



**For Immediate Release**

Calgary, Alberta, April 16, 2020

**GEAR ENERGY LTD. PROVIDES REVISED OUTLOOK FOR THE SECOND QUARTER**

Gear Energy Ltd. ("**Gear**") (TSX: GXE) announces revisions to the outlook for the second quarter of 2020.

Oil prices continue to be depressed as a result of demand destruction due to the impacts of COVID-19 on the global economy. With this weakness and uncertainty in the price of oil looking to extend through the second quarter of 2020, Gear has chosen to immediately pursue reductions to the variable costs of the business in an effort to maximize funds from operations. Protection of the corporate balance sheet remains the top priority.

In addition to previously announced cuts to capital investment, Gear has implemented a 20 per cent reduction in the salaries of all permanent employees and in the directors' fees for our non-management directors, as well as an immediate and aggressive production storage and shut-in program. With approximately two-thirds of field operating costs being classified as variable, the prevailing low prices forecast for the second quarter of 2020 do not financially support production at current volume levels. By limiting field operations, Gear intends to eliminate the variable costs and maximize the resulting funds from operations. Annual funds from operations are expected to continue to be supported by substantial estimated gains on the 2020 risk management program with annual hedged volumes of approximately 3,200 barrels of oil per day.

Average and exit production for the first quarter of 2020 is estimated to be approximately 6,700 boe per day (57% Heavy Oil, 28% Light/Medium Oil, 12% Natural Gas and 3% NGLs). Through the second quarter, production is forecast to be shut-in and stored subject to various physical and financial restrictions. April sales production is estimated to be approximately 3,600 boe per day and May production is estimated to be approximately 800 boe per day. Production is expected to remain at this curtailed level until such time as Gear determines that operating and economic conditions warrant bringing shut-in production back online. The Gear team intends to remain flexible and opportunistic, keeping a close eye on the commodity market and being prepared to resume full production volume levels and expand capital investment if pricing improves materially.

As a result of the volatile production levels, no associated per unit cost guidance is being released at this time. Gear will consider developing guidance for the remainder of 2020 at a later date which will be highly contingent on oil prices and other macro factors over the next few months. All previous guidance issued by Gear regarding 2020 operations or financial results is withdrawn and investors are cautioned to no longer rely on any such previous guidance.

**For further information, please contact:****Gear Energy Ltd.**

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**Forward-looking Information and Statements**

As indicated in this press release, all previous guidance issued by Gear regarding 2020 operations or financial results is hereby withdrawn including, without limitation, the guidance presented in the press release dated March 11, 2020 entitled "Gear Energy Ltd. Provides Revised 2020 Guidance and Operational Update" and the press release dated December 18, 2019 entitled "Gear Energy Ltd. Provides 2020 Budget Guidance". Investors are cautioned to no longer rely on any such previous guidance.

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: Gear intent to limit field operations to eliminate the variable costs and maximize the resulting funds from operations; the expectation that annual funds from operations will continue to be supported by substantial estimated gains on the 2020 risk management program; the expectation that production will be shut-in and stored subject to various physical and financial restrictions in the second quarter of 2020; the expectation of April and May sales production; the expectation that production is expected to remain at this curtailed level until such time as Gear determines that operating and economic conditions warrant bringing shut-in production back online; the intent of the Gear team to remain flexible and opportunistic; and the intent of being prepared to resume full production volume levels and expand capital investment if pricing improves materially.

The forward-looking information and statements contained in this press release reflect several material factors and expectations and assumptions of Gear including, without limitation: that Gear will continue to conduct its operations in a manner consistent with past operations; the general continuance of current industry conditions; the continuance of existing (and in certain circumstances, the implementation of proposed) tax, royalty and regulatory regimes; the accuracy of the estimates of Gear's reserves and resource volumes; certain commodity price and other cost assumptions; that all counterparties to contracts and transactions including hedges will comply with their obligations pursuant to such contracts and transactions; 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 counterparties to contracts and transactions including hedges will not comply with their obligations pursuant to such contracts and transactions; 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 COVID19 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](http://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 term funds from operations, which does not have a standardized meaning 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 this key performance indicator and benchmark is a key measure 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. 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](http://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.