



For Immediate Release

Calgary, Alberta, June 23, 2021

GEAR ENERGY LTD. ANNOUNCES SUCCESSFUL COMPLETION OF ANNUAL BORROWING BASE REDETERMINATION AND MAY UPDATE TO SHAREHOLDERS

Gear Energy Ltd. ("**Gear**") (TSX: GXE) is pleased to announce that it has successfully completed its annual borrowing base redetermination with the maturity date extending to May 27, 2023.

Annual Borrowing Base Redetermination

Over the last year and a half, Gear has focused on substantially improving its balance sheet. This has translated into continuous and significant debt reductions which have provided Gear with top decile leverage metrics in its peer group. The existing and estimated future improvements to Gear's leverage scenario are expected to allow Gear to contemplate multiple strategic options for enhancing shareholder value. These options include (but are not limited to) buying back shares, paying dividends, pursuing mergers and acquisitions, and investing in incremental growth. With Gear's forecasted free funds from operations through the remainder of the year continuing to reduce debt, Gear and its lenders have agreed to a gradual reduction of its borrowing base which will reduce Gear's standby fees. Gear's borrowing base will be structured with a declining balance as follows:

Date	Borrowing Base (\$MM)
March 2021	60
June 2021	53
September 2021	48
May 2022	41

Gear is forecast to be drawn \$38 million on its credit facilities on June 30, 2021.

May Update to Shareholders

The new May 2021 monthly update can be accessed via the following link <https://gearenergy.com/updates/>. Future updates will be disseminated each month via press release.

**For further information, please contact:
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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 expectation that with improving leverage Gear will be able to contemplate various strategic options; the forecast of free funds from operations through the remainder of the year continuing to reduce debt; and Gear's forecast of \$38 million to be drawn on June 30, 2021.

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: the continuing impact of the COVID-19 pandemic; 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; any action taken by Gear's lenders to reduce borrowing capacity or demand repayment under its credit facilities; 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; 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.