NEWS RELEASE

GEAR ENERGY LTD. ANNOUNCES THIRD QUARTER 2021 OPERATING RESULTS AND 2022 BUDGET GUIDANCE

CALGARY, ALBERTA (November 3, 2021) Gear Energy Ltd. (“Gear” or the “Company”) (TSX:GXE) (OTCQX:GENGF) is pleased to provide the following third quarter operating results and 2022 budget guidance to shareholders. Gear’s Interim Condensed Consolidated Financial Statements and related Management’s Discussion and Analysis (“MD&A”) for the period ended September 30, 2021 are available for review on Gear’s website at www.gearenergy.com and on www.sedar.com.

	Three months ended			Nine months ended	
(Cdn$ thousands, except per share, share and per boe amounts)	**Sep 30, 2021**	Sep 30, 2020	Jun 30, 2021	**Sep 30, 2021**	Sep 30, 2020
FINANCIAL					
Funds from operations (1)	**15,955**	10,848	12,222	**36,430**	25,176
Per boe	**29.60**	20.09	24.69	**24.06**	17.94
Per weighted average basic share	**0.06**	0.05	0.05	**0.15**	0.12
Cash flows from operating activities	**9,601**	8,864	14,967	**34,460**	22,201
Net income (loss)	**6,608**	(1,157)	(730)	**2,381**	(116,673)
Per weighted average basic share	**0.03**	(0.01)	-	**0.01**	(0.54)
Capital expenditures	**10,256**	715	5,809	**23,948**	12,055
Decommissioning liabilities settled (2)	**944**	87	694	**3,075**	779
Net (dispositions) acquisitions (3)	**-**	-	-	**-**	3
Net debt (1)	**27,860**	60,544	33,418	**27,860**	60,544
Weighted average shares, basic (thousands)	**258,274**	216,490	247,415	**245,061**	216,563
Shares outstanding, end of period (thousands)	**259,107**	216,490	258,103	**259,107**	216,490
OPERATING					
Production					
Heavy oil (bbl/d)	**3,325**	3,321	3,207	**3,187**	2,900
Light and medium oil (bbl/d)	**1,656**	1,746	1,469	**1,546**	1,456
Natural gas liquids (bbl/d)	**176**	174	148	**149**	165
Natural gas (mcf/d)	**4,215**	3,761	3,694	**3,985**	3,606
Total (boe/d)	**5,859**	5,868	5,440	**5,546**	5,122
Average prices					
Heavy oil ($/bbl)	**67.86**	40.27	62.14	**60.85**	31.32
Light and medium oil ($/bbl)	**80.49**	47.61	74.72	**73.07**	44.38
Natural gas liquids ($/bbl)	**47.48**	20.30	34.40	**41.82**	17.17
Natural gas ($/mcf)	**3.62**	2.25	3.15	**3.28**	2.06
Netback ($/boe)					
Commodity and other sales	**65.29**	39.00	59.90	**58.82**	32.36
Royalties	**(7.50)**	(3.48)	(6.64)	**(6.35)**	(3.18)
Operating costs	**(17.44)**	(13.60)	(16.66)	**(17.21)**	(14.78)
Transportation costs	**(2.04)**	(2.71)	(2.06)	**(2.04)**	(2.29)
Operating netback (1)	**38.31**	19.21	34.54	**33.22**	12.11
Realized risk management (loss) gain	**(5.13)**	5.35	(5.55)	**(5.08)**	10.45
General and administrative	**(2.70)**	(2.28)	(2.66)	**(2.58)**	(2.80)
Interest	**(1.01)**	(2.19)	(1.39)	**(1.44)**	(1.91)
Realized (loss) gain on foreign exchange	**0.13**	-	(0.24)	**(0.06)**	0.07
TRADING STATISTICS					
($ based on intra-day trading)					
High	**0.89**	0.25	1.01	**1.01**	0.50
Low	**0.53**	0.14	0.46	**0.25**	0.08
Close	**0.83**	0.16	0.85	**0.83**	0.16
Average daily volume (thousands)	**2,145**	275	3,019	**2,169**	573

(1) Funds from operations, net debt and operating netback are non-GAAP measures (as defined below) and are reconciled to the nearest GAAP measures under the heading “*Non-GAAP Measures*” in Gear’s MD&A.
(2) Decommissioning liabilities settled includes expenditures made by both Gear and the federal government’s Site Rehabilitation Program.
(3) Net acquisitions (dispositions) exclude non-cash items for decommissioning liability and deferred taxes and is net of post-closing adjustments.

MESSAGE TO SHAREHOLDERS

On December 17, 2020, Gear announced its 2021 budget with the following stated objective: to stabilize production and continue to improve its strong balance sheet. As 2021 unfolded, Gear expanded on this objective by reaffirming its desire to strengthen its balance sheet so that it could position for a potential return of capital to shareholders in the form of share buybacks and/or dividends, implement modest production growth, and look to continued consolidation in the sector. In the last twelve months, Gear is pleased that it has accomplished the following:

- Reduced net debt by 54 per cent from $60.5 million to $27.9 million on September 30, 2021

- Lowered net debt to annualized funds from operations ("FFO") to 0.4 times for the third quarter of 2021, a level not seen since the first quarter of 2014

- Delivered stable production of 5,859 boe per day during the third quarter of 2021 compared to 5,868 boe per day in the third quarter of 2020

- Exited the third quarter with production comfortably above 6,000 boe per day with a new expanded forecast to average approximately 6,250 boe per day through the fourth quarter of 2021

Based on the current price forecast outlook as of November 2, 2021, Gear projects its net debt to be zero in the second quarter of 2022 with potential returns to shareholders to commence shortly thereafter. See below for more details.

QUARTERLY HIGHLIGHTS

- Funds from operations for the third quarter of 2021 was $16.0 million, an increase of 31 per cent from the second quarter of 2021 as a result of higher commodity prices and increased production. Third quarter realized prices increased from $59.90 per boe in the second quarter of 2021 to $65.29 per boe. The improved commodity prices were primarily driven by an increase in the WTI benchmark oil price which averaged US$70.56 per barrel in the third quarter. The strong funds from operations were net of $2.8 million of hedging costs realized during the quarter.

- Operating netback for the third quarter of 2021 was $38.31 per boe, Gear's highest operating netback since the third quarter of 2014 when WTI averaged US$97 per barrel. Operating costs inclusive of transportation was $0.76 per boe higher than the second quarter of 2021 due to a combination of reactivating higher cost wells, carbon taxes, and inflationary pressures.

- Production for the third quarter of 2021 was 5,859 boe per day, an increase of eight per cent from the second quarter of 2021 as a result of new production from the 2021 drilling program. During the third quarter, three new heavy oil wells and one light oil well came on production with the remaining four medium oil wells coming on production in October. Fourth quarter production is projected to increase to approximately 6,250 boe per day with all of the wells drilled in 2021 on production.

- During the third quarter of 2021, Gear successfully drilled four multi-lateral unlined medium oil wells in Provost, Alberta and two multi-lateral unlined heavy oil wells in Wildmere, Alberta. In addition, Gear completed a Tableland light oil well and continued its heavy oil waterflooding activities. A total of $10.3 million of capital was incurred for the quarter. Subsequent to quarter end, Gear wrapped up its 2021 drilling program with the drilling of one gross (0.3 net) light oil well in Wilson Creek, Alberta.

- The balance sheet continues to strengthen with an annualized net debt to funds from operations of 0.4 times for the third quarter of 2021 and net debt of $27.9 million as at September 30, 2021. Gear has substantially completed the fall semi-annual borrowing base redetermination of its credit facilities with the successful removal of its one unsupportive lender from its banking syndicate and an expected adjustment to its total borrowing base to $42 million. The maturity date remains unchanged at May 27, 2023.

- In the third quarter Gear realized a hedging loss of $5.13 per boe compared to the second quarter of 2021 of $5.55 per boe. For 2022, Gear has entered into a variety of 3-way collars and put spreads including a 2,400 barrels per day hedge for the third quarter of 2022 capped at a WTI price of C$116.50 per barrel.

2021 GUIDANCE UPDATE

Gear's Board of Directors has approved a revision to 2021 guidance including slight increases to capital and production estimates with no material change to 2021 exit net debt estimates.

	2021 Revised Guidance	2021 Previous Guidance	Q3 2021 YTD Actuals
Annual production (boe/d)	**5,700 – 5,800**	**5,500 – 5,600**	5,546
Heavy oil weighting (%)	**56**	**56**	57
Light/Medium oil and NGLs weighting (%)	**32**	**32**	31
Royalty rate (%)	**11**	**10**	11
Operating and transportation costs ($/boe)	**19.00**	**18.00**	19.25
General and administrative expense ($/boe)	**2.50**	**2.40**	2.58
Interest expense ($/boe)	**1.25**	**1.30**	1.44
Capital and abandonment expenditures ($ millions)	**31**	**27**	27

The 2021 revised capital program includes one additional gross well (0.33 net) to be drilled adjacent to the Wilson Creek light oil well drilled in the first quarter of 2021 which reached payout after six months of production and continues to produce over 250 boe per day (gross) at 85 percent liquids (83 boe per day net). In addition, Gear increased recompletion expenditures targeting low-risk oil and gas production as well as accelerating a portion of its abandonment and reclamation program from Q1 2022 to Q4 2021. In aggregate, these changes result in an increase to Gear's capital and abandonment expenditure guidance from $27 million to $31 million. However, the associated incremental production from these investments coupled with strong pricing will more than offset the increased capital with no material change to exit net debt of approximately $13 million for 2021. In addition to reactivating some higher cost production, Gear is also observing some inflationary pressures in the field, which have impacted operating and transportation costs, resulting in a $1 per boe increase in 2021 guidance. Coincident with these changes, Gear is increasing its 2021 annual production guidance by 200 boe per day to a range of 5,700 to 5,800 boe per day and increasing fourth quarter of 2021 expectations by 350 boe per day to 6,250 boe per day.

2022 BUDGET GUIDANCE

The Board of Directors has approved a 2022 capital budget of $40 million dollars designed to target the following four key strategic outcomes:

1. Three to four per cent annual growth through low-risk investment into core area drilling and waterflood opportunities;
2. Achievement of zero net debt in the first half of the year;
3. Continued commitment to improving Gear's environmental footprint through abandonment and reclamation activities; and
4. The ability to return free funds from operations to shareholders through a combination of share buybacks and/or dividends

The strategic decision has been made to achieve a zero net debt balance prior to considering a return of capital to shareholders for two key reasons.

First and most immediate is an externally mandated restriction imposed by one of Gear's syndicated lenders. During 2020 when Gear encountered a withdrawal of support by one of its lenders, Gear was required to solicit external support from other lending institutions. At the time, Gear was successful in including Export Development Bank of Canada ("EDC") into the lending syndicate. However, EDC's support was contingent on the inclusion of several restrictions including an inability to return capital to shareholders regardless of the position of the balance sheet. EDC has affirmed that this restriction will remain in place. Gear is now pleased to announce that the fall borrowing base redetermination has substantially been completed and the previous unsupportive lender will no longer be a participant. With the forecast to be at or near zero net debt commensurate with the timing of the Spring 2022 borrowing base redetermination, Gear anticipates moving to a lending structure with no restrictions.

The second key reason is to reduce or eliminate risks associated with the growing trend of lenders looking to reduce their associated emissions by phasing out lending to Greenhouse Gas intensive sectors. On April 21, 2021, 43 banks from around the world announced a commitment to participate in the "Net-Zero Banking Alliance" which commits to the financial transition to a low-carbon economy and a focus by the year 2030 (or sooner) to reduce lending to the most Greenhouse Gas intensive sectors. The implications are that this program is designed primarily to target oil and gas producers, seemingly ignoring the material achievements made to date and future emission reduction commitments. The group has now been expanded to 69 banks and includes participation by all six of Canada's large banks. By moving to a zero net debt position, Gear will be in the enviable position of maximum flexibility in running its business in a continued ethical and responsible manner.

Using current forecasted commodity prices, Gear anticipates net debt being zero in the second quarter of 2022. Once zero net debt has been achieved, Gear anticipates directing some or all of the substantial forecasted free funds from operations towards a potential return of capital to shareholders in the form of share buybacks and/or dividends. Gear will also continue to evaluate consolidation investment opportunities as they arise. On a regular basis, Gear will assess whether it believes the share price is undervalued on an intrinsic basis, using various factors including reserve values per share and enterprise value to debt adjusted funds from operations multiples. If Gear believes its share price is appropriately valued, Gear will preferentially return capital to its shareholders in the form of dividends on a trailing quarterly basis.

The details of the 2022 capital budget are as follows:

- $29 million (72.5%) focused on drilling 19 gross (19 net) wells including 10 Provost and Killam, Alberta medium oil wells, eight Lloydminster area heavy oil wells, and one Southeast Saskatchewan Tableland light oil well
- $3 million (7.5%) invested in water flood expansions and optimizations including initiation of water injection into the new Provost medium oil asset, expansion of the successful Killam medium oil water flood and further expansions of the light oil water floods in Wilson Creek
- $3 million (7.5%) invested in field capital projects, recompletions, land, seismic and other corporate costs
- $5 million (12.5%) directed to continued reduction in liabilities associated with abandonment and reclamations to be combined with a minimum of an additional $2 million of federal government funding under the Site Rehabilitation Program

The budget is forecast to deliver the following results:

	2022 Guidance
Annual production (boe/d)	5,900 – 6,000
Heavy oil weighting (%)	49
Light/Medium oil and NGLs weighting (%)	38
Royalty rate (%)	11
Operating and transportation costs ($/boe)	19.50
General and administrative expense ($/boe)	3.35
Interest expense ($/boe)	0.35
Capital expenditures ($ millions)	35
Abandonment expenditures ($ millions)	5

Using various WTI price forecasts for 2022 and assuming a WCS differential of US$14 per barrel, MSW and LSB differentials of US$4 per barrel, AECO gas price of C$4 per GJ, and a foreign exchange of US$0.80 per C$, Gear is forecasting 2022 funds from operations ("FFO") as follows:

WTI US$	65	75	85	95
FFO ($ millions)	61	81	99	117
Capital and abandonment expenditures ($ millions)	(40)	(40)	(40)	(40)
FFO less capital and abandonment expenditures ($ millions)	21	41	59	77

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: fourth quarter 2021 production to be 6,250 boe per day; the expectation that net debt will be zero in the second quarter of 2022 with returns to shareholders to commence shortly after; 2021 exit net debt to be approximately $13 million; 2021 guidance including expected annual average production (including commodity weightings), expected royalty rate, expected operating and transportation costs, expected general and administrative costs, expected interest expense and expected capital and abandonment expenditures; the expected capital projects associated with the revised 2021 capital program; the expectation that associated incremental production from the increased capital program coupled with strong pricing will more than offset the increased capital with no material change to exit net debt estimates; the expected details of the 2022 capital budget including the expectation that the capital budget will deliver three to four per cent annual growth, zero net debt in the first half of 2022, continued improvement in Gear's environmental footprint and return free funds from operations to shareholders through a combination of share buybacks and dividends; the possibility of EDC to be moved to a program with no restrictions or the exit of EDC from the lending syndicate and other expected changes in the terms of Gear's credit facilities; the delivery of either dividends or share buybacks in 2022; the drilling of 19 wells for 2022 for $29 million; the investment of $3 million in water flood expansions and optimizations for 2022; the investment of $3 million in field capital projects, recompletions, land seismic and other for 2022; the direction of $5 million to abandonments and reclamations for 2022 plus an additional $2 million in Federal Government funding; 2022 guidance including expected annual average production (including commodity weightings), expected royalty rate, expected operating and transportation costs, expected general and administrative costs, expected interest expense and expected capital and abandonment expenditures; and the forecasting of various FFO and FFO less capital and abandonment expenditures at various WTI prices for 2022.

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; and the impact of competitors. In addition, any future share buybacks, payments of dividends or any other distributions to shareholders will depend on the Board of Directors of Gear determining that such actions are in the best interests of the Company. Gear's Board of Directors may determine that any available cash should be allocated for other purposes such as acquisitions or additional capital expenditures instead of making distributions to shareholders. In addition, forward-looking information and statements are subject to 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, net debt and operating netback, 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 noncash operating working capital and decommissioning liabilities settled. Net debt is calculated as debt less current working capital items, excluding risk management contracts. Operating netbacks are presented both before and after taking into account the effects of hedging and are calculated based on the amount of revenues received on a per unit of production basis after royalties and operating costs. 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 the MD&A.

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.

Initial Production Rates

Any references in this document to initial production (or IP) rates are useful in confirming the presence of hydrocarbons, however, such rates are not determinative of the rates at which such wells will continue production and decline thereafter. Additionally, such rates may also include recovered "load oil" fluids used in well completion stimulation. Readers are cautioned not to place reliance on such rates in calculating the aggregate production for Gear.

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