



NEWS RELEASE

GEAR ENERGY LTD. ANNOUNCES NOTICE OF REDEMPTION OF DEBENTURES

CALGARY, ALBERTA (March 16, 2021) Gear Energy Ltd. ("**Gear**" or the "**Company**") (TSX:GXE) is pleased to announce that today it is issuing a notice of redemption to holders of its currently outstanding \$12.7 million 7.0% Convertible Unsecured Subordinated Debentures due November 30, 2023 (the "**Debentures**"). As set out in the notice of redemption, the redemption date of the Debentures will be April 26, 2021 (the "**Redemption Date**"). The Debentures are redeemable for an amount equal to the principal amount of the Debentures plus accrued unpaid interest up to, but excluding, the Redemption Date.

With current strength in oil markets, this redemption will further enhance Gear's exceptional balance sheet providing strategic optionality to consider future acquisitions or development capital expansions to take advantage of the Company's deep inventory of drilling and waterflood opportunities. The redemption is anticipated to save the Company annualized interest costs of approximately \$0.9 million or \$0.45 per boe.

Utilizing existing guidance, no change to existing capital budget and current strip prices of approximately US\$62.00 WTI and a US\$11.50 WCS differential, the redemption is anticipated to improve forecasted 2021 exit net debt from approximately \$21 million to approximately \$8 million. This is forecast to provide Gear a 2021 ratio of net debt to funds from operations of 0.2 times.

Pursuant to the terms of the Debentures, the Company has elected to satisfy its obligation to pay all of the principal amount of the Debentures to be redeemed by issuing and delivering to the holders that number of common shares of the Company (the "**Common Shares**") obtained by dividing such principal amount by 95% of the current market price of the Common Shares on the Redemption Date. For this purpose, the current market price will be calculated based on the volume weighted average trading price of the Common Shares on the Toronto Stock Exchange (the "**TSX**") for the 20 consecutive trading days ending on the fifth trading day preceding the Redemption Date. The Company anticipates announcing the current market price to be used to calculate the number of Common Shares that each holder of Debentures will receive on the redemption of the Debentures on or about April 20, 2021. The accrued and unpaid interest on the Debentures up to (but excluding) the Redemption Date shall be paid in cash.

Prior to the redemption of the Debentures, each holder will have the right to convert their Debentures into Common Shares at a conversion price of \$0.32 per Common Share (the "**Conversion Price**") at any time on or prior to April 23, 2021. A holder electing to convert the principal amount of their Debentures will receive 3,125 Common Shares for each \$1,000 principal amount of Debentures converted plus a cash payment for accrued unpaid interest up to, but excluding, the Conversion Date. No fractional shares will be issued on redemption or conversion but, in lieu thereof, the Company shall pay the cash equivalent thereof determined on the basis of the current market price of the Common Shares on the Redemption Date or conversion date, as applicable (less any tax required to be deducted, if any).

As the Debentures were issued in "book-entry only" form and are held by CDS Clearing and Depository Services Inc., beneficial holders of Debentures must contact their broker, dealer, bank, trust company or other nominee to exercise their right to convert their Debentures. Beneficial holders who intend to convert their Debentures should ensure that they contact their broker, dealer, bank, trust company or other nominee well in advance of the Redemption Date to ensure that they understand the procedure required to exercise their right of conversion. All holders of Debentures who fail to deliver a notice of conversion on or prior to April 23, 2021 (or such other earlier time as may be indicated by their broker, dealer, bank, trust company or other nominee) shall have their Debentures redeemed on the Redemption Date and shall receive that number of Common Shares obtained by dividing the Redemption Price by 95% of the current market price of the Common Shares on the Redemption Date, with such current market price calculated as indicated above.

All amounts in this press release are in Canadian dollars unless otherwise identified.

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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: the potential for the redemption to further enhance Gear's balance sheet; the availability and suitability of acquisitions or development capital expansions to the Company going forward; the ability of Gear to take advantage of drilling and waterflood opportunities; the improvement of forecasted 2021 exit net debt as a result of the redemption; and Gear's 2021 ratio of net debt to funds from operations. The forward-looking information and statements contained in this press release reflect several material factors and expectations and assumptions of the Company including, without limitation: that the Company 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 the Company'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. The Company 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 the Company'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 the Company or by third party operators of the Company's properties, increased debt levels or debt service requirements; inaccurate estimation of the Company'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 the Company's lenders take actions that reduce availability of, or require repayment of, borrowings under the Company's credit facilities; the risk that the COVID-19 pandemic will continue to seriously adversely impact demand for oil; the risk that actions taken by OPEC and other will result in erosion of commodity prices; and certain other risks detailed from time to time in the Company's public documents including in the Company'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 the Company 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 flow 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. Additional information relating to certain of these non-GAAP measures, including the reconciliation between funds from operations and cash flow from operating activities, can be found in Gear's public documents including in Gear's most current management discussion and analysis, which is available on SEDAR at www.sedar.com.