

Gear Energy Ltd. Announces Name of Spin-Out Company, 2025 Budget, Updated Reserves and Shareholder Meeting Details

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Calgary, December 18, 2024 - As previously announced by [Gear Energy Ltd.](#) (TSX: GXE) (OTCQX: GENGF) ("Gear" or the "Company"), the Company has entered into an arrangement agreement pursuant to which a large publicly traded company will acquire Gear including its heavy oil assets for \$110 million in cash (subject to adjustments) and Gear will transfer its Central Alberta assets, Southeast Saskatchewan assets and, Tucker Lake property to a newly formed entity ("Newco"), which will be owned by the former shareholders of Gear following the closing of the transaction (the "Transaction"). Gear is pleased to announce that Newco has been named Lotus Creek Exploration Inc. ("Lotus Creek") and will trade on the TSX Venture Exchange. Gear is also pleased to provide details of 2025 budget guidance and a new November 30, 2024 independent reserves evaluation for Lotus Creek. In addition, details of a special meeting of Gear shareholders to be held to consider the Transaction are provided below.

PRESIDENT'S MESSAGE TO SHAREHOLDERS

I wanted to take this opportunity to provide you with a more comprehensive background and perspective of the strategic rationale relating to the Transaction announced on December 2, 2024. As many of you are aware, I joined Gear in April of this year, following the conclusion of a strategic process initiated in September 2023. Over the last 8 months at Gear, we have been carefully and systematically reviewing each asset with a particular focus on understanding the quality of the remaining drilling inventory, base production declines and asset retirement obligations. In parallel with framing the future, we have looked back at Gear's historical performance of capital investments and the corresponding impact on shareholder value.

Gear's Lloydminster heavy oil assets have been the cornerstone of the Company since inception. In fact, prior to 2016, it was the only asset. In 2014, the heavy oil business unit was producing approximately 7,000 boe/d. Today it sits at 3,700 boe/d despite receiving a significant majority of invested capital over that period. During this time, Gear has developed these assets utilizing innovative drilling and production techniques, however, this has become increasingly difficult with inflationary capital and operating cost pressures, a depleted inventory of locations and tightly held offset land bases. Today, the Lloydminster assets are mature, characterized by declining base production, limited drilling inventory and nearly 1,400 legacy wells, of which more than 80% are inactive. At this stage of the assets life cycle, the assets are more appropriately owned by a major oil and gas company with a large area land position and operational synergies.

During the review of Gear's remaining assets, the team has identified the Central Alberta and SE Saskatchewan light oil assets to be transferred to Lotus Creek as low base decline and high netback with a promising inventory of quality drilling projects. Additionally, the Tucker Lake undeveloped lands offer exposure to the Mannville, heavy oil fairway. The proposed Transaction crystallizes shareholder value from the mature Lloydminster asset, at accretive metrics, while pivoting the company's focus to unlocking the potential from these remaining assets with the newly formed growth company, Lotus Creek Exploration. We are excited to share the details of Lotus Creek's 2025 budget and reserve report, which demonstrate the high-quality nature of the Lotus Creek asset base and the plan to create significant value for shareholders.

Sincerely,

Kevin Johnson
President and Chief Executive Officer

LOTUS CREEK HIGHLIGHTS

Business Model

Lotus Creek is an oil weighted organic growth company. The objective is to be the fastest growing, fully funded, public junior oil and gas company in Canada. We will measure shareholder value creation by profitable growth in cashflow, production and producing reserves per debt adjusted share.

Origin of the Name

Lotus Creek draws inspiration from the lotus flower as a symbol of renewal, growth, strength and resilience. Just as the lotus thrives in murky waters, overcoming adversity to emerge strong and unscathed, we believe in navigating the challenges of the oil and energy industry with perseverance and determination. The creek represents the beginning of our journey, a steady flow towards growth, while the lotus' deep roots signify the strong foundation upon which we build our success. With Lotus Creek, we will be committed to profitability, growing sustainably, and emerging as a leader in the energy sector.

Key Attributes

✓ High-quality, light sweet oil production base with long life reserves

- Proved Developed Producing ("PDP") reserves PV-10 value \$76 million after-tax
- Current production of 1,700 boe/d, 14% base decline and 6.5 year Reserve Life Index (PDP)
- Annualized October 2024 Net Operating Income of \$22 million

✓ Material upside in Wilson Creek and Tucker Lake assets with strong economics and capital efficiencies

- 6 prospective Belly River zones in Wilson Creek with multi-stage horizontal development potential
- 6 prospective Mannville zones in Tucker Lake with open hole, multi-lateral development potential

✓ Well capitalized business model positioned to substantially grow production through 2025 and beyond

- Estimated initial cash of \$20 million (subject to adjustment) and a \$35 million available credit facility

LOTUS CREEK 2025 BUDGET

The Gear Board of Directors has approved a 2025 capital budget for Lotus Creek of \$43 million, which is forecasted to achieve average production of 2,000 to 2,400 boe/d (77% light oil and NGLs, 10% heavy oil, 13% natural gas), with Q1 2025 production forecasted at 1,600 to 1,700 boe/d and Q4 2025 production forecasted at 3,000 to 3,400 boe/d. The program is expected to generate an 88 per cent increase in production from Q4 2024 to Q4 2025.

The capital program is aimed to achieve significant production and cashflow growth, with \$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.

Wilson Creek - Central Alberta

We plan to drill 4 gross (4.0 net) Belly River, frac'd multi-stage horizontal light oil wells in Q3 2025 (on-stream-late Q3). Lotus Creek will have an enviable land base in this emerging Basal Belly River light oil

play along with 6 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. Lotus Creek has currently identified the potential for over 30 future development locations.

Tucker Lake - Cold Lake Alberta

We plan to drill 3 gross (3.0 net) Mannville, open hole, multi-lateral heavy oil wells in Q1 2025 (on-stream late Q1). These wells will be the first on a 7.5 section contiguous land block in the Cold Lake region of Alberta where 6 prospective Mannville sands have been mapped. Detailed internal technical work and strong offset operator results have materially derisked the lands and highlight the potential for more than 60 future development locations.

Strategic Investments

Concurrently with growing production and cashflow, we are also investing in future projects that create lasting strategic advantages in our core areas. During Q1 2025, we plan 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 is expected to identify new light oil opportunities through the latest 3D seismic inversion technology.

In Q4 2025, we plan to commence detailed design and procurement work for a new, 100% owned and operated, oil battery in Wilson Creek. Construction of the battery is tentatively planned to begin in 2026 with an approximate design capacity of 4,000 bbl/d, which will be easily expandable with ongoing growth.

In 2025, we will continue to acquire prospective undeveloped lands in both our core areas and on internally generated organic growth opportunities that offer scalable and high-quality drilling inventory.

2025 GUIDANCE

The budget is forecast to deliver the following results:

	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, Lotus Creek is forecasting 2025 funds from operations ("FFO") and FFO per Lotus Creek share as follows:

WTI (US\$/bbl)	2025 FFO (\$million)	2025 FFO per share (\$/share) ¹
60	23	0.55
65	27	0.66
70	31	0.77
75	35	0.88
80	39	0.99

(1) Based on 40 million Lotus Creek shares outstanding throughout 2025.

Lotus Creek is well-capitalized to execute the 2025 capital program with an estimated \$20 million of initial cash (which is subject to adjustment pursuant to the Transaction) and a \$35 million credit facility. Based on current commodity prices and the guidance figures above, minimal bank debt is expected by the end of 2025. Although no commodity price hedges are currently in place, hedges may be placed strategically throughout 2025 as Lotus Creek looks to manage its future risk.

LOTUS CREEK RESERVES EFFECTIVE NOVEMBER 30, 2024

Effective as of November 30, 2024 the reserves associated with the assets to be transferred to Lotus Creek pursuant to the Transaction were evaluated by the Company's independent qualified reserves evaluator Sproule Associates Ltd. ("Sproule") in accordance with the definitions, standards and procedures contained in the Canadian Oil and Gas Evaluation Handbook and National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities. The Company's reserves committee, comprised of independent board members, reviews the qualifications and appointment of the independent qualified reserves evaluator and reviews the procedures for providing information to the evaluators. The reserves evaluation was based on an average of price forecasts prepared by Sproule, GLJ Petroleum Consultants Ltd. and McDaniel & Associates Consulting Ltd. effective at September 30, 2024. Reserves included herein are stated on a company gross basis (working interest before deduction of royalties without inclusion of any royalty interests) unless noted otherwise.

The following tables outline Lotus Creek's reserves as at November 30, 2024. No provision for interest, risk management contracts, debt service charges and general and administrative expenses have been made and it should not be assumed that the net present values of the reserves estimated by Sproule represent the fair market value of the reserves.

Reserves Summary at Nov 30, 2024 Using Forecast Costs and Nov 30, 2024 Evaluator Average Forecast Prices

Company Gross	Light & Medium Oil (Mbbl)	Heavy Oil (Mbbl)	NGL's (Mbbl)	Natural Gas (MMcf)	Equivalent (Mboe)	Liquids Ratio (%)
Proved Developed Producing	2,830	-	471	4,280	4,014	82
Proved Non-Producing & Undeveloped	957	-	227	3,650	1,791	66
Total Proved	3,786	-	697	7,930	5,805	77
Total Probable	1,859	-	342	3,587	2,799	79
Total Proved plus Probable	5,645	-	1,040	11,518	8,604	78

Net Present Value of Future Revenues Including Full ARO After Income Taxes Under Forecast Prices and Costs

Company Gross (\$ thousands)	Undiscounted	Discounted @ 5%	Discounted @ 10%	Discounted @ 15%	Discounted @ 20%
Proved Developed Producing	107,454	90,467	75,962	65,095	56,968
Proved Non-Producing & Undeveloped	35,955	23,841	16,505	11,763	8,527
Total Proved	143,408	114,309	92,466	76,857	65,494
Total Probable	88,315	57,191	40,143	29,925	23,283
Total Proved plus Probable	231,723	171,499	132,609	106,783	88,777

Net Future Development Capital ("FDC") Under Forecast Prices and Costs

(\$ thousands)	Proved	Probable	Total
2025	9,578	9,060	18,638
2026	10,846	6,487	17,334
2027	5,865	2,933	8,798
2028	-	-	-
Thereafter	-	-	-
Undiscounted Total	26,289	18,480	44,770

Net Asset Value ("NAV") at November 30, 2024 at various WTI prices using PDP Net Present Values¹

(\$ millions, except per share amounts)	Average Reserve Evaluator Price forecast ²	WTI US\$60 ³	WTI US\$70/bbl ³	WTI US\$80/bbl ³
Value of Company Interest Reserves Discounted 76 at 10% (After Tax)		56	72	88
Pro-forma Working Capital Net Surplus ⁴	20	20	20	20
Lotus Creek NAV	96	76	92	108
Lotus Creek NAV per Lotus Creek Share ⁵	2.40	1.90	2.30	2.70
Lotus Creek NAV per Gear Share ⁶	0.36	0.29	0.35	0.42
Cash distribution to Gear Shareholders per Gear Share ⁷	0.30	0.30	0.30	0.30
Lotus Creek NAV per Gear Share plus Cash distribution per Gear Share	0.66	0.59	0.65	0.72

(1) PDP Net Present Value of future revenues including full ARO.

(2) Average of price forecasts prepared by Sproule, GLJ Petroleum Consultants Ltd. and McDaniel & Associates Consulting Ltd. effective at September 30, 2024.

(3) Assumes 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\$.

(4) On close of the Transaction, Lotus Creek will have an estimated \$20 million in cash. The cash to be contributed to Lotus Creek could be less than \$20 million if the amounts outstanding under Gear's credit facility or transactions costs associated with the Transaction are higher than expected. The cash to be contributed to Lotus Creek is also subject to adjustments pursuant to the Transaction.

(5) Based on 40 million shares outstanding Lotus Creek shares.

(6) Based on 263.6 million outstanding Gear shares.

(7) Represents \$80 million distributed to Gear Shareholders over 263.6 million outstanding Gear shares.

DETAILS OF TRANSACTION AND NOTICE OF MEETING

As previously announced, the Transaction will be accomplished by way of a statutory plan of arrangement under the Business Corporations Act (Alberta) (the "Arrangement"). Under the terms of the Arrangement, each holder of Gear common shares will receive at such Gear shareholder's election: (i) \$0.607 in cash per Gear common share; (ii) ultimately 0.3035 common shares of Lotus Creek per Gear common share; or (iii) a combination thereof, subject to proration and consideration caps set out in the Arrangement.

Under the Arrangement, Gear will transfer Gear's Wilson Creek, Southeast Saskatchewan and Tucker Lake properties to Lotus Creek with Gear's remaining assets, consisting of its Lloydminster heavy and medium oil assets (other than the Tucker Lake property) remaining with Gear which will be acquired by the purchaser for \$110 million. Lotus Creek will be led by substantially the existing management team and board of directors of Gear. As part of the Transaction, \$80 million will be paid to the Gear shareholders, approximately \$10 million will be used to repay amounts outstanding under the Company's credit facility (after payment of transaction costs) and approximately \$20 million will be contributed to Lotus Creek by purchaser to fund its exploration and development activities (and other oil and gas activities) and for general corporate purposes, subject to adjustments. The Transaction is expected to close in early February 2025, subject to the receipt of all shareholder, stock exchange, court and regulatory approvals and the satisfaction of other customary closing conditions.

The Transaction will require approval by at least 66 2/3% of the holders of Gear common shares represented in person or by proxy at a special meeting of Gear shareholders, which has been called by the Gear Board of Directors to be held on February 3, 2025.

Further details regarding the Transaction, including details regarding Lotus Creek, will be included in Gear's management information circular and proxy statement (the "Circular") to be mailed to Gear shareholders in early January 2025 and filed on SEDAR+ (www.sedarplus.ca) in connection with the Gear special meeting of Gear shareholders. All Gear shareholders are urged to read the Circular once available as it will contain additional important information concerning the Transaction and the Lotus Creek assets.

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Forward-looking Information and Statements

This press release contains certain forward-looking information and statements within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends", "strategy" and similar expressions are intended to identify forward-looking information or statements. In particular, but without limiting the foregoing, this press release contains forward-looking information and statements pertaining to the following: details of the assets to be transferred to Lotus Creek; the expectation that the assets to be transferred to Lotus Creek will be low base decline and high netback assets with an exciting inventory of quality drilling projects; the expectation that the proposed Transaction will crystallize shareholder value from the mature Lloydminster asset, at accretive metrics, while unlocking the potential from these remaining assets with the newly formed growth company; the intention to create significant value for shareholders; the intention to be the fastest growing, fully funded, public junior oil and gas company in Canada; the intention to create shareholder value creation by growth in cash flow, production and producing reserves per debt adjusted share; the prospective zones and drilling and completion techniques expected to be used in Wilson Creek and Tucker Lake; the expectation of cash available and credit facility availability for Lotus Creek; details of the 2025 capital budget for Lotus Creek, including the type and timing of capital expenditures; anticipated 2025 average production, Q1 2025 average production and Q4 2025 average production including commodity weightings; the expectation that the 2025 capital expenditure program will generate an 88 per cent increase in production from Q4 2024 to Q4 2025; the expectation of future drilling locations in Wilson Creek and Tucker Lake; the intention to reinforce existing inventory but will identify new light oil opportunities through the latest 3D seismic inversion technology; the intention to acquire prospective undeveloped lands in both Lotus Creek's core areas and on internally generated organic growth opportunities that offer material and high-quality drilling inventory; the intent to design and build a new oil battery in Wilson Creek and the expected timing thereof; the intent to acquire prospective land in Newco's core areas; 2025 guidance including royalty rates, operating and transportation costs, general and administrative expenses, interest and other expense, capital and abandonment expenditures; forecast 2025 funds flow from operations (and FFO per share) based on various commodity price sensitivities; the expectation that Lotus Creek will have minimal bank debt by the end of 2025; the expectation that Lotus Creek may strategically place hedges throughout 2025 as it looks to manage its risk into 2025 and beyond; the expected timing for mailing a management information circular and proxy statement to the Company's shareholders; and the expected timing for holding the meeting of shareholders to consider the Transaction.

The forward-looking information and statements contained in this press release reflect several material factors and expectations and assumptions of Gear including, without limitation: the amount of cash available to Lotus Creek on closing of the Transaction; the expectation that Gear will receive shareholder approval and all other necessary approvals for closing the Transaction; that all conditions of closing the Transaction will be met; that the Transaction will close on the timeline expected; that Lotus Creek will achieve all of the anticipated benefits of the Transaction; Lotus Creek will continue to conduct its operations in a manner consistent with past operations; the general continuance of current industry conditions; the continuance of existing (and in certain circumstances, the implementation of proposed) tax, royalty and regulatory regimes; the accuracy of the estimates of Lotus Creek's reserves and resource volumes; certain commodity price and other cost assumptions; and the continued availability of adequate debt and equity financing and funds from operations to fund its planned expenditures. Gear believes the material factors, expectations and assumptions reflected in the forward-looking information and statements are reasonable but no assurance can be given that these factors, expectations and assumptions will prove to be correct.

To the extent that any forward-looking information contained herein may be considered a financial outlook,

such information has been included to provide readers with an understanding of management's assumptions used for budgeting and developing future plans and readers are cautioned that the information may not be appropriate for other purposes. The forward-looking information and statements included in this press release are not guarantees of future performance and should not be unduly relied upon. Such information and statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information or statements including, without limitation: the risk that the amount of cash available to Lotus Creek may be less than expected; the risk that the anticipated credit facility for Lotus Creek will not be available or if available may be on terms not currently expected; the risk that Gear will not receive shareholder approval and all other necessary approvals for closing the Transaction; the risk that all conditions of closing the Transaction will not be met; the risk that the Transaction will not close in the timeline expected; the risk that Lotus Creek will not achieve all of the anticipated benefits of the Transaction; the changes in commodity prices; changes in the demand for or supply of Gear's products; unanticipated operating results or production declines; changes in tax or environmental laws, royalty rates or other regulatory matters; changes in development plans of Lotus Creek or by third party operators of Lotus Creek's properties, increased debt levels or debt service requirements; any inability to obtain debt or equity financing as necessary to fund operations, capital expenditures and any potential acquisitions; inaccurate estimation of Lotus Creek's oil and gas reserve volumes and values; the impact of tariffs that could be placed on exports of commodities from Canada to the United States and the impact of the Canadian government response to such tariffs; limited, unfavorable or a lack of access to capital markets; increased costs; a lack of adequate insurance coverage; the impacts of wars and conflicts (including the Russian Ukrainian war and the Israel-Palestine - Hezbollah war), pandemics, political events, natural disasters and terrorism; and the impact of competitors. In addition, forward-looking information and statements are subject to certain other risks detailed from time to time in Gear's public documents including in Gear's most current annual information form which is available on SEDAR+ at www.sedarplus.ca.

The forward-looking information and statements contained in this press release speak only as of the date of this press release, and neither Gear nor Lotus Creek assumes any obligation to publicly update or revise them to reflect new events or circumstances, except as may be required pursuant to applicable laws.

Non-GAAP and Other Financial Measures

This press release includes references to non-Generally Accepted Accounting Principles ("GAAP") and other financial measures that Gear uses 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 International Financial Reporting 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 the Company are key performance measures for Gear and provide investors with information that is commonly used by other oil and gas companies. These key performance indicators and benchmarks as presented do not have any standardized meaning prescribed by Canadian GAAP and therefore may not be comparable with the calculation of similar measures for other entities. These non-GAAP and other financial measures should not be considered an alternative to or more meaningful than their most directly comparable financial measure presented in the financial statements, as an indication of the Company's performance. For additional details on the calculation of these non-GAAP measures, including reconciliations to GAAP measures, see Gear's most recent management's discussion and analysis which is available on SEDAR+ at www.sedarplus.ca and on the Company's website are www.gearenergy.com

Funds from Operations

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

Funds from operations per weighted average basic share

Funds from operations per weighted average basic share is a non-GAAP ratio calculated as funds from operations, as defined and reconciled to cash flows from operating activities above, divided by the weighted

average basic share amount. Gear considers this non-GAAP ratio a useful measure for management and investors as it demonstrates its ability to generate the funds from operations, on a per weighted average basic share basis, necessary to fund its capital program, settle decommissioning liabilities, repay debt, finance dividends and/or repurchase common shares, if the Company chooses to do so.

Net Asset Value ("NAV")

NAV is a supplementary financial measure the composition of which is set out in this press release. Gear considers NAV a useful supplementary measure for management and investors as it enables oil and gas companies to measure the value of an outstanding share of the Company (or in the case of the NAV calculations presented herein, an outstanding share of Lotus Creek) based on the independent reserves evaluation of the Company's reserves plus certain assumptions made by management as to the cash that may be available to Lotus Creek on closing of the Transaction. The cash to be contributed to Lotus Creek could be less than \$20 million if the amounts outstanding under Gear's credit facility or transactions costs associated with the Transaction are higher than expected. The cash to be contributed to Lotus Creek is also subject to adjustments pursuant to the Transaction. For the purposes of the calculation of NAV the number of shares outstanding does not include any shares issuable on any securities of Lotus Creek that may be convertible, exchangeable or exercisable into shares of the Company.

Oil and Gas Metrics

This press release contains the term reserves life index, which is an oil and gas metric that does not have a standardized meaning or standard method of calculation and therefore such measure may not be comparable to similar measures used by other companies. Reserves life index has been included herein to provide readers with an additional measure to evaluate the performance of the assets to be transferred to Lotus Creek; however, such measure is not a reliable indicator of the future performance of the Company and future performance may not compare to the performance in previous periods. Reserves life index is calculated by dividing the reserves in each category by the corresponding Sproule forecast of annual production. This press release also contains the term NAV, which is an oil and gas metric that does not have any standardized meanings and may not be comparable to similar measures presented by other entities.

Drilling Locations

This press release discloses unbooked drilling location inventory. Unbooked locations are internal estimates based on Lotus Creek'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 Gear as an estimation of Lotus Creek's multi-year drilling activities based on evaluation of applicable geologic, seismic, engineering, production and reserves information. There is no certainty that Lotus Creek 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 Lotus Creek 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 farther 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.

Barrels of Oil Equivalent ("BOE")

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

Production

Production volumes presented herein are stated on a company gross basis (working interest before deduction of royalties without inclusion of any royalty interests) unless noted otherwise. Current production presented herein of 1,700 boe/d related to the Lotus Creek assets is based on average production in the month of November 2024 and which consisted of approximately 1,100 bbls/d of light crude oil, 1,900 mcf/d of conventional natural gas and 300 bbls/d of natural gas liquids.

To view the source version of this press release, please visit <https://www.newsfilecorp.com/release/234406>

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