

# Extractive Sector Transparency Measures Act - Annual Report

<b>Reporting Entity Name</b>	Gear Energy Ltd.					
<b>Reporting Year</b>	<b>From</b>	1/1/2019	<b>To:</b>	12/31/2019	<b>Date submitted</b>	9/8/2020
<b>Reporting Entity ESTMA Identification Number</b>	E549730	<input checked="" type="radio"/> Original Submission				
		<input type="radio"/> Amended Report				

**Other Subsidiaries Included**  
(optional field)

**Not Consolidated**

**Not Substituted**

**Attestation by Reporting Entity**

*In accordance with the requirements of the ESTMA, and in particular section 9 thereof, I attest I have reviewed the information contained in the ESTMA report for the entity(ies) listed above. Based on my knowledge, and having exercised reasonable diligence, the information in the ESTMA report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.*

<b>Full Name of Director or Officer of Reporting Entity</b>	David Hwang	<b>Date</b>	9/8/2020
<b>Position Title</b>	VP Finance, CFO		

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<b>Reporting Entity Name</b>	Gear Energy Ltd.		<b>Currency of the Report</b> CAD
<b>Reporting Entity ESTMA Identification Number</b>	E549730		
<b>Subsidiary Reporting Entities (if necessary)</b>			

### Payments by Payee

Country	Payee Name	Departments, Agency, etc... within Payee that Received Payments	Taxes	Royalties	Fees	Production Entitlements	Bonuses	Dividends	Infrastructure Improvement Payments	Total Amount paid to Payee	Notes
Canada -Alberta	Government of Alberta			2,048,000	958,000					3,006,000	Royalties include payments made in-kind which are valued at the fair market value of the volumes taken in-kind, based on Gear's realized price. Alberta Petroleum Marketing Commission, Alberta Energy Regulator, Minister of Finance, Department of Energy
Canada -Saskatchewan	Government of Saskatchewan		923,000	5,182,000	326,000		23,000			6,454,000	
Canada -Saskatchewan	Rural Municipality of Cambria		495,000		9,000				802,000	1,306,000	
Canada -Alberta	County of Vermilion River		1,100,000		77,000				80,000	1,257,000	
Canada -Saskatchewan	Rural Municipality of Frenchman's Butte		330,000							330,000	
Canada -Alberta	Ponoka County		286,000							286,000	
Canada -Alberta	Flagstaff County		184,000							184,000	
Canada -Alberta	County of St. Paul		164,000							164,000	
Canada -Saskatchewan	Rural Municipality of Paynton		102,000		1,000					103,000	
Canada -Alberta	Red Deer County		101,000							101,000	

**Additional Notes:**

Financial Reporting Framework

a) Basis of accounting:  
The Schedule of Payments by Payee and the Schedule of Payments by Project (collectively, the "Schedules") prepared by Gear Energy Ltd. (the "Company") for the year ended December 31, 2019 have been prepared in accordance with the financial reporting provisions in Section 9 of the Extractive Sector Transparency Measures Act, Section 2.3 of the Extractive Sector Transparency Measures Act – Technical Reporting Specifications and Sections 3.1 to 3.6 of the Extractive Sector Transparency Measures Act – Guidance (collectively the "financial reporting framework").  
The Schedules are prepared to provide information to the Directors of Gear Energy Ltd. and the Minister of Natural Resources Canada to assist in meeting the requirements of the Extractive Sector Transparency Measures Act. As a result, the Schedules may not be suitable for another purpose.

b) Significant accounting policies:

i) Cash basis  
The Schedules have been prepared using the cash basis of accounting, as required by the financial reporting framework, and therefore exclude any accruals related to payments due to governments. The Schedules include all cash payments made, without inclusion of cash inflows from a government. Where the Company makes a payment to a government that is net of credits from that government, the net payment amount has been presented.

ii) Projects  
The Company has aligned its projects with the provinces that it operates in.

iii) Operator  
The Company has reported all payments made by it, on its own behalf and in its role as operator, directly to the government on a 'gross' basis. Amounts paid by third party operators on the Company's behalf have not been included in the Schedules as they are reported in the third party operators' ESTMA filings.

iv) Take in kind payments  
In-kind payments are converted to an equivalent cash value based on the fair market value of the volumes taken in-kind, based on Gear's realized sales price. The Company has valued all in-kind payments included in the Schedules using calculations that are consistent with those made for financial reporting purposes under IFRS.

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<b>Reporting Entity ESTMA Identification Number</b>	E549730		
<b>Subsidiary Reporting Entities (if necessary)</b>			

### Payments by Project

Country	Project Name	Taxes	Royalties	Fees	Production Entitlements	Bonuses	Dividends	Infrastructure Improvement Payments	Total Amount paid by Project	Notes
Canada -Alberta	Alberta	1,835,000	2,048,000	1,035,000				80,000	<b>4,998,000</b>	Royalties include payments made in-kind which are valued at the fair market value of the volumes taken in-kind, based on Gear's realized price.
Canada -Saskatchewan	Saskatchewan	1,850,000	5,182,000	336,000		23,000		802,000	<b>8,193,000</b>	

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