



For Immediate Release

Calgary, Alberta, March 11, 2020

GEAR ENERGY LTD. PROVIDES REVISED 2020 GUIDANCE AND OPERATIONAL UPDATE

Gear Energy Ltd. ("**Gear**") (TSX: GXE) announces revisions to the 2020 budget guidance and an update on operations to date in 2020.

2020 GUIDANCE

Given the current weakness and uncertainty in the future price of oil, Gear has chosen to immediately implement a material reduction to its planned capital program for the remainder of 2020. All future 2020 non-discretionary capital spending will be placed on hold until prices recover to more sustainable levels. Protection of the corporate balance sheet will be the top priority.

Under the planned revisions, capital investment for 2020 would be approximately \$13 million, including an estimated \$11 million of capital invested through the first quarter of 2020. This represents a 74 per cent reduction from the original \$50 million capital budget released on December 18, 2019. Annual average production associated with this revised forecast will be approximately 6,000 boe per day, (56 per cent heavy oil, 29 per cent light and medium oil, 3 per cent NGLs and 12 per cent natural gas). In addition, multiple cost savings initiatives can be pursued through the course of the year with per unit costs, (including operating, transportation, general and administrative, and interest costs per boe) estimated to be within five per cent of the original budget despite lower production levels

Forecasted annual funds from operations are expected to be supported by substantial estimated gains on the 2020 risk management program with hedged volumes of approximately 3,200 bbl of oil per day. Utilizing current strip pricing, Gear estimates that 2020 funds from operations will exceed the \$13 million capital program, enabling further reductions in outstanding net debt.

The Gear team intends to remain flexible and opportunistic with regards to this capital plan, keeping a close eye on the commodity market and being prepared to expand investments if pricing changes materially.

OPERATIONAL UPDATE

Through the first three months of 2020, Gear successfully drilled nine new wells.

- Two Lindbergh Cummings multi-lateral heavy oil wells, following up on the successful first well drilled into this new area in 2018. Initial production from the wells is meeting expectations.
- Two wells drilled into new core areas; one a multi-lateral medium oil well and the other a single leg lined heavy oil well. Both wells are on production and have successfully de-risked incremental future drilling locations.
- Four Paradise Hill McLaren single lateral heavy oil wells, which have not yet been brought on production.

- One Killam Lloydminster multi-stage fractured medium oil well, drilled within the waterflooded area of the pool. The well has not yet been brought on production.

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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: expected details of the revised 2020 capital budget including expected capital expenditures; the expectation that all future 2020 non-discretionary capital spending will be placed on hold until prices recover to more sustainable levels; expected 2020 annual average production associated with the revised capital budget; expectation that per unit costs will be within 5% of original budget; expectation that forecasted 2020 annual funds from operations will be supported by substantial estimated gains on the 2020 risk management program; and expectation that 2020 funds from operations will exceed the revised 2020 capital budget; and the expectation that recently drilled wells have de-risked incremental future drilling locations. The forward-looking information and statements contained in this press release reflect several material factors and expectations and assumptions of Gear including, without limitation: that Gear will continue to conduct its operations in a manner consistent with past operations; the general continuance of current industry conditions; the continuance of existing (and in certain circumstances, the implementation of proposed) tax, royalty and regulatory regimes; the accuracy of the estimates of Gear's reserves and resource volumes; certain commodity price and other cost assumptions; 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: 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 Gear or by third party operators of Gear's properties, increased debt levels or debt service requirements; inaccurate estimation of Gear's oil and gas reserve and resource volumes; limited, unfavorable or a lack of access to capital markets; increased costs; a lack of adequate insurance coverage; the impact of competitors; the risk that Gear's lenders take actions that reduce availability of, or require repayment of, borrowings under Gear's credit facilities; the risk that the Covid 19 pandemic will continue to seriously adversely impact demand for oil; the risk that further actions taken by Russia and OPEC will result in further erosion of commodity prices; and certain other risks detailed from time to time in Gear's public documents including in Gear's most current annual information form which is available on SEDAR at www.sedar.com.

The forward-looking information and statements contained in this press release speak only as of the date of this press release, and Gear does not assume any obligation to publicly update or revise them to reflect new events or circumstances, except as may be required pursuant to applicable laws.

NON-GAAP Measures

This press release contains the terms funds from operations and net debt, which do not have standardized meanings under Canadian generally accepted accounting principles ("GAAP") and therefore may not be comparable with the calculation of similar measures by other companies. Management believes that these key performance indicators and benchmarks are key measures of financial performance for Gear and provide investors with information that is commonly used by other oil and gas companies. Funds from operations is calculated as cash flows from operating activities before changes in non-cash operating working capital and decommissioning liabilities settled. Net debt is calculated as debt less current working capital items, excluding risk management contracts and the current portion of decommissioning liabilities. Management presents certain other metrics on a per unit (or boe) basis. Per unit basis is calculated by the dividing the metric by the average production in a period. For additional information on the use of these measures including reconciliations to the most directly comparable GAAP measures, if any, and their pertinent relevance, please see Gear's most recent Management's Discussion and Analysis on Gear's profile at www.sedar.com.

Barrels of Oil Equivalent

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.