploratory drilling. Competitive factors in the distribution and marketing of oil and natural gas include price, process, methods, and reliability of delivery and storage.

Changing Investor Sentiment

Changing investor sentiment toward the crude oil and natural gas industry may impact Newco's access to, and cost of, capital

A number of factors, including the concerns of the effects of the use of fossil fuels on climate change, the impact of oil and natural gas operations on the environment, environmental damage relating to spills of petroleum products during production and transportation and Indigenous rights, have affected certain investors' sentiments toward investing in the crude oil and natural gas industry. As a result of these concerns, some institutional, retail and public investors have announced that they are no longer willing to fund or invest in oil and natural gas properties or companies or are reducing the amount thereof over time. In addition, certain institutional investors are requesting that issuers develop and implement more robust social, environmental and governance policies and practices. Developing and implementing such policies and practices may involve significant costs and require a significant time commitment from the incoming Board, management and employees of Newco. Failing to implement the policies and practices as requested by institutional investors, may result in such investors reducing their investment in Newco, or not investing in Newco at all. Any reduction in the investor base interested or willing to invest in the crude oil and natural gas industry and more specifically, Newco, may limit Newco's access to capital, increasing the cost of capital, and decreasing the price and liquidity of Newco's securities even if Newco's operating results, underlying asset values or prospects have not changed.

Reputational Risk Associated with Newco's Operations

Newco will rely on its reputation to operate and to attract and retain investors and employees

Newco's anticipated business, operations or financial condition may be negatively impacted by any negative public opinion toward Newco or as a result of any negative sentiment toward, or in respect of, Newco's reputation with stakeholders, special interest groups, political leadership, the media or other entities. Public opinion may be influenced by certain media and special interest groups' negative portrayal of the industry in which Newco will operate as well as such groups' opposition to certain oil and natural gas projects. Potential impacts of negative public opinion or reputational issues may include delays or interruptions in operations, legal or regulatory actions or challenges, blockades, increased regulatory oversight, reduced support for, delays in, challenges to, or the revocation of regulatory approvals, permits and/or licences and increased costs and/or cost overruns. Newco's reputation and public opinion could also be impacted by the actions and activities of other companies operating in the oil and natural gas industry, particularly other producers, over which Newco has no control. Similarly, Newco's reputation could be impacted by negative publicity related to loss of life, injury or damage to property and the environment caused by Newco's operations. In addition, if Newco develops a reputation of having an unsafe work site, this may impact the ability of Newco to attract and retain the necessary skilled employees and consultants to operate its business. Opposition from special interest groups opposed to oil and natural gas development and the possibility of climate-related litigation against governments and fossil fuel companies may impact Newco's reputation. See "*Risk Factors – Climate Change*".

Reputational risk cannot be managed in isolation from other forms of risk. Credit, market, operational, insurance, regulatory and legal risks, among others, will all have to be managed effectively to safeguard Newco's reputation. Damage to Newco's reputation could result in negative investor sentiment toward Newco, which may result in limiting Newco's access to capital, increasing the anticipated cost of capital, and decreasing the price and liquidity of Newco's securities.

Diluent Supply***A decrease in, or restriction in access to, diluent supply may increase Newco's operating costs***

Heavy crude oil and bitumen are characterized by high specific gravity or weight and high viscosity or resistance to flow. Diluent is required to facilitate the transportation of heavy crude oil and bitumen. A shortfall in the supply of diluent, or a restriction in access to diluent, may cause its price to increase, increasing the cost to transport heavy crude oil and bitumen to market. An increase to the cost of bringing heavy crude oil and bitumen to market may increase Newco's anticipated operating cost and result in decreased net revenues, negatively impacting the overall profitability of Newco's heavy crude oil and bitumen projects.

Forced or Child Labour in Supply Chains***The introduction of new supply chain due diligence and reporting requirements could expose Newco to certain risks***

In May 2023 *An Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act and to amend the Customs Tariff* was passed and came into force on January 1, 2024. Pursuant to the new legislation, any company that is subject to the reporting requirements, which will include Newco, is required to conduct certain due diligence on its supply chains and to file an annual report accordingly. While currently, due diligence in accordance with this Arrangement has not uncovered any forced or child labour in Newco's anticipated supply chains, the increased scrutiny on the supply chains of Canadian companies could uncover the risk or existence of forced or child labour in a supply chain to which Newco will have a connection, which could negatively impact the reputation of Newco. Additionally, due to the fact that the reporting requirements are new and thus there is no existing industry standard, Newco will be at risk of inadvertently preparing a report that is insufficient.

For additional risk factors relating to Newco and the Newco Assets, see "*Risk Factors*" in the Gear AIF which is incorporated by reference into the Information Circular.

LEGAL PROCEEDINGS

There are no legal proceedings against Newco or involving the Newco Assets and Newco is not a party to any legal proceedings and Newco is not aware of any contemplated proceedings.

REGULATORY ACTIONS

As at the date hereof, as applicable, there were: (i) no penalties or sanctions imposed against Newco or by a court relating to securities legislation or by a securities regulatory authority; (ii) no other penalties or sanctions imposed by a court or regulatory body against Newco that would likely be considered important to a reasonable investor in making an investment decision; and (iii) no settlement agreements Newco entered into before a court relating to a securities legislation or with a securities regulatory authority.

ELIGIBILITY FOR INVESTMENT

On the basis of applicable legislation in effect on the date hereof, in the opinion of Burnet, Duckworth & Palmer LLP, counsel to Newco, subject to the provisions of any particular plan, provided the Newco Shares are listed on a "designated stock exchange" for the purposes of the Tax Act (which includes the TSXV), shortly after the Effective Date and Newco validly elects to be a "public corporation" for purposes of the Tax Act from the commencement of its first taxation year, the Newco Shares transferred to Gear Shareholders pursuant to the Arrangement will be qualified investments under the Tax Act for Deferred Plans; however, the annuitant under an RRSP or RRIF, the holder of a TFSA, RDSP, or a FHSA or the subscriber of an RESP which holds Newco Shares will be subject to a penalty tax if the holder or the annuitant, as the case may be, does not deal at arm's-length with Newco for the purposes of the Tax Act or if the holder or the annuitant, as the case may be, has a "significant interest" (within the meaning of Tax Act) in Newco. In addition, Newco Shares will not be a prohibited investment if Newco Shares are "excluded property" (as defined in the Tax Act for purposes of these rules) for the particular TFSA, FHSA, RRSP, RESP, RDSP or RRIF. Such holders and annuitants are advised to contact their own advisors in this regard. **There can be no assurance that the Newco Shares will be listed on a "designated stock exchange"**. See "*Listing of the Newco Shares and Securities Law Matters*" in this Appendix and "*The Arrangement – Stock Exchange Listings*" in the Information Circular.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except for the proposed sale of the Newco Assets by Gear to Newco under the Asset Conveyance Agreement and as disclosed under "*Directors and Executive Officers – Conflicts of Interest*" in this Appendix, management is not aware of any material interest, direct or indirect, of any director or officer of Newco, any person beneficially owning, directly or indirectly, more than 10% of Newco's voting securities, or any associate or affiliate of such person in any transaction within the last three years or in any proposed transaction which in either case has materially affected or will materially affect Newco, other than as disclosed herein.

AUDITORS, TRANSFER AGENTS AND REGISTRARS

Deloitte LLP, with their offices at 700, 850 - 2nd Street S.W., Calgary, AB T2P 0R8, are the auditors for Newco and the auditors for the operating statements of the Newco Assets for the years ended December 31, 2023, 2022 and 2021. The transfer agent and registrar for the Newco Shares will be Odyssey Trust Company in Calgary, Alberta and Toronto, Ontario.

MATERIAL CONTRACTS

Except for the Arrangement Agreement, Newco has not entered into any material contracts within the most recently completed financial year, or before the most recently completed financial year and which are still in effect. At the Effective Time, Newco will enter into the Asset Conveyance Agreement.

EXPERTS

Names of Experts

Certain legal matters relating to the Arrangement will be passed upon, and have been passed upon, by Burnet, Duckworth & Palmer LLP on behalf of Gear and Newco.

The only other persons or companies who are named as having prepared or certified a report, valuation, statement or opinion described or included in a filing, or referred to in a filing, made under NI 51-102 for Newco and whose profession or business gives authority to the report, valuation statement or opinion made by the person or company, are Deloitte LLP, Newco's independent auditors, and Sproule, Newco's independent engineering evaluators.

Interests of Experts

To Newco's knowledge, there were no registered or beneficial interests, direct or indirect, in any securities or other property of Newco or of one of its associates or affiliates: (i) held by Sproule or by the "designated professionals" (as defined in Form 51-102F2 to NI 51-102) of Sproule, when Sproule prepared the report, valuation, statement or opinion

referred to herein as having been prepared by Sproule; (ii) received by Sproule or by the "designated professionals" of Sproule, after the time specified above; or (iii) to be received by Sproule or by the "designated professionals" of Sproule; except in each case for the ownership of Newco Shares, which in respect of Sproule and Sproule's "designated professionals", as a group, has at all relevant times represented less than one percent of the outstanding Newco Shares. In addition, neither Sproule, nor any director, officer or employee of Sproule, is or is expected to be elected, appointed or employed as a director, officer or employee of Newco or of any associate or affiliate of Newco.

The partners and associates of Burnet, Duckworth & Palmer LLP as a group are expected to own less than one percent of the outstanding Newco Shares upon completion of the Arrangement. In addition, other than Edward (Ted) Brown who is the current Corporate Secretary of Gear and the anticipated Corporate Secretary of Newco, none of the partners or associates of Burnet, Duckworth & Palmer LLP are currently expected to be elected, appointed or employed as a director, officer or employee of Newco or any of its associates or affiliates.

Deloitte LLP are independent of Newco and the Newco Assets within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Alberta.

SCHEDULE A

Audited financial statements of Newco as at November 30, 2024 and for the period from incorporation on August 21, 2024 to November 30, 2024

See attached.

Independent Auditor's Report

To the Board of Directors of Gear Energy Ltd.

Opinion

We have audited the financial statements of Lotus Creek Exploration Inc. (formerly 2640847 Alberta Inc.) (the "Company"), which comprise the balance sheet as at November 30, 2024, and the statements of loss and comprehensive loss, changes in shareholder's equity and cash flows for the period from incorporation on August 21, 2024 to November 30, 2024, and notes to the financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2024, its financial performance and its cash flows for the period from August 21, 2024 to November 30, 2024 in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants

December 20, 2024

LOTUS CREEK EXPLORATION INC. (FORMERLY 2640847 ALBERTA LTD.)
BALANCE SHEET
As at November 30, 2024
(Cdn\$)

ASSETS

Current assets		
Prepaid expenses	\$	10,000
Exploration and evaluation (Note 6)		101,369
Total assets	\$	111,369

LIABILITIES

Current liabilities		
Due to related party (Note 9)	\$	114,676

SHAREHOLDER'S EQUITY

Share capital (Note 7)		1
Deficit		(3,308)
Total shareholder's equity		(3,307)
Total liabilities and shareholder's equity	\$	111,369

See accompanying notes to the Financial Statements

LOTUS CREEK EXPLORATION INC. (FORMERLY 2640847 ALBERTA LTD.)
STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
For the period from incorporation on August 21, 2024 to November 30, 2024
(Cdn\$)

	Share Capital	Deficit	Total Equity
Share issuance on incorporation (Note 7)	1	-	1
Net loss and comprehensive loss for the period	-	(3,308)	(3,308)
Balance at November 30, 2024	\$ 1	\$ (3,308)	\$ (3,307)

See accompanying notes to the Financial Statements

LOTUS CREEK EXPLORATION INC. (FORMERLY 2640847 ALBERTA LTD.)
STATEMENT OF LOSS AND COMPREHENSIVE LOSS
For the period from incorporation on August 21, 2024 to November 30, 2024
(Cdn\$)

EXPENSES

General and administrative	\$	3,308
Net loss and comprehensive loss	\$	(3,308)

See accompanying notes to the Financial Statements

LOTUS CREEK EXPLORATION INC. (FORMERLY 2640847 ALBERTA LTD.)
STATEMENT OF CASH FLOWS
For the period from incorporation on August 21, 2024 to November 30, 2024
(Cdn\$)

CASH FLOWS FROM OPERATING ACTIVITIES

Net loss	\$	(3,308)
Due to related party (Note 9)		114,676
Change in non-cash working capital		(111,368)

-

INCREASE IN CASH AND CASH EQUIVALENTS

-

CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD

-

CASH AND CASH EQUIVALENTS, END OF PERIOD

\$

-

See accompanying notes to the Financial Statements

LOTUS CREEK EXPLORATION INC. (FORMERLY 2640847 ALBERTA LTD.)

NOTES TO THE FINANCIAL STATEMENTS

As at November 30, 2024 and for the period from incorporation on August 21, 2024 to November 30, 2024
(all tabular amounts in Cdn\$, except as noted)

1. BUSINESS AND STRUCTURE

A newly formed entity ("Newco" or the "Company") was incorporated under the laws of the Province of Alberta on August 21, 2024 as 2640847 Alberta Ltd. Newco filed Articles of Amendment changing its name to Lotus Creek Exploration Inc on December 18, 2024. Newco is currently a wholly-owned subsidiary of Gear Energy Ltd. ("Gear"). The principal undertakings of the Company are to carry on the business of acquiring, developing and holding interests in petroleum and natural gas properties and assets.

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

2. BASIS OF PRESENTATION

These financial statements have been prepared in accordance with IFRS Accounting Standards and were prepared using accounting policies consistent with IFRS Accounting Standards.

The financial statements were authorized for issue by the Board of Directors on December 18, 2024.

3. MATERIAL ACCOUNTING POLICIES

(a) Exploration and evaluation ("E&E") assets

E&E costs are capitalized until the technical feasibility and commercial viability, or otherwise, of the relevant projects have been determined. Technical feasibility and commercial viability of E&E assets is dependent upon the assignment of a sufficient amount of economically recoverable crude oil, condensate, natural gas, and natural gas liquids reserves ("reserves") relative to the estimated potential resources available and available infrastructure to support commercial development, as well as obtaining the appropriate internal and external approvals. E&E costs may include costs of seismic and land acquisitions, technical services and studies, exploratory drilling and testing, and the estimate of any related asset retirement costs. Costs incurred prior to obtaining the legal right to explore are expensed as incurred. Assets classified as E&E may have sales of crude oil and natural gas associated with production from test wells. These operating results are recognized in the statements of income. A depletion charge, recognized as E&E expense, is recognized on these wells. Nonproducing assets classified as E&E are not depleted.

When a project classified as E&E is determined to be technically feasible and commercially viable, the cost is transferred from E&E to property, plant and equipment ("PP&E") on the balance sheets. The assets are assessed for impairment prior to any such transfer, by comparing the carrying amount to the greater of the assets' fair value less costs of disposal or value in use. If a decision is made by Management not to continue an E&E project, the E&E is derecognized and all associated costs are charged to the statements of income in E&E expense at that time.

(b) Impairment

E&E assets are assessed for impairment at the operating segment level and are reviewed at each reporting date for indicators of potential impairment, or in the case of previously impaired E&E assets, reversal of impairment. An impairment charge on E&E assets is recognized if the carrying value of the E&E assets exceeds the recoverable amount. Impairment of E&E assets is recognized in the statements of income as E&E expense.

If there is an indicator that a previously recognized impairment charge may no longer exist or may have decreased, the recoverable amount of the relevant E&E asset is calculated and compared against the carrying amount. An impairment charge is reversed to the extent that the asset's recoverable amount does not exceed the carrying amount that would have been determined, net of accumulated DD&A if applicable, if no impairment charge had been recognized. A reversal of impairment of E&E assets is recognized in the statements of income as a recovery of E&E expense.

(c) Financial instruments

Due to related party is measured at amortized cost. This classification is initially measured at fair value and subsequent revaluations are recorded at amortized cost using the effective interest method.

(d) Share capital

Costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of deferred taxes.

4. ISSUED AND EFFECTIVE AMENDMENTS AND STANDARDS

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.

5. MANAGEMENT JUDGMENTS AND ESTIMATION UNCERTAINTY

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingencies at the date of the financial statements, and revenues and expenses during the reporting year. Actual results could differ from those estimated. The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities are discussed below.

Global markets have continued to be impacted by inflationary pressures. Future financial performance may be impacted by fluctuations in the global market and in commodity prices.

In addition, climate change and the evolving worldwide demand for alternative sources of energy that are not sourced from fossil fuels could result in a change in assumptions used in determining the recoverable amount and could affect the carrying value of the related assets. As these issues become more of a regulatory focus by governments, future financial performance may be impacted. This also presents uncertainty and risk with respect to the Company, its performance and estimates and assumptions. The timing in which global energy markets transition from carbon-based sources to alternative energy or when new regulatory practices may be implemented is highly uncertain.

Changes to assumptions could result in a material adjustment to the carrying amount of assets and liabilities within the next financial year.

E&E assets

The accounting for E&E assets requires Management to make judgments as to whether E&E investments have discovered a sufficient amount of economically recoverable reserves, which requires the quantity and realizable value of such reserves to be estimated and could be impacted by a shift in demand as global energy markets transition to a lower carbon-based economy. Previous estimates can be revised as new information becomes available.

E&E assets remain capitalized as long as sufficient progress is being made in assessing whether the recovery of the reserves is technically feasible and commercially viable. The concept of "sufficient progress" is a judgmental area, and it is possible to have E&E assets remain classified as such for several years while additional E&E activities are carried out or the Company seeks government, regulatory, or internal approval for development plans. E&E assets are subject to ongoing Management review to confirm the continued intent to establish the technical feasibility and commercial viability of the discovery. When Management is making this assessment, changes to project economics, expected capital investments and production costs, results of other operators in the region, and access to infrastructure and potential infrastructure expansions are important factors considered.

6. EXPLORATION AND EVALUATION ("E&E") ASSETS

The following table reconciles the Company's E&E assets:

Cost	E&E Assets
Balance, August 21, 2024	-
Additions	101,369
Balance, November 30, 2024	101,369

7. SHARE CAPITAL

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares, issuable in series. There are no outstanding preferred shares as at November 30, 2024.

The following table summarizes the change in common shares issued and outstanding:

	Shares	Amount
Balance, August 21, 2024		\$ -
Share issuance on incorporation	1	1
Balance, November 30, 2024	1	\$ 1

8. FINANCIAL INSTRUMENTS

Classification and Measurement

The Company's financial instruments on the Balance Sheet are carried at amortized cost. As at November 30, 2024 no significant differences existed between the carrying value of financial instruments and their estimated fair values.

Market Risk Management

The Company is exposed to financial risks arising from normal course business exposures, as well as the Company's use of financial instruments.

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 its parent company to meet current spending forecasts. See note 9 "Due to Related Party".

9. DUE TO RELATED PARTY

Due to related party relates to amounts owing to Gear for net payments made on Newco's behalf for normal course of operations.

10. SUBSEQUENT EVENTS

On December 2, 2024, Gear announced that it has entered into an arrangement agreement (the "Agreement") with Cenovus Energy Inc. ("CVE" or the "Purchaser") pursuant to which CVE will acquire all of the issued and outstanding common shares of Gear (the "Gear Shares"), including all of Gear's heavy oil assets (other than its Tucker Lake property), for \$110 million (subject to adjustments) and all of Gear's other assets, including its light oil assets in Central Alberta and Southeast Saskatchewan, will be conveyed to Newco (collectively, the "Newco Assets"), as provided for in the Agreement (the "Transaction").

Prior to the acquisition of Gear by Cenovus, the Newco Assets will be conveyed to Newco by Gear in exchange for 39,999,999 Newco shares.

The Transaction will be accomplished by way of a statutory plan of arrangement under the Business Corporations Act (Alberta) (the "Arrangement"). The Arrangement includes the transfer of the Newco Assets, including the assumption of certain liabilities for a cash consideration or shares of Newco. 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.

SCHEDULE B

Audited Operating Statements of the Newco Assets for the years ended December 31, 2023, December 31, 2022 and December 31, 2021 and the unaudited Operating Statements of the Newco Assets for the three and nine months ended September 30, 2024

See attached.

Independent Auditor's Report

To the Board of Directors of Gear Energy Ltd.

Opinion

We have audited the operating statements containing petroleum and natural gas sales, royalties, operating expenses, transportation expenses and operating income of the Newco Assets (the "Newco Assets") for the years ended December 31, 2023, 2022 and 2021, and notes to the operating statements, including material accounting policy information (collectively referred to as the "operating statements").

In our opinion, the accompanying operating statements for the years ended December 31, 2023, 2022 and 2021 were prepared, in all material respects, in accordance with the financial reporting framework specified in subsection 3.17 of National Instrument 52-107, Acceptable Accounting Principles and Auditing Standards, for operating statements of an acquired oil and gas property.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Operating Statements* section of our report. We are independent of Gear Energy Ltd. in accordance with the ethical requirements that are relevant to our audit of the operating statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The operating statements of the Assets for the three and nine months period ended September 30, 2024 are unaudited.

Responsibilities of Management and Those Charged with Governance for the Operating Statements

Management of Gear Energy Ltd. is responsible for the preparation of the operating statements in accordance with the financial reporting framework specified in subsection 3.17 of National Instrument 52-107, Acceptable Accounting Principles and Auditing Standards, for operating statements of an acquired oil and gas property, and for such internal control as management of Gear Energy Ltd. determines is necessary to enable the preparation of the operating statements that is free from material misstatement, whether due to fraud or error.

Those charged with governance of Gear Energy Ltd. are responsible for overseeing Gear Energy's financial reporting process over the operating statements of the Newco Assets.

Auditor's Responsibilities for the Audit of the Operating Statements

Our objectives are to obtain reasonable assurance about whether the operating statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this operating statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the operating statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Gear Energy Ltd.'s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management of Gear Energy Ltd.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
December 20, 2024

Operating Statements of the Newco Assets

For the Years Ended December 31, 2023, 2022 and 2021 and the Three and Nine Months Ended September 30, 2024

OPERATING STATEMENTS OF THE NEWCO ASSETS

(Cdn\$ thousands)	Three months ended September 30, 2024	Nine months ended September 30, 2024	2023	Years ended December 31 2022	2021
REVENUE					
Petroleum and natural gas sales	\$ 11,869	\$ 41,495	\$ 56,545	\$ 68,530	\$ 43,948
Royalties	(1,986)	(6,171)	(7,692)	(9,518)	(4,876)
	<u>9,883</u>	<u>35,324</u>	<u>48,853</u>	<u>59,012</u>	<u>39,072</u>
EXPENSES					
Operating	3,573	11,116	15,683	14,302	12,161
Transportation	324	1,216	2,251	4,026	1,497
	<u>3,897</u>	<u>12,332</u>	<u>17,934</u>	<u>18,328</u>	<u>13,658</u>
Operating income	<u>\$ 5,986</u>	<u>\$ 22,992</u>	<u>\$ 30,919</u>	<u>\$ 40,684</u>	<u>\$ 25,414</u>

See accompanying notes to the Operating Statements.

NOTES TO THE OPERATING STATEMENTS OF THE NEWCO ASSETS

For the years ended December 31, 2023, 2022, and 2021 and the three and nine months ended September 30, 2024 (all tabular amounts in Cdn\$ thousands, except as noted)

1. BACKGROUND AND BASIS OF PRESENTATION

The operating statements have been prepared for inclusion in the Management Information Circular of Gear Energy Ltd. ("Gear") dated December 30, 2024 relating to certain transactions contemplated between Gear Energy Ltd., Cenovus Energy Inc. ("CVE") and 2640847 Alberta Ltd (the "Company" or "Newco"), pursuant to an Arrangement Agreement to be entered into by Newco, CVE and Gear. CVE and Gear propose to effect a transaction pursuant to which, among other things, Gear will transfer and convey to Newco the Newco Assets (as defined below), including the Assumed Liabilities and Cenovus will acquire all of the issued and outstanding Gear Shares. Newco filed Articles of Amendment changing its name to Lotus Creek Exploration Inc on December 18, 2024.

Gear will transfer the following assets (the "Newco Assets") to Newco. These assets include all of Gear's right, title, estate and interest in the petroleum, natural gas and related hydrocarbon rights and related property interests within, upon or under the lands and leases including:

- Producing oil and gas properties in Central Alberta, and Southeast Saskatchewan.
- Undeveloped land in Tucker Lake, Alberta

The accompanying operating statements include only revenues, royalties, operating and transportation expenses applicable to the working interest in the Newco Assets.

The line items in the operating statements have been prepared in all material respects using the accounting policies that are permitted by International Financial Reporting Standards ("IFRS") as if those line items were presented as part of a complete set of financial statements. The operating statements are prepared in accordance with the financial reporting framework specified in subsection 3.17 of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*.

The operating statements for the assets do not include any provision for the depletion and depreciation, site restoration, future capital costs, impairment of unevaluated properties, general and administrative costs, and income taxes for the assets as these amounts are derived from the consolidated operations of which the assets only form a part thereof.

2. MATERIAL ACCOUNTING POLICIES

- (a) Revenue recognition
Revenue from the sale of oil, natural gas, and natural gas liquids is recognized based on the consideration specified in the Company's contracts with its customers. Gross revenue is recognized when control of the product transfers to the customer and collection is reasonably assured. Oil and gas revenues are based on realized prices.
- (b) Royalties
Royalties are recorded at the time the product is produced. Royalties are calculated in accordance with the applicable regulations or the terms of individual royalty agreements.
- (c) Operating expenses
Operating expenses include amounts incurred to extract, gather, process and treat the oil, natural gas and natural gas liquids.
- (d) Transportation expenses
Transportation costs include amounts incurred for the transportation of oil, natural gas and natural gas liquids to a sales point.
- (e) Joint Interest Operations
A portion of the oil and gas activities are conducted jointly with industry partners and accordingly this Statement reflects only the historical operations of the proportionate interest in the properties.

SCHEDULE C

STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION REGARDING THE NEWCO ASSETS AS AT DECEMBER 31, 2023

The statement of reserves data and other oil and gas information set forth below (the "**Statement**") is dated December 31, 2023. The effective date of the Statement is December 31, 2023 and the preparation date of the Statement is December 18, 2024.

Disclosure of 2023 Reserves Data

Newco engaged Sproule to provide an evaluation of the portions of the independent reserves evaluation by Sproule of Gear's approved and proved plus probable reserves as at December 31, 2023 specifically related to the Newco Assets. The reserves data set forth below (the "**2023 Reserves Data**") is based upon the 2023 Newco Reserves Report. The 2023 Reserves Data summarizes the crude oil, natural gas liquids and conventional natural gas proved and probable reserves of the Newco Assets and the net present values of future net revenue for these reserves using forecast prices and costs. The 2023 Newco Reserves Report has been prepared in accordance with the standards and the reserve definitions contained in the COGE Handbook and NI 51-101.

All of the Newco Assets are in Canada and, specifically, in the Provinces of Alberta and Saskatchewan.

All evaluations of future net production revenue set forth in the tables below are based on forecast prices and costs and are after direct lifting costs and future capital investments. It should not be assumed that the estimates of future net revenues presented in the tables below represent the fair market value of the reserves. There is no assurance that the forecast prices and costs assumptions will be attained, and variances could be material. The recovery and reserve estimates of the Newco Assets light and medium crude oil, natural gas liquids and conventional natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual light and medium crude oil, conventional natural gas and natural gas liquid reserves may be greater than or less than the estimates provided herein.

In certain of the tables set forth below, the columns may not add due to rounding.

SUMMARY OF OIL AND GAS RESERVES
AND NET PRESENT VALUES OF FUTURE NET REVENUE
AS OF DECEMBER 31, 2023
FORECAST PRICES AND COSTS

RESERVES CATEGORY	RESERVES									
	LIGHT AND MEDIUM CRUDE OIL		HEAVY CRUDE OIL		CONVENTIONAL NATURAL GAS		NATURAL GAS LIQUIDS		TOTAL	
	Gross (Mbbbl)	Net (Mbbbl)	Gross (Mbbbl)	Net (Mbbbl)	Gross (MMcuf)	Net (MMcuf)	Gross (Mbbbl)	Net (Mbbbl)	Gross (MBOE)	Net (MBOE)
Proved Developed										
Producing	3,375	2,932	-	-	8,070	7,440	546	491	5,266	4,663
Non-Producing	151	137	-	-	258	241	32	28	226	205
Proved										
Undeveloped	2,425	2,190	-	-	3,660	3,373	382	354	3,417	3,106
Total Proved	5,951	5,259	-	-	11,988	11,053	959	873	8,908	7,974
Probable	2,521	2,161	-	-	4,295	3,888	349	313	3,585	3,122
Total Proved plus Probable	8,471	7,419	-	-	16,284	14,941	1,308	1,186	12,494	11,095

NET PRESENT VALUES OF FUTURE NET REVENUE

RESERVES CATEGORY	BEFORE INCOME TAXES DISCOUNTED AT										UNIT VALUE BEFORE INCOME TAX DISCOUNTE D AT 10%/year (\$/BOE)
	(%/year)					AFTER INCOME TAXES DISCOUNTED AT (%/year)					
	0	5	10	15	20	0	5	10	15	20	
	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	
Proved Developed											
Producing	171,637	142,317	119,557	102,903	90,522	171,637	142,317	119,557	102,903	90,522	22.71
Non-Producing	7,468	6,035	4,980	4,178	3,553	7,468	6,035	4,980	4,178	3,553	22.02
Proved Undeveloped	76,964	47,884	29,599	17,885	10,024	76,964	47,884	29,599	17,885	10,024	8.66
Total Proved	256,069	196,236	154,136	124,927	104,099	256,069	196,236	154,136	124,927	104,099	17.30
Probable	154,191	97,895	68,557	51,475	40,581	154,191	97,895	68,557	51,475	40,581	19.12
Total Proved plus Probable	410,260	294,132	222,692	176,401	144,680	410,260	294,132	222,692	176,401	144,680	17.82

TOTAL FUTURE NET REVENUE
(UNDISCOUNTED)
AS OF DECEMBER 31, 2023
FORECAST PRICES AND COSTS

RESERVES CATEGORY	REVENUE (M\$)	ROYALTIES (M\$)	OPERATING COSTS (M\$)	DEVELOPMENT COSTS (M\$)	ABANDONMENT AND RECLAMATION COSTS ⁽¹⁾ (M\$)	FUTURE NET REVENUE BEFORE INCOME TAXES (M\$)	INCOME TAXES (M\$)	FUTURE NET REVENUE AFTER INCOME TAXES (M\$)
Total Proved	725,102	81,585	252,164	94,450	40,835	256,069	-	256,069
Total Proved plus Probable	1,054,482	125,850	357,323	118,205	42,843	410,260	-	410,260

Note:

- (1) Reflects estimated abandonment and reclamation for all existing wells (both active and inactive), undeveloped locations (booked by Sproule in the Newco 2023 Reserves Report), and facilities. See "Additional Information Relating to Reserves Data".

FUTURE NET REVENUE
BY PRODUCT TYPE
AS OF DECEMBER 31, 2023
FORECAST PRICES AND COSTS

RESERVES CATEGORY	PRODUCT TYPE	FUTURE NET REVENUE BEFORE INCOME TAXES (discounted at 10%/year) (M\$)	UNIT VALUE (\$/BOE)
Proved Reserves	Light and Medium Crude Oil ⁽¹⁾	315,560	53.02
	Heavy Crude Oil ⁽¹⁾	-	-
	Conventional Natural Gas ⁽²⁾	30,530	15.28
	Natural Gas Liquids	26,964	28.12
Proved Plus Probable Reserves	Light Crude Oil and Medium Crude Oil ⁽¹⁾	420,123	49.59
	Heavy Crude Oil ⁽¹⁾	-	-
	Conventional Natural Gas ⁽²⁾	39,436	14.53
	Natural Gas Liquids	34,441	26.33

Notes:

- (1) Including solution gas and other by-products.
- (2) Including by-products, but excluding solution gas and by-products from oil wells.
- (3) Unit values are based on net reserve volumes.

Notes to 2023 Reserves Data Tables:

1. Columns may not add due to rounding.
2. The light and medium crude oil, conventional natural gas liquids and natural gas reserve estimates presented in the Newco 2023 Reserves Report are based on the definitions and guidelines contained in the COGE Handbook.
3. Levels of Certainty for Reported Reserves:
The qualitative certainty levels referred to below are applicable to individual reserve entities (which refers to the lowest level at which reserves calculations are performed) and to reported reserves (which refers to the highest level sum of individual entity estimates for which reserve estimates are prepared). Reported reserves should target the following levels of certainty under a specific set of economic conditions:
 - (a) at least a 90% probability that the quantities actually recovered will equal or exceed the estimated proved reserves; and
 - (b) at least a 50% probability that the quantities actually recovered will equal or exceed the estimated proved plus probable reserves.

A quantitative measure of the certainty levels pertaining to estimates prepared for the various reserves categories is desirable to provide a clearer understanding of the associated risks and uncertainties. However, the majority of reserves estimates will be prepared using deterministic methods that do not provide a mathematically derived quantitative measure of probability. In principle, there should be no difference between estimates prepared using probabilistic or deterministic methods.

Additional clarification of certainty levels associated with reserves estimates and the effect of aggregation is provided in the COGE Handbook and NI 51-101.
4. Forecast Costs and Price Assumptions
Crude oil and natural gas benchmark reference pricing, inflation and exchange rates utilized by Sproule in the Newco 2023 Reserves Report were an average of forecast prices and costs published by Sproule, GLJ Petroleum Consultants Ltd., and McDaniel & Associates Consultants Ltd. as at December 31, 2023, which are as follows:

SUMMARY OF PRICING AND INFLATION RATE ASSUMPTIONS
FORECAST PRICES AND COSTS

OIL								
Year	WTI Cushing Oklahoma (\$US/bbl)	Cdn Light Sweet Oil Price 40° API (\$Cdn/bbl)	WCS Oil Price (\$Cdn/bbl)	Natural Gas AB Plant Gate Spot Gas Price (\$Cdn/MMBtu)	Pentanes Plus Edmonton (\$Cdn/bbl)	Butanes Price Edmonton (\$Cdn/bbl)	Inflation Rates ⁽¹⁾ %/Year	Exchange Rate ⁽²⁾ (\$US/\$Cdn)
Forecast								
2024	73.67	92.91	76.74	2.20	96.79	47.69	-	0.75
2025	74.98	95.04	79.77	3.37	98.75	48.83	2.0	0.75
2026	76.14	96.07	81.12	4.05	100.71	49.36	2.0	0.76
2027	77.66	97.99	82.88	4.13	102.72	50.35	2.0	0.76
2028	79.22	99.95	85.04	4.21	104.78	51.35	2.0	0.76
2029	80.80	101.94	86.74	4.30	106.87	52.38	2.0	0.76
2030	82.42	103.98	88.47	4.38	109.01	53.43	2.0	0.76
2031	84.06	106.06	90.24	4.47	111.19	54.50	2.0	0.76
2032	85.74	108.18	92.04	4.56	113.41	55.58	2.0	0.76
2033	87.46	110.35	93.89	4.65	115.67	56.70	2.0	0.76
2034+	Escalated oil, gas and product prices at 2% per year thereafter							

Notes:

- (1) Inflation rates for forecasting prices and costs.
- (2) Exchange rates used to generate the benchmark reference prices in this table.
5. Weighted average historical prices realized, before transportation and financial derivative contracts, for the year ended December 31, 2023 were \$2.56/Mcf for natural gas, \$93.64/bbl for light and medium crude oil, \$72.60/bbl for heavy crude oil and \$45.55/bbl for NGLs.
6. Sproule's evaluation reflects the full estimated abandonment and reclamation for all existing wells (both active and inactive), undeveloped locations (booked by Sproule in the 2023 Newco Reserves Report), and facilities regardless of whether such entities had any attributed reserves.
7. The forecast price and cost assumptions assume the continuance of current laws and regulations.
8. The extent and character of all factual data supplied to Sproule were accepted by Sproule as represented. No field inspection was conducted.
9. The after-tax net present value of Newco's properties here reflects the tax burden on the properties on a stand-alone basis and utilizing Newco's tax pools. It does not consider the business-entity-level tax situation, or tax planning. It does not provide an estimate of the value at the level of the business entity, which may be significantly different. The financial statements and the management's discussion and analysis of Newco should be consulted for information at the level of the business entity. Furthermore, the tax methodology used assumes that all tax pools are utilized to the maximum depreciation rate as currently permitted.

Additional Information Relating to 2023 Reserves Data

Undeveloped Reserves

Undeveloped reserves are attributed by Sproule in accordance with standards and procedures contained in the COGE Handbook. Proved undeveloped reserves are those reserves that can be estimated with a high degree of certainty and are expected to be recovered from known accumulations where a significant expenditure is required to render them capable of production. Probable undeveloped reserves are those reserves that are less certain to be recovered than proved reserves and are expected to be recovered from known accumulations where a significant expenditure is required to render them capable of production. Proved and probable undeveloped reserves have been assigned in accordance with engineering and geological practices as defined under NI 51-101. In general, undeveloped reserves are planned to be developed over the next two years.

In some cases, it will take longer than two years to develop these reserves. There are a number of factors that could result in delayed or cancelled development, including the following: (i) changing economic conditions (due to pricing, operating and capital expenditure fluctuations); (ii) changing technical conditions (including production anomalies,

such as water breakthrough or accelerated depletion); (iii) multi-zone developments (for instance, a prospective formation completion may be delayed until the initial completion formation is no longer economic); (iv) a larger development program may need to be spread out over several years to optimize capital allocation and facility utilization; and (v) surface access issues (including those relating to land owners, weather conditions and regulatory approvals). For more information, see "*Risk Factors*" in this Appendix.

Sproule has assigned 2,425 Mbbbl of light and medium crude oil, Nil Mbbbl heavy crude oil, 3,660 MMcf of conventional natural gas and 382 Mbbbl of NGLs to proved undeveloped reserves as at December 31, 2023. Sproule has assigned 1,380 Mbbbl of light and medium crude oil, 0 Mbbbl heavy crude oil, 1,926 MMcf of conventional natural gas and 176 Mbbbl of NGLs to probable undeveloped reserves as at December 31, 2023.

In general, once proved and/or probable undeveloped reserves are identified, they are included in Gear's development plans. Both the proved and/or probable undeveloped reserves are fairly evenly distributed across Newco's geographic and commodity play types.

Newco plans to develop 58% of its proved undeveloped reserves by December 31, 2025, 86% by December 31, 2026, and the remaining 14% of proved undeveloped reserves by December 31, 2027. Beyond the reasons noted below, Newco plans to continue tight capital discipline in the short term until commodity pricing and other market factors provide greater economic certainty to accelerate development drilling. This drilling timeline provides strong cash flows to manage potential market uncertainties while still providing sufficient cash to accelerate its enhanced oil recovery opportunities, and meet other corporate objectives.

Newco plans to develop 29% of its probable undeveloped reserves by December 31, 2025, 74% by December 31, 2026, and the remaining 26% of its probable undeveloped reserves by December 31, 2027. These locations will continue to be re-evaluated to assess their relative economic merits when compared to other projects available to Newco.

Undeveloped reserves planned to be developed beyond two to three years are scheduled in that manner due to various factors including access to capital, limitations on egress and pricing uncertainty. A number of factors that could result in delayed or cancelled development are as follows:

- development of a superior opportunity inventory to select from;
- changing economic conditions (due to pricing, royalties, operating and capital expenditure fluctuations);
- changing technical conditions (production anomalies (such as water breakthrough, accelerated depletion));
- multi-zone developments (such as a prospective formation completion may be delayed until the initial completion is no longer economic);
- a larger development program may need to be spread out over several years to optimize capital allocation and facility utilization; and
- surface access issues (landowners, weather conditions, regulatory approvals).

See "*Statement of Reserves Data and Other Oil and Gas Information Regarding the Newco Assets – Other Oil and Gas Information – Principal Properties*", "*Additional Information Relating to 2023 Reserves Data – Future Development Costs*" and "*Statement of Reserves Data and Other Oil and Gas Information Regarding the Newco Assets— Other Oil and Gas Information – Capital Expenditures*" for a description of Newco's exploration and development plans and expenditures.

Significant Factors or Uncertainties

The process of evaluating reserves is inherently complex. It requires significant judgments and decisions based on available geological, geophysical, engineering and economic data. These estimates may change substantially as additional data from ongoing development activities and production performance becomes available and as economic conditions impacting crude oil and natural gas prices and costs change. The reserve estimates contained herein are based on current production forecasts, prices and economic conditions and other factors and assumptions that may affect the reserve estimates and the present worth of the future net revenue therefrom. These factors and assumptions

include, among others: (i) historical production in the area compared with production rates from analogous producing areas; (ii) initial production rates; (iii) production decline rates; (iv) ultimate recovery of reserves; (v) success of future development activities; (vi) marketability and pricing of production; (vii) effects of government regulations; and (viii) other government levies imposed over the life of the reserves.

As circumstances change and additional data becomes available, reserve estimates also change. Estimates are reviewed and revised, either upward or downward, as warranted by the new information. Revisions are often required due to changes in well performance, prices, economic conditions and government restrictions. Revisions to reserve estimates can arise from changes in year-end prices, reservoir performance and geologic conditions or production. These revisions can be either positive or negative.

Newco does not anticipate any unusually high development costs or operating costs to produce and sell any material portion of its reserves. Where required, capital to construct facilities and pipelines necessary to deliver the forecasted products to market has been deducted from the estimates of cash flows used to calculate future net revenue. Newco has not entered into any contractual obligations to produce and sell a significant portion of production at prices substantially below those which could be realized except for those contractual obligations described under the heading "*Statement of Reserves Data and Other Oil and Gas Information Regarding the Newco Assets— Other Oil and Gas Information – Forward Contracts and Marketing*".

Newco does not anticipate any unusually high abandonment or reclamation costs.

Future Development Costs

The following table sets forth development costs deducted in the estimation of the future net revenue of the Newco Assets attributable to the reserve categories noted below:

Year	Forecast Capital Costs (M\$)	
	Proved Reserves	Proved Plus Probable Reserves
2024	11.1	12.6
2025	44.1	49.9
2026	26.0	36.4
2027	13.2	19.3
2028	-	-
Thereafter	-	-
Total Undiscounted	94.5	118.2

On an ongoing basis, Newco will use internally generated funds from operations, debt and new equity issues if available on favourable terms to finance its capital expenditure program. The cost of funding is not expected to have any effect on disclosed reserves or future net revenue nor make the development of a property uneconomic for Newco.

If funds from operations are other than projected, capital expenditures may be adjusted. In addition, depending on a number of factors including commodity prices, industry conditions and Newco's financial and operating results, debt or equity financing may not be available, which could also result in adjustments to the capital program as required.

Other Oil and Gas Information

Principal Properties

For a description of Newco's principal properties, see "*Statement of Reserves Data and Other Oil and Gas Information Regarding the Newco Assets— Other Oil and Gas Information – Principal Properties*" in this Appendix.

Oil and Gas Wells

The following table sets forth the number and status of crude oil and natural gas wells (all of which are onshore) for the Newco Assets in which Gear had a working interest as at December 31, 2023.

	Oil Wells				Natural Gas Wells			
	Producing		Non-Producing		Producing		Non-Producing	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Alberta	109.0	85.0	40.0	34.0	458.0	103.7	46.0	23.3
Saskatchewan	62.0	61.5	39.0	35.8	-	-	-	-
Total	171.0	146.5	79.0	69.8	458.0	103.7	46.0	23.3

Note:

- (1) This table does not include water source wells, injection wells, abandoned wells or wells which have never produced. Producing wells are based on public data status.

Land Holdings Including Properties with no Attributable Reserves

The following table sets out the developed and undeveloped land holdings associated with the Newco Assets as at December 31, 2023.

	Developed Acres		Undeveloped Acres		Total Acres	
	Gross	Net	Gross	Net	Gross	Net
Alberta	64,687	45,779	48,771	43,454	113,458	89,233
Saskatchewan	19,044	18,696	6,766	6,746	25,810	25,442
Total	83,731	64,475	55,537	50,200	139,268	114,675

Newco calculates both its gross and net acres on a per lease basis. Undeveloped lands are calculated by adding the surface area acreage covered by the leases or agreements or portions of the leases or agreements without producing or potentially producing wells. In certain limited circumstances where there are rights in different formations under the same surface area pursuant to different leases or agreements, we have included the acreage with respect to all such leases or agreements. There are no significant factors or uncertainties associated with the undeveloped land.

See "Statement of Reserves Data and Other Oil and Gas Information Regarding the Newco Assets— Other Oil and Gas Information – Land Holdings Including Properties with no Attributable Reserves" in this Appendix for additional information.

Forward Contracts and Marketing

See "Statement of Reserves Data and Other Oil and Gas Information Regarding the Newco Assets— Other Oil and Gas Information – Forward Contracts and Marketing" in this Appendix for additional information.

Tax Horizon

As a newly incorporated entity, Newco has not been required to pay any income related taxes. Following the Arrangement, Newco will have approximately \$60,000,000 of tax pools available, primarily Canadian Oil and Gas Property Expense and Capital Cost Allowance deductions. It is expected, based upon current legislation, the projections contained in the 2023 Newco Reserves Report and various other assumptions, that no cash income taxes are to be paid by Newco in the near future. A higher level of capital expenditures than those contained in the 2023 Newco Reserves Report, or further additional acquisitions, could further extend the estimated tax horizon.

Additional Information Concerning Abandonment and Reclamation Costs

Newco estimates the costs to abandon and reclaim all the Newco Assets, non-producing and producing wells, gas plants, pipelines, batteries and other facilities based on its previous experience, current regulations, costs, technology an industry standards area by area. No estimate of salvage value is netted against the estimated cost. Newco's model for estimating the amount of future abandonment and reclamation expenditures was done on an individual well and

facility level. Estimated expenditures for each well and facility are based on internal estimates. Each well and facility is assigned an average cost for abandonment and reclamation over a 48 year period. Timing of expenditures is based on budgets and estimates of such annual activities. Facility reclamation costs are generally scheduled to begin shortly before the end of the reserve life of Newco's associated reserves and continue beyond the reserve life under the assumption that decommissioning of plant/facilities are generally mobile assets with a long useful life.

See "Statement of Reserves Data and Other Oil and Gas Information Regarding the Newco Assets— Other Oil and Gas Information – Additional Information Concerning Abandonment and Reclamation Costs" in this Appendix for additional information.

Capital Expenditures

The following table summarizes capital expenditures for the year ended December 31, 2023 related to the Newco Assets:

	(M\$)
Corporate Acquisition Cost	-
Property Acquisition Costs	
Proved properties	-
Undeveloped properties	-
Exploration costs	1,964
Development costs	15,701
Dispositions	-
Total	<u>17,665</u>

Exploration and Development Activities

The following table sets forth the gross and net exploratory and development wells on the Newco Assets in which Gear participated during the year ended December 31, 2023:

	Exploratory Wells		Development Wells	
	Gross	Net	Gross	Net
Light and Medium Crude Oil	-	-	2	2
Heavy Crude Oil	-	-	-	-
Conventional Natural Gas	-	-	-	-
Dry	-	-	-	-
Service/Other	-	-	-	-
Stratigraphic Test	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>2</u>	<u>2</u>

See "Statement of Reserves Data and Other Oil and Gas Information Regarding the Newco Assets – Other Oil and Gas Information – Principal Properties" for a description of Newco's exploration and development plans.

Production Estimates

The following tables disclose, by product type, and by area, the total volume of gross production estimated by Sproule for the Newco Assets for the year ended December 31, 2024 as reflected in the estimates of future net revenue from gross proved and gross probable reserves disclosed in the 2023 Newco Reserves Report.

From Gross Proved Reserves:	Light and Medium Crude Oil (bbls/d)	Heavy Crude Oil (bbls/d)	Conventional Natural Gas (Mcf/d)	Natural Gas Liquids (bbls/d)	BOE (BOE/d)	%
Wilson Creek	790	-	1,401	164	1,188	49
Tableland	670	-	623	112	886	37
Other	69	-	1,488	18	335	14
Total	1,529	-	3,513	294	2,408	100

Note:

- (1) Columns may not add due to rounding.

From Gross Probable Reserves:	Light and Medium Crude Oil (bbls/d)	Heavy Crude Oil (bbls/d)	Conventional Natural Gas (Mcf/d)	Natural Gas Liquids (bbls/d)	BOE (BOE/d)	%
Wilson Creek	853	-	1,490	175	1,276	48
Tableland	786	-	695	125	1,027	39
Other (Back Calc)	70	-	1,535	18	344	13
Total (Need total)	1,708	-	3,720	318	2,646	100

Note:

- (1) Columns may not add due to rounding.

Production History

Production for the Newco Assets for the year ended December 31, 2023 was 63% light crude oil, 25% conventional natural gas and 12% was NGLs. For the year ended December 31, 2023, approximately 94% of the gross revenue from the Newco Assets was derived from crude oil and NGLs production and 6% was derived from natural gas production.

See "Statement of Reserves Data and Other Oil and Gas Information Regarding the Newco Assets— Other Oil and Gas Information – Production History" in this Appendix for additional information.

APPENDIX F

NEWCO SHARE OPTION PLAN

(See attached)

LOTUS CREEK EXPLORATION INC.

SHARE OPTION PLAN

1. Purpose of Plan

The purpose of this plan is to develop the interest of officers, directors, Employees of, Consultants to, Lotus Creek Exploration Inc. and its subsidiaries or persons providing services on an ongoing basis thereto in the growth and development of the Corporation and its subsidiaries by providing them with the opportunity through options to acquire an increased proprietary interest in the Corporation.

2. Defined Terms

In this Plan, capitalized terms not otherwise defined in this Plan have the meanings set forth below. Notwithstanding the foregoing, where defined terms used herein are also defined in the policies of the TSXV and there are discrepancies between said defined terms, the defined term used in the policies of the TSXV shall prevail over the defined term used in this Plan during such period of time as the Common Shares are listed on the TSXV.

- (a) "**associate**" has the meaning set forth in the *Securities Act* (Alberta);
- (b) "**Board**" means the board of directors of the Corporation;
- (c) "**business day**" a day other than a Saturday, Sunday or other than a day when banks in the City of Calgary, Alberta are generally not open for business;
- (d) "**Change of Control**" means:
 - (i) the sale to a person or acquisition by a person not affiliated with the Corporation or its subsidiaries of net assets of the Corporation or its subsidiaries having a value greater than 50% of the fair market value of the net assets of the Corporation and its subsidiaries determined on a consolidated basis prior to such sale whether such sale or acquisition occurs by way of reconstruction, reorganization, recapitalization, consolidation, amalgamation, arrangement, merger, transfer, sale or otherwise;
 - (ii) any change in the holding, direct or indirect, of shares of the Corporation by a person not affiliated with the Corporation as a result of which such person, or a group of persons, or persons acting in concert, or persons associated or affiliated with any such person or group within the meaning of the *Business Corporations Act* (Alberta), are in a position to exercise effective control of the Corporation whether such change in the holding of such shares occurs by way of takeover bid, reconstruction, reorganization, recapitalization, consolidation, amalgamation, arrangement, merger, transfer, sale or otherwise if members of the Board who are members of the Board immediately prior to the earlier of such change and the first public announcement of such change cease to constitute a majority of the Board at any time within sixty days of such change; and for the purposes of this Plan, a person or group of persons holding shares or other securities in excess of the number which, directly or following conversion thereof, would entitle the holders thereof to cast 50% or more of the votes attaching to all shares of the Corporation which, directly or following conversion of the convertible securities forming part of the holdings of the person or group of persons noted above, may be cast to elect directors of the Corporation shall be deemed, other than a person holding such shares or other securities in the ordinary course of business as an investment manager who is not using such holding to exercise effective control, to be in a position to exercise effective control of the Corporation; or

- (iii) the winding up or liquidation of the Corporation or the sale, lease or transfer of all or substantially all of the directly or indirectly held assets of the Corporation to any other person or persons (other than pursuant to an internal reorganization or in circumstances where the business of the Corporation is continued and where the shareholdings or other securityholdings, as the case may be, in the continuing entity and the constitution of the board of directors or similar body of the continuing entity is such that the transaction would not be considered a "Change of Control" if paragraph (d)(ii) above was applicable to the transaction);
- (e) "**Common Shares**" means the common shares of the Corporation or, in the event of an adjustment contemplated by Section 12 or 13 hereof, such other securities to which an Optionee may be entitled upon the exercise of an Option as a result of such adjustment;
- (f) "**Company**" means a corporation, incorporated association or organization, body corporate, partnership, trust, fund, association and any other entity other than an individual;
- (g) "**Consultant**" means an individual (other than a director, officer or Employee of the Corporation or any of its subsidiaries) or Company that: (i) is engaged to provide on an ongoing bona fide basis, consulting, technical, management or other services to the Corporation or to any of its subsidiaries, other than services provided in relation to a Distribution (as defined in the policies of the TSXV); (ii) provides the services under a written contract between the Corporation or any of its subsidiaries and the individual or the Company, as the case may be; and (iii) in the reasonable opinion of the Corporation, spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or of any of its subsidiaries;
- (h) "**Consultant Company**" means a Consultant that is a Company;
- (i) "**Corporation**" means Lotus Creek Exploration Inc., and includes any successor corporation thereof;
- (j) "**Discounted Market Price**" has the meaning set forth in Section 7 hereof;
- (k) "**Distribution**" has the meaning ascribed thereto in the *Securities Act* (Alberta);
- (l) "**Employee**" means:
 - (i) an individual who is considered an employee of the Corporation or of its subsidiary under the *Income Tax Act* (Canada) and for whom income tax, employment insurance and Canada Pension Plan deductions must be made at source;
 - (ii) an individual who works full-time for the Corporation or its subsidiary providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or its subsidiary over the details and methods of work as an employee of the Corporation or of the subsidiary, as the case may be, but for whom income tax deductions are not made at source; or
 - (iii) an individual who works for the Corporation or its subsidiary on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or its subsidiary over the details and methods of work as an employee of the Corporation or of the subsidiary, as the case may be, but for whom income tax deductions are not made at source;
- (m) "**Exercise Price**" has the meaning set forth in Section 7 hereof;

- (n) **"Good Reason"** means any materially adverse change by the Corporation without the agreement of an Optionee, in any of the Optionee's duties, powers, rights, salary, title or lines of reporting, such that immediately after such change or series of changes, the responsibilities and status of such Optionee, taken as a whole, are fundamentally diminished compared to those assigned to the Optionee immediately prior to such change or series of changes, or any other reason that would be considered to amount to constructive dismissal by a court of competent jurisdiction in Alberta;
- (o) **"Insider"** has the meaning set forth in the applicable rules of the TSXV for this purpose;
- (p) **"Investor Relations Activities"** means any activities, by or on behalf of the Corporation or a shareholder of the Corporation, that promote or reasonably could be expected to promote the purchase or sale of securities of the Corporation, but does not include:
 - (i) the dissemination of information provided, or records prepared, in the ordinary course of business of the Corporation:
 - (A) to promote the sale of products or services of the Corporation; or
 - (B) to raise public awareness of the Corporation;

that cannot reasonably be considered to promote the purchase or sale of securities of the Corporation;
 - (ii) activities or communications necessary to comply with the requirements of:
 - (A) applicable securities laws; or
 - (B) Exchange Requirements (as defined in the policies of the TSXV) or the by-laws, rules or other regulatory instruments of any other self regulatory body or exchange having jurisdiction over the Corporation;
 - (iii) communications by a publisher of, or writer for, a newspaper, magazine or business or financial publication, that is of general and regular paid circulation, distributed only to subscribers to it for value or to purchasers of it, if:
 - (A) the communication is only through the newspaper, magazine or publication; and
 - (B) the publisher or writer receives no commission or other consideration other than for acting in the capacity of publisher or writer; or
 - (iv) activities or communications that may be otherwise specified by the TSXV;
- (q) **"Investor Relations Service Provider"** includes any Consultant that performs Investor Relations Activities and any director, officer, Employee or Management Company Employee whose role and duties primarily consist of Investor Relations Activities;
- (r) **"Management Company Employee"** means an individual employed by the Corporation providing management services to the Corporation, which services are required for the ongoing successful operation of the business enterprise of the Corporation;
- (s) **"Non-Management Director"** means a director of the Corporation who is not also an Employee of or Consultant of the Corporation or its subsidiaries;
- (t) **"Options"** means options to purchase Common Shares granted pursuant to the provisions hereof;

- (u) "**Optionees**" means persons to whom Options are granted and which such Options, or a portion thereof, remain unexercised;
- (v) "**Plan**" means this share option plan of the Corporation, as the same may be amended or varied from time to time;
- (w) "**Participants**" means directors, officers, Employees of, and Consultants to, the Corporation or its subsidiaries and other Service Providers;
- (x) "**Service Provider**" means a person or company engaged by the Corporation or its subsidiaries to provide services for an initial, renewable or extended period of twelve months or more;
- (y) "**Shareholders**" means the holders of Common Shares;
- (z) "**Surrender Price**" means the closing price of the Common Shares on the TSXV on the date the Options are surrendered to the Corporation in accordance with Section 10 or Section 11 hereof, as applicable, provided that if the Common Shares are not then listed and posted for trading on the TSXV, then the Surrender Price shall be determined by the Board in its sole discretion acting reasonably and in good faith;
- (aa) "**Take-over Proposal**" means any proposal or offer by a third party, whether or not subject to a due diligence condition and whether or not in writing, to acquire in any manner, directly or indirectly, beneficial ownership of or control or direction over more than 50% of the Corporation's outstanding voting shares whether by way of arrangement, amalgamation, merger, consolidation or other business combination, including any single or multi-step transaction or series of related transactions that is structured to permit such third person to acquire in any manner, directly or indirectly, more than 50% of its outstanding voting shares;
- (bb) "**Termination Date**" means the date that is the earlier of:
 - (i) for an Optionee that is a director or officer of the Corporation or a subsidiary of the Corporation but not an Employee or Consultant of the Corporation, the Optionee's last day as a director or officer of the Corporation; or
 - (ii) for an Optionee that is an Employee or Consultant or Consultant Company, the Optionee's last day actively at work performing the usual and customary day-to-day duties of the Optionee's employment or consulting position, regardless of the reason for the cessation of the employment or consulting relationship, regardless of whether any advance working notice, or compensation in lieu of such notice is given to such Optionee, and regardless of whether or not such cessation of the employment or consulting relationship is later found to be invalid or unlawful or in breach of any applicable laws, and the Termination Date shall not, under any circumstances, be extended by any statutory, contractual or common law notice period mandated under any applicable law; or
 - (iii) the date of the Optionee's death; and
- (cc) "**TSXV**" means the TSX Venture Exchange Inc.

3. Administration

The Plan shall be administered by the Board. The Board may, from time to time, adopt such rules and regulations for administering the Plan as it may deem proper and in the best interests of the Corporation and may, subject to applicable law, delegate its powers hereunder to administer the Plan to a committee of the Board. The Board may delegate to any committee of the Board any duties relating to the Plan as the Board may deem advisable, and where so delegated, any reference to the Board in this Plan shall be deemed to be a reference to such committee.

In addition, the Board may delegate to one or more of its members or to one or more agents any duties as it may deem advisable, and the Board or any person to whom it has delegated duties as aforesaid may employ one or more persons to render advice with respect to any responsibility the Board or such person may have under the Plan.

4. Granting of Options

Subject to this Section 4, the Board may from time to time designate directors, officers, Employees of, and Consultants to, the Corporation or its subsidiaries and other Service Providers to whom Options may be granted and the number of Common Shares to be optioned to each, provided that the number of Common Shares to be optioned shall not exceed the limitations provided in Section 5 hereof.

During such time as the Common Shares are listed on the TSXV and the policies of the TSXV so require: (i) except in relation to Consultant Companies, Options may be granted only to an individual or to a Company that is wholly owned by individuals eligible to receive Options hereunder; and (ii) if an Optionee is a Company (excluding a Consultant Company), it must provide the TSXV with such documentation as the policies of the TSXV may require and otherwise comply with the requirements of the TSXV.

5. Limitations to the Plan

Notwithstanding any other provision of the Plan:

- (a) unless otherwise approved by the Shareholders, the aggregate number of Common Shares that may be issued pursuant to the exercise of Options awarded under the Plan and all other share compensation arrangements of the Corporation is 10% of the Common Shares outstanding from time to time;
- (b) unless the approval of the disinterested shareholders of the Corporation is obtained, the number of Common Shares reserved for issuance at any time, pursuant to the Plan and all other established or proposed share compensation arrangements of the Corporation, to Insiders shall not exceed 10% of the outstanding Common Shares and the number of Common Shares issued within a 12 month period, pursuant to the Plan and all other established or proposed share compensation arrangements of the Corporation, to any one Insider and such Insider's associates shall not exceed 10% of the outstanding Common Shares;
- (c) the aggregate number of Common Shares that may be reserved for issuance pursuant to the exercise of Options awarded to any one person (inclusive of entities that are wholly owned by such person) within a 12 month period shall not exceed 5% of the Common Shares outstanding from time to time (determined at the date an Option is granted);
- (d) the aggregate number of Common Shares that may be reserved for issuance pursuant to the exercise of Options awarded, to any one Consultant within a 12 month period shall not exceed 2% of the Common Shares outstanding (determined at the date an Option is granted); and
- (e) the aggregate number of Common Shares that may be reserved for issuance pursuant to the exercise of Options awarded within any 12 month year period to all persons engaged in Investor Relations Activities must not exceed 2% of the Common Shares outstanding (determined at the date an Option is granted).

In determining the number of Common Shares issued within a 12 month period for the purposes of subclause (b) above, the number of Common Shares shall be determined on the basis of the number of Common Shares that are outstanding immediately prior to the Common Share issuance, excluding any Common Shares issued pursuant to share compensation arrangements of the Corporation over the preceding 12 month period.

For the purposes of this Section 5 any increase in the issued and outstanding Common Shares (whether it is a result of exercise of Options, including under Section 11 hereof, or otherwise) will result in an increase in the

number of Common Shares that may be issued on Options outstanding at any time and any increase in the number of Options granted will, upon exercise, make new grants available under the Plan.

Options that are cancelled, surrendered, terminated or expire prior to the exercise of all or a portion thereof shall result in the Common Shares that were reserved for issuance thereunder being available for a subsequent grant of Options pursuant to this Plan to the extent of any Common Shares issuable thereunder that are not issued under such cancelled, surrendered, terminated or expired Option.

6. Vesting of Options

The Board may, in its sole discretion, determine: (i) the time during which Options shall vest; (ii) the method of vesting; or (iii) that no vesting restriction shall exist. In the absence of any determination by the Board to the contrary, Options will vest and be exercisable as to one-third (1/3) of the total number of Common Shares subject to the Options on each of the first, second and third anniversaries of the date of grant (computed in each case to the nearest full share) (subject to acceleration of vesting at the discretion of the Board).

Notwithstanding the foregoing, Options granted to any Investor Relations Service Provider must vest in stages over a period of not less than 12 months such that: (i) no more than 1/4 of the Options vest no sooner than three months after the Options were granted; (ii) no more than another 1/4 of the Options vest no sooner than six months after the Options were granted; (iii) no more than another 1/4 of the Options vest no sooner than nine months after the Options were granted; and (iv) the remainder of the Options vest no sooner than 12 months after the Options were granted.

7. Option Price

Subject to the policies of the TSXV, the exercise price (the "**Exercise Price**") of any Option shall be fixed by the Board when such Option is granted, provided that such price shall not be less than the Discounted Market Price of the Common Shares. For this purpose, if the Corporation does not issue a news release to fix the price in accordance with the policies of the TSXV, "**Discounted Market Price**" shall mean the last closing trading price per Common Share on the TSXV (or if the Common Shares are not listed on the TSXV, on such stock exchange as the Common Shares are then traded) before the date of grant of the Option, less the applicable discount, or, if the Common Shares are not listed on any stock exchange, a price determined by the Board. The Corporation must obtain disinterested shareholder approval for any reduction in the Exercise Price of an Option or the extension of the term of an Option that is held by an Insider of the Corporation at the time of the proposed amendment.

8. Option Terms

The period during which an Option is exercisable shall, subject to the provisions of the Plan requiring or permitting acceleration of rights of exercise, be such period, as may be determined from time to time by the Board but subject to the rules of any stock exchange or other regulatory body having jurisdiction, and in the absence of any determination to the contrary will be five (5) years from the date of grant.

Should the expiry date of an Option fall within a Black Out Period (as defined below) or within nine business days following the expiration of a Black Out Period, such expiry date of the Option shall be automatically extended without any further act or formality to that date which is the tenth business day after the end of the Black Out Period, such tenth business day to be considered the expiry date for such Option for all purposes under the Plan. The ten business day period referred to in this paragraph may not be extended by the Board.

"Black Out Period" means the period during which the relevant Optionee is prohibited from exercising an Option due to trading restrictions imposed by the Corporation pursuant to any policy of the Corporation respecting restrictions on trading that is in effect at that time.

Each Option shall, among other things, contain provisions to the effect that the Option shall be personal to the Optionee and shall not be assignable or transferable. In addition, each Option shall provide that:

- (a) upon the death of the Optionee, the Option shall terminate on the date determined by the Board which shall not be more than twelve (12) months from the date of death; and
- (b) if the Optionee shall no longer be a director or officer of or be in the employ of, or consultant or other Service Provider to, either the Corporation or a subsidiary of the Corporation (other than by reason of death), the Option shall terminate on the expiry of the period prescribed by the Board at the time of grant, provided that such date shall not be in excess of six (6) months following the Termination Date and, in the absence of any determination to the contrary, will be thirty (30) days following the Termination Date;

provided that the number of Common Shares that the Optionee (or his or her heirs or successors) shall be entitled to purchase until such date of termination shall be the number of Common Shares which the Optionee was entitled to purchase on the Termination Date.

The Plan does not confer upon an Optionee any right with respect to continuation of employment by the Corporation or any subsidiary thereof, nor does it interfere in any way with the right of the Optionee, the Corporation or a subsidiary thereof to terminate the Optionee's employment or consulting relationship or service provision at any time.

Notwithstanding any other provisions contained herein, the Board may, in its sole discretion, accelerate the expiry date or shorten the time period within which Options shall be exercisable in connection with a Change of Control.

9. Exercise of Option

Subject to the provisions of the Plan, an Option may be exercised from time to time by delivery to the Corporation at its head office in Calgary, Alberta or such other place as may be specified by the Corporation, of a written notice of exercise specifying the number of Common Shares with respect to which the Option is being exercised and accompanied by payment in full of the Exercise Price unless such exercise is made in accordance with Article 10 or 11 hereof. The Exercise Price is payable in lawful money of Canada by cash, cheque, certified cheque, bankers' draft, wire transfer or such other manner of payment acceptable to the Corporation.

10. Exercise for Cash

Notwithstanding anything else contained herein, an Optionee, other than an Optionee that is an Investor Relations Service Provider, may elect to surrender, in whole or in part, his or her rights under any Option by written notice given to the Corporation stating that such Optionee wishes to surrender his or her Option in exchange for a payment by the Corporation of a cash amount per Option equal to the difference (if positive) between the Surrender Price (as calculated on the date of surrender) and the Exercise Price of the Option. The Board has the sole discretion to consent to or reject the election of the Optionee to receive cash pursuant to this Section 10; provided that the exercise of any Options for cash pursuant to this Section 10 (including the Surrender Price thereof) will be subject to the prior approval of the TSXV. If the Board or the TSXV disapproves of the election, such Optionee may (i) exercise the Option under Section 9 (read without reference to Section 10); (ii) provided that the Corporation has not rejected a request of such Optionee to exercise any Options pursuant to Section 11 in the previous six (6) months, exercise the Option under Section 11 (the Board may still reject the Optionee's election to exercise pursuant to Section 11); or (iii) retract the request to exercise such Option.

11. Cashless Exercise

Notwithstanding anything else contained herein, an Optionee, other than an Optionee that is an Investor Relations Service Provider, may elect to surrender, in whole or in part, his or her rights under any Option by written notice given to the Corporation stating that such Optionee wishes to surrender his or her Option in exchange for the issuance of Common Shares equal to the number determined by dividing the Surrender Price (calculated as at the date of surrender) into the difference (if positive) between the Surrender Price (calculated as at the date of surrender) and the Exercise Price. The Board has the sole discretion to consent to or reject the election of such Optionee to receive

Common Shares pursuant to this Section 11. If the Board disapproves of the election, such Optionee may (i) exercise the Option under Section 9 (read without reference to Section 11); (ii) provided that the Corporation has not rejected a request of such Optionee to exercise any Options pursuant to Section 10 in the previous six (6) months, exercise the Option under Section 10 (the Board may still reject the Optionee's election to exercise pursuant to Section 10); or (ii) retract the request to exercise such Option.

12. Alterations in Shares

In the event, at any time or from time to time, that the share capital of the Corporation shall be consolidated or subdivided prior to the exercise by the Optionee, in full, of any Option in respect of all of the shares granted or the Corporation shall pay a dividend upon the Common Shares by way of issuance to the holders thereof of additional Common Shares, Options with respect to any shares which have not been purchased at the time of any such consolidation, subdivision or stock dividend shall be proportionately adjusted so that the Optionee shall from time to time, upon the exercise of an Option, be entitled to receive the number of shares of the Corporation the Optionee would have held following such consolidation, subdivision or stock dividend if the Optionee had purchased the shares and had held such shares immediately prior to such consolidation, subdivision or stock dividend. Upon any such adjustments being made, the Optionee shall be bound by such adjustments and shall accept the terms of such Options in lieu of the Options previously outstanding. As required by the policies of the TSXV, any adjustment, other than in connection with a consolidation or subdivision, to Options outstanding under the Plan will be subject to the prior approval of the TSXV.

13. Mergers, Amalgamation and Sale

If the Corporation shall become merged (whether by plan of arrangement or otherwise) or amalgamated in or with another corporation or shall sell the whole or substantially the whole of its assets and undertakings for shares or securities of another corporation or other entity, the Corporation shall, subject to this Section 13, make provision that, upon exercise of an Option during its unexpired period after the effective date of such merger, amalgamation or sale, the Optionee shall receive such number of shares of the continuing successor corporation or other entity in such merger or amalgamation or the securities or shares of the purchasing corporation or other entity as the Optionee would have received as a result of such merger, amalgamation or sale if the Optionee had purchased the shares of the Corporation immediately prior thereto for the same consideration paid on the exercise of the Option and had held such shares on the effective date of such merger, amalgamation or sale and, upon such provision being made, the obligation of the Corporation to the Optionee in respect of the Common Shares subject to the Option shall terminate and be at an end and the Optionee shall cease to have any further rights in respect thereof.

14. Change of Control

In the circumstances where the Corporation has entered into an agreement relating to, or otherwise becomes aware of, a transaction which, if completed, would result in a Change of Control, the Corporation shall give written notice of the proposed transaction to the Participants, together with a description of the effect of such Change of Control on outstanding Options. Such notice shall be given not less than fifteen (15) business days prior to the closing of the transaction resulting in the Change of Control. Notwithstanding anything else in this Plan or any agreements entered into between the Corporation and each Optionee to whom an Option is granted hereunder to the contrary, the Board may, in connection with a Change of Control and at its sole option and without the consent of any Participant: (i) take such steps as are necessary or desirable to cause the conversion or exchange or replacement of any outstanding Options into or for, rights or other securities of substantially equivalent value (or greater value), as determined by the Board in its discretion, in any entity participating in or resulting from a Change of Control; or (ii) accelerate the vesting of any or all outstanding Options to provide that such outstanding Options shall be fully vested upon (or immediately prior to) the completion of the transaction resulting in the Change of Control if: (a) the required steps, as determined by the Board in its discretion, are not being taken in connection with such Change of Control to cause the conversion or exchange or replacement of any outstanding Options into or for rights or other securities of substantially equivalent value (or greater value), as determined by the Board in its discretion, in any entity participating in or resulting from a Change of Control; or (b) the Corporation has entered into an agreement relating to a transaction which, if completed, would result in a Change of Control and the counterparty or counterparties to such agreement require that all outstanding Options will be either (x) exercised immediately before the effective time of such transaction, or (y) terminated on or after the effective time of such transaction.

Notwithstanding anything contained herein, in the event of any Change of Control prior to the expiry date of any outstanding Option: (i) an Optionee is terminated without cause (or for a Consultant or Consultant Company, other than as a result of a material breach of the consulting relationship) in connection with such Change of Control or within the six (6) months following a Change of Control, all Options held by the Optionee shall vest and the Optionee shall, if such the Termination Date occurs prior to, or at, the effective time of such Change of Control, be entitled to exercise all Options held by the Optionee until immediately prior to the effective time of such Change of Control (or such other time as may be designated by the Board) and, if such termination period occurs following such Change of Control, the Optionee shall be entitled to exercise all Options held by such Optionee until the date that is 90 days after the Termination Date, all Options which have not been exercised prior to the required dates as set in this paragraph (i) shall become null and void and all rights to receive Common Shares thereunder shall be forfeited by the Optionee; or (ii) within six (6) months following a Change of Control, the Optionee voluntarily resigns for an event or events which constitute Good Reason, all Options held by the Optionee shall vest and the Optionee shall be entitled to exercise all Options held by such Optionee until the date that is 90 days after the Termination Date and after such date all Options which have not been exercised shall become null and void and all rights to receive Common Shares thereunder shall be forfeited by the Optionee.

The Board may, in its sole discretion, by Board resolution provide that, whenever the Corporation's Shareholders receive a Take-over Proposal, such Options may be exercised as to all or any of the Common Shares in respect of which such Option has not previously been exercised (including in respect of Common Shares not otherwise vested at such time) by the Participant (the "**Take-over Acceleration Right**"), but any such Option not otherwise vested and deemed only to have vested in accordance with the foregoing may only be exercised for the purposes of tendering to such Take-over Proposal. If for any reason any such Common Shares are not so tendered or, if tendered, are not, for any reason taken up and paid for by the offeree pursuant to the Take-over Proposal, any such Common Shares so purchased by the Participant shall be and shall be deemed to be cancelled and returned to the treasury of the Corporation, and shall be added back to the number of Common Shares, if any, remaining unexercised under the Option (and shall thus be available for exercise of the Option in accordance with the terms thereof) and upon presentation to the Corporation of share certificates representing such Common Shares properly endorsed for transfer back to the Corporation, the Corporation shall refund to the Participant all consideration paid by him or her in the initial purchase thereof. The Take-over Acceleration Right shall commence at such time as is determined by the Board, provided that, if the Board approves the Take-over Acceleration Right but does not determine commencement and termination dates regarding same, the Take-over Acceleration Right shall commence on the date of the Take-over Proposal and end on the earlier of the expiry time of the Option and the tenth (10th) day following the expiry date of the Take-over Proposal. Notwithstanding the foregoing, the Take-over Acceleration Right may be extended for such longer period as the Board may resolve.

15. No Rights as a Shareholder

An Optionee shall not have any of the rights or privileges of a shareholder of the Corporation in respect of any Common Shares issuable upon exercise of an Option until certificates representing such Common Shares have been issued and delivered.

16. Regulatory Authorities Approvals

The Plan shall be subject to the approval, if required, of any stock exchange on which the Common Shares are listed for trading. Any Options granted prior to such approval and after listing on any such stock exchange shall be conditional upon such approval being given and no such Options may be exercised unless such approval, if required, is given.

17. Option Agreements

A written agreement will be entered into between the Corporation and each Optionee to whom an Option is granted hereunder, which agreement will set out the number of Common Shares subject to Option, the Exercise Price, the vesting dates, circumstances when vesting of Options may be accelerated, the expiry date and any other terms approved by the Board, all in accordance with the provisions of this Plan. The agreement will be in such form as the Board may from time to time approve or authorize the officers of the Corporation to enter into and may contain such terms as may be considered necessary in order that the Option will comply with any provisions respecting Options in

the income tax or other laws in force in any country or jurisdiction of which the person to whom the Option is granted may from time to time be a resident or citizen or the rules of any regulatory body having jurisdiction over the Corporation. Such agreements may also contain such other provisions not inconsistent with the provisions hereof as the Board may determine.

18. Amendment or Discontinuance of the Plan

The Board may amend, modify or terminate this Plan and any Options granted pursuant to this Plan at any time, provided that no such amendment may, without the consent of the Optionee, adversely alter or impair any Option previously granted to an Optionee under this Plan and provided further that any amendment to the Plan will be subject to the prior approval of the TSXV, as required the policies of the TSXV, and approval of the shareholders of the Corporation, if required by the TSXV.

19. Tax Withholding

The Corporation shall have the power and the right to deduct or withhold, or require (as a condition of exercise), an Optionee to remit to the Corporation, the required amount to satisfy, in whole or in part, federal, provincial, and local taxes, domestic or foreign, required by law or regulation to be withheld in respect to any taxable event arising as a result of the Plan, including the grant or exercise of Options granted under the Plan. With respect to required withholding, the Corporation shall have the irrevocable right to (and the Optionee consents to) the Corporation setting off any amounts required to be withheld, in whole or in part, against amounts otherwise owing by the Corporation to such Optionee (whether arising pursuant to the Optionee providing services on an ongoing basis to the Corporation or otherwise), or may make such other arrangements satisfactory to the Optionee and the Corporation. In addition, the Corporation may elect in its sole discretion, to satisfy the withholding requirement, in whole or in part, by withholding such number of Common Shares as it determines are required to be sold by the Corporation, as trustee to satisfy the withholding obligation net of selling costs (which costs shall be the responsibility of the Optionee and which shall be and are authorized to be deducted from the proceeds of the sale). The Optionee consents to such sale and grants to the Corporation an irrevocable power of attorney to effect the sale of such shares and acknowledges and agrees that the Corporation does not accept responsibility for the price obtained on the sale of Common Shares. Any reference in this Plan to the issuance of Common Shares or a payment of cash is expressly subject to this Section 19.

20. No Guarantee Regarding Tax Treatment

Participants (or their beneficiaries) shall be responsible for all taxes with respect to any Option under the Plan, whether arising as a result of the grant or exercise of Options or otherwise. The Corporation and the Board make no guarantees to any person regarding the tax treatment of an Option or payments made under the Plan and none of the Corporation, its subsidiaries or any of its employees or representatives shall have any liability to a Participant with respect thereto.

21. Hold Period

In addition to any resale restrictions imposed under applicable securities laws, if required by the TSXV or any other regulatory authority, Options granted under the Plan and Common Shares issued on exercise of such Options may be required to be legended evidencing that the Options and the Common Shares issued upon exercise of the Options are subject to a hold period or restricted period as required by the TSXV or other applicable regulatory authority and the Participant by accepting the Option agrees to comply therewith.

22. Independent Advice

Participants are encouraged to seek tax advice in respect of the grant and exercise of Options and the issuance of the resulting Common Shares. Participants who are not Employees, officers or directors of the Corporation (i.e. Consultants and other Service Providers) should be aware that the tax consequences of being granted and exercising Options and selling Common Shares may be materially less favourable than the consequences to Employees, officers and directors of the Corporation who are granted Options as such and receive the benefit of the "stock option rules" under the *Income Tax Act* (Canada).

23. Effective Time

This Plan shall be effective as of December 18, 2024, subject to approval of the holders of common shares of Gear Energy Ltd. by ordinary resolution.

APPENDIX G

SECTION 191 OF THE *BUSINESS CORPORATIONS ACT* (ALBERTA)

Pursuant to the Interim Order, Gear Shareholders have the right to dissent in respect of the Arrangement in accordance with Section 191 of the ABCA, as modified by the Interim Order and the Plan of Arrangement. Such right to dissent is described in the Information Circular. The full text Section 191 of the ABCA is set forth below.

191(1) Subject to Sections 192 and 242, a holder of shares of any class of a corporation may dissent if the corporation resolves to

- (a) amend its articles under Section 173 or 174 to add, change or remove any provisions restricting or constraining the issue or transfer of shares of that class,
- (b) amend its articles under Section 173 to add, change or remove any restrictions on the business or businesses that the corporation may carry on,
- (b.1) amend its articles under Section 173 to add or remove an express statement establishing the unlimited liability of shareholders as set out in Section 15.2(1),
- (c) amalgamate with another corporation, otherwise than under Section 184 or 187,
- (d) be continued under the laws of another jurisdiction under Section 189, or
- (e) sell, lease or exchange all or substantially all its property under Section 190.

(2) A holder of shares of any class or series of shares entitled to vote under Section 176, other than Section 176(1)(a), may dissent if the corporation resolves to amend its articles in a manner described in that section.

(3) In addition to any other right the shareholder may have, but subject to subsection (20), a shareholder entitled to dissent under this section and who complies with this section is entitled to be paid by the corporation the fair value of the shares held by the shareholder in respect of which the shareholder dissents, determined as of the close of business on the last business day before the day on which the resolution from which the shareholder dissents was adopted.

(4) A dissenting shareholder may only claim under this section with respect to all the shares of a class held by the shareholder or on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

(5) A dissenting shareholder shall send to the corporation a written objection to a resolution referred to in subsection (1) or (2)

- (a) at or before any meeting of shareholders at which the resolution is to be voted on, or
- (b) if the corporation did not send notice to the shareholder of the purpose of the meeting or of the shareholder's right to dissent, within a reasonable time after the shareholder learns that the resolution was adopted and of the shareholder's right to dissent.

(6) An application may be made to the Court by originating notice after the adoption of a resolution referred to in subsection (1) or (2),

- (a) by the corporation, or
- (b) by a shareholder if the shareholder has sent an objection to the corporation under subsection (5),

to fix the fair value in accordance with subsection (3) of the shares of a shareholder who dissents under this section, or to fix the time at which a shareholder of an unlimited liability corporation who dissents under this section ceases to become liable for any new liability, act or default of the unlimited liability corporation.

(7) If an application is made under subsection (6), the corporation shall, unless the Court otherwise orders, send to each dissenting shareholder a written offer to pay the shareholder an amount considered by the directors to be the fair value of the shares.

(8) Unless the Court otherwise orders, an offer referred to in subsection (7) shall be sent to each dissenting shareholder

- (a) at least 10 days before the date on which the application is returnable, if the corporation is the applicant, or
- (b) within 10 days after the corporation is served with a copy of the originating notice, if a shareholder is the applicant.

(9) Every offer made under subsection (7) shall

- (a) be made on the same terms, and
- (b) contain or be accompanied with a statement showing how the fair value was determined.

(10) A dissenting shareholder may make an agreement with the corporation for the purchase of the shareholder's shares by the corporation, in the amount of the corporation's offer under subsection (7) or otherwise, at any time before the Court pronounces an order fixing the fair value of the shares.

(11) A dissenting shareholder

- (a) is not required to give security for costs in respect of an application under subsection (6), and
- (b) except in special circumstances must not be required to pay the costs of the application or appraisal.

(12) In connection with an application under subsection (6), the Court may give directions for

- (a) joining as parties all dissenting shareholders whose shares have not been purchased by the corporation and for the representation of dissenting shareholders who, in the opinion of the Court, are in need of representation,
- (b) the trial of issues and interlocutory matters, including pleadings and examinations for discovery,
- (c) the payment to the shareholder of all or part of the sum offered by the corporation for the shares,
- (d) the deposit of the share certificates with the Court or with the corporation or its transfer agent,
- (e) the appointment and payment of independent appraisers, and the procedures to be followed by them,
- (f) the service of documents, and
- (g) the burden of proof on the parties.

(13) On an application under subsection (6), the Court shall make an order

- (a) fixing the fair value of the shares in accordance with subsection (3) of all dissenting shareholders who are parties to the application,

- (b) giving judgment in that amount against the corporation and in favour of each of those dissenting shareholders,
- (c) fixing the time within which the corporation must pay that amount to a shareholder, and
- (d) fixing the time at which a dissenting shareholder of an unlimited liability corporation ceases to become liable for any new liability, act or default of the unlimited liability corporation.

(14) On

- (a) the action approved by the resolution from which the shareholder dissents becoming effective,
- (b) the making of an agreement under subsection (10) between the corporation and the dissenting shareholder as to the payment to be made by the corporation for the shareholder's shares, whether by the acceptance of the corporation's offer under subsection (7) or otherwise, or
- (c) the pronouncement of an order under subsection (13),

whichever first occurs, the shareholder ceases to have any rights as a shareholder other than the right to be paid the fair value of the shareholder's shares in the amount agreed to between the corporation and the shareholder or in the amount of the judgment, as the case may be.

(15) Subsection (14)(a) does not apply to a shareholder referred to in subsection (5)(b).

(16) Until one of the events mentioned in subsection (14) occurs,

- (a) the shareholder may withdraw the shareholder's dissent, or
- (b) the corporation may rescind the resolution,

and in either event proceedings under this section shall be discontinued.

(17) The Court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder, from the date on which the shareholder ceases to have any rights as a shareholder by reason of subsection (14) until the date of payment.

(18) If subsection (20) applies, the corporation shall, within 10 days after

- (a) the pronouncement of an order under subsection (13), or
- (b) the making of an agreement between the shareholder and the corporation as to the payment to be made for the shareholder's shares,

notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

(19) Notwithstanding that a judgment has been given in favour of a dissenting shareholder under subsection (13)(b), if subsection (20) applies, the dissenting shareholder, by written notice delivered to the corporation within 30 days after receiving the notice under subsection (18), may withdraw the shareholder's notice of objection, in which case the corporation is deemed to consent to the withdrawal and the shareholder is reinstated to the shareholder's full rights as a shareholder, failing which the shareholder retains a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

(20) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that:

- (a) the corporation is or would after the payment be unable to pay its liabilities as they become due, or
- (b) the realizable value of the corporation's assets would by reason of the payment be less than the aggregate of its liabilities.

RSA 2000 cB 9 s191;2005 c40