NEWS RELEASE

GEAR ENERGY LTD. ANNOUNCES FOURTH QUARTER 2022 OPERATING RESULTS AND YEAR-END RESERVES SUMMARY

CALGARY, ALBERTA (February 22, 2023) Gear Energy Ltd. ("Gear" or the "Company") (TSX:GXE) (OTCQX:GENGF) is pleased to provide the following fourth quarter operating results and reserves summary to shareholders. Gear's Consolidated Financial Statements and related Management's Discussion and Analysis ("MD&A") for the year ended December 31, 2022 are available for review on Gear's website at www.gearenergy.com and on www.sedar.com.

	Three months ended			Year ended	
(Cdn$ thousands, except per share, share and per boe amounts)	**Dec 31, 2022**	Dec 31, 2021	Sep 30, 2022	**Dec 31, 2022**	Dec 31, 2021
FINANCIAL					
Funds from operations (1)	**18,676**	17,938	22,544	**93,772**	54,368
Per boe	**35.27**	32.18	42.79	**44.77**	26.24
Per weighted average basic share	**0.07**	0.07	0.09	**0.36**	0.22
Cash flows from operating activities	**18,565**	17,421	26,196	**89,769**	51,881
Per boe	**35.06**	31.25	49.72	**42.85**	25.04
Per weighted average basic share	**0.07**	0.07	0.10	**0.35**	0.21
Net income (loss)	**27,695**	78,117	17,750	**74,981**	80,498
Per weighted average basic share	**0.11**	0.30	0.07	**0.29**	0.32
Capital expenditures	**18,899**	4,936	14,872	**50,549**	28,884
Decommissioning liabilities settled- Gear	**1,417**	1,000	2,859	**6,288**	1,619
Decommissioning liabilities settled- Government (2)	**532**	566	433	**1,215**	3,022
Net (debt) surplus (1)	**(2,220)**	(15,830)	6,959	**(2,220)**	(15,830)
Dividends declared and paid	**7,795**	-	7,751	**18,156**	-
Dividends declared and paid per share	**0.03**	-	0.03	**0.07**	-
Weighted average shares, basic (thousands)	**259,908**	259,360	258,385	**259,791**	248,665
Shares outstanding, end of period (thousands)	**260,693**	260,169	259,367	**260,693**	260,169
OPERATING					
Production					
Heavy oil (bbl/d)	**2,772**	3,282	2,546	**2,760**	3,211
Light and medium oil (bbl/d)	**1,835**	1,773	1,971	**1,842**	1,604
Natural gas liquids (bbl/d)	**299**	231	320	**283**	169
Natural gas (mcf/d)	**5,091**	4,637	5,339	**5,124**	4,149
Total (boe/d)	**5,755**	6,059	5,727	**5,739**	5,676
Average prices					
Heavy oil ($/bbl)	**69.72**	73.27	89.32	**92.80**	64.05
Light and medium oil ($/bbl)	**103.62**	88.99	109.95	**114.67**	77.51
Natural gas liquids ($/bbl)	**58.48**	59.50	60.62	**63.38**	47.90
Natural gas ($/mcf)	**5.11**	4.81	4.47	**5.41**	3.71
Netback ($/boe)					
Petroleum and natural gas sales	**74.19**	71.69	85.10	**89.40**	62.28
Royalties	**(10.40)**	(8.11)	(12.14)	**(11.89)**	(6.82)
Operating costs	**(21.55)**	(16.94)	(21.16)	**(21.10)**	(17.13)
Transportation costs	**(4.03)**	(3.00)	(3.67)	**(3.67)**	(2.30)
Operating netback (1)	**38.21**	43.64	48.13	**52.74**	36.03
Realized risk management loss	**-**	(8.20)	(1.94)	**(4.18)**	(5.92)
General and administrative	**(2.62)**	(2.55)	(3.20)	**(3.39)**	(2.57)
Interest and other	**(0.32)**	(0.71)	(0.20)	**(0.40)**	(1.30)

(1) Funds from operations, net (debt) surplus and operating netback do not have any standardized meanings under Canadian generally accepted accounting principles ("GAAP") and therefore may not be comparable to similar measures presented by other entities. For additional information related to these measures, including a reconciliation to the nearest GAAP measures, where applicable, see "Non-GAAP and Other Financial Measures" in this press release.

(2) Decommissioning liabilities settled by the federal government's Site Rehabilitation Program.

MESSAGE TO SHAREHOLDERS

Gear has concluded a highly successful year during 2022 which included the following achievements:

From a financial perspective, Gear generated record Funds from Operations ("FFO") of $93.8 million and delivered an impressive $37.0 million of aggregated returns to stakeholders. These returns account for 39 per cent of annual FFO, and exceed the full annual realized FFO in seven of the past 13 years of operations for Gear. In total, through 2022, Gear provided 85 per cent growth in FFO per debt adjusted share which supported:

- $18.2 million of dividends.
- $5.2 million of shares repurchased.
- $13.6 million reduction in net debt to near zero at year end.

These accomplishments represent an approximate 13 per cent return in relation to Gear's year end market capitalization of $276 million. In addition to these financial returns, Gear successfully invested $50.5 million primarily towards drilling and waterflood enhancement as well as $6.3 million towards abandonment and reclamation programs. Key operational outcomes resulting from these investments include:

- Five per cent increase in production per debt adjusted share.
- 13 per cent increase in Proved Developed Producing ("PDP") reserves per debt adjusted share.
- Replaced 124 per cent of 2022 production on a PDP basis.
- Record high PDP Reserves Life Index ("RLI") of 4.9 years.
- PDP Recycle ratio of 2.9 times, the second best ever for Gear.
- Increased the amount of PDP reserves under waterflood by 44 per cent and increased the amount of forecasted production under waterflood by 64 per cent over 2021, contributing to an improved outlook for future base decline rates.
- Abandoned a record 169 inactive wells as well as multiple pipeline and facility abandonments.

All of these achievements were realized despite persistent price volatility, inflationary pressures and challenges with consistent and timely access to services through the year. These challenges primarily showed up for Gear as a deferral of approximately $5 million of development capital from Q4 2022 to Q1 2023 and an associated delay in anticipated production growth. The main contributors to the capital deferral were the fracture stimulation of two Tableland light oil wells, and the initiation and expansion of waterfloods in Tableland, Provost, Maidstone and Wilson Creek. The majority of these projects and the vast majority of the deferred capital have now been completed with associated production assisting Gear in moving back above 6,000 boe/d through early February. With continued cleanup and optimization of recent 2022 wells in Killam and Tableland as well as the four new wells drilled in the first quarter of 2023, production is expected to grow further as we exit the first quarter and move into spring break up. Production guidance for the first quarter of 2023 is being reduced to 6,100 boe/d to acknowledge these delays. However, due to a combination of anticipated waterflood response, as well as downhole and facility constraints on the new production, rates are expected to be more stable through the middle of the year and annual 2023 guidance of 6,100 boe/d is still being targeted.

GUIDANCE

	2023 Revised Guidance	2023 Previous Guidance	2022 Guidance	2022 Actuals
Annual production (boe/d)	**6,100**	6,100	5,700 – 5,900	5,739
Q1 2023 production (boe/d)	**6,100**	6,400	6,400	n/a
Heavy oil weighting (%)	**48**	48	50	48
Light oil, medium oil and NGLs weighting (%)	**37**	37	36	37
Royalty rate (%)	**13**	13	13	13
Operating and transportation costs ($/boe)	**23.00**	23.00	23.50	24.77
General and administrative expense ($/boe)	**3.50**	3.50	3.15	3.39
Interest and other expense ($/boe)	**0.30**	0.30	0.40	0.40
Capital and abandonment expenditures ($ millions)(1)	**66**	61	62	57

(1) Capital and abandonment expenditures includes decommissioning liability expenditures made by Gear and excludes any expenditures made by the federal government's Site Rehabilitation Program.

2022 ANNUAL HIGHLIGHTS

- Generated $93.8 million of FFO or $44.77 per boe as a result of strong pricing. Revenue averaged $89.40 per boe for the year as a result of a strong WTI oil benchmark price of US$94.23 per barrel. FFO prior to hedging costs was $102.5 million or $48.95 per boe. Gear minimized its risk management losses through the use of a combination of purchased puts and three-way collars for 2022.

- Delivered production of 5,739 boe per day for 2022, a one per cent increase on an absolute basis and a five per cent increase on a per debt adjusted share basis from 2021.

- In April 2022, Gear become one of the first companies in the Canadian energy sector to achieve zero net debt and maintained near zero net debt at $2.2 million at the end of 2022, a $13.6 million reduction from year-end 2021.

- Returned $23.4 million to shareholders through $18.2 million in cash dividends and the repurchase of 3.6 million common shares at an average cost of $1.45 per share.

- Successfully invested $50.5 million to drill 24 gross (24 net) wells, install and optimize multiple waterflood projects, complete various recompletion opportunities and fund other corporate capital. This investment more than offset annual base decline and provided 518 boe per day of new production for 2022, with additional production expected in 2023.

- Dedicated $7.5 million to decommissioning activities, funded by both Gear and the federal government's Site Rehabilitation Program, resulting in a record 169 gross wells being abandoned through the year.

2023 OUTLOOK

Throughout 2022, the US government released a total of 222 million barrels of crude oil from its Strategic Petroleum Reserve. This resulted in WTI prices being negatively impacted from this additional oil supply, with WTI averaging US$94.23 per barrel for the year. For 2023, no material additional releases are expected. There has been considerable debate on the impacts of a possible global recession and whether this will result in a reduction in oil demand. However, anecdotal evidence shows demand to be strong especially with China relaxing Covid-19 restrictions. With very low debt and thus limited balance sheet risk, Gear currently does not have any oil hedges in place for 2023 and has only hedged 3,600 GJ per day of natural gas at an AECO fixed price swap of $4.50 per GJ.

Based on the outlook for commodity prices at this time, and the scheduled reduction in capital investment through spring break-up, Gear currently forecasts to be able to execute on its capital budget, maintain the dividend and ensure that net debt remains low by the end of the second quarter of 2023. Commodity prices and financial and operational plans for the second half of the year will be monitored closely and the Gear team will remain nimble as we strive to optimize 2023 plans while ensuring the maintenance of an exceptionally strong balance sheet.

FOURTH QUARTER HIGHLIGHTS

- Funds from operations ("FFO") for the fourth quarter of 2022 was $18.7 million, a decrease of 17 per cent from the third quarter of 2022 as a result of lower commodity prices. Fourth quarter realized prices decreased to $74.19 per boe from $85.10 per boe in the third quarter of 2022. Lower commodity prices were primarily driven by a decrease in the WTI benchmark oil price which averaged US$82.65 per barrel in the fourth quarter and wider WCS heavy oil differentials, which averaged US$25.42 per barrel in the fourth quarter. The outlook for WCS differentials has begun to improve through the first quarter with recent trades as low as US$18 to US$19 per barrel discount.

- Production for the fourth quarter of 2022 was 5,755 boe per day, stable from the third quarter of 2022 as a result of third-party gas infrastructure challenges which resulted in suboptimal runtimes for Gear wells and extreme cold weather conditions during the month of December. These weather conditions resulted in well freeze-ups and challenges in transporting oil. In addition, timing and availability of services has resulted in two wells in Tableland being completed in January 2023 rather than November. Gear had previously targeted first quarter 2023 production of approximately 6,400 boe per day and now anticipates this to be approximately 6,100 boe per day as a result of the completion delays.

- During the fourth quarter of 2022, Gear drilled eight gross (eight net) wells: two multi-lateral heavy oil wells in Wildmere, Alberta, four horizontal multistage fractured medium oil wells in Killam, Alberta and two light oil multistage fractured wells in Tableland, Saskatchewan. In total, Gear incurred $18.9 million of capital expenditures for the quarter.

- As a result of significant capital activity, and lower realized commodity prices, Gear exited the quarter with $2.2 million in net debt, an increase of $9.2 million from the third quarter. Net debt to quarterly annualized FFO for the quarter was negligible.

2022 YEAR END RESERVES HIGHLIGHTS

- Gear achieved the following reserves highlights through 2022 activity, compared to 2021 results including full corporate abandonment and reclamation obligation ("ARO") costs. No significant acquisitions were completed in 2022; as such, FD&A costs are essentially equivalent to F&D costs.

Proved Developed Producing ("PDP")

- 2.59 MMboe of additions
- Reserves increased six per cent, 13 per cent per Debt Adjusted ("DA") share [(1)]
- Reserves value on a Before Tax 10 per cent discounted basis ("BT10") increased 25 per cent, 33 per cent on a per DA share basis[(1)]
- Replaced 124 per cent of 2022 annual production
- F&D (and FD&A) cost[(1)] of $18.46/boe including change in Future Development Capital ("FDC")
- Recycle ratio[(1)] of 2.9x based on 2022 operating netback[(1)] of $52.74/boe (before hedging)

Total Proved ("TP")

- 2.17 MMboe of additions
- Reserves were unchanged and increased eight per cent per DA share[(1)]
- Reserves value BT10 increased 21 per cent, 29 per cent on a per DA share basis[(1)]
- Replaced 104 per cent of 2022 annual production
- F&D cost[(1)] of $29.10/boe including change in FDC
- Recycle ratio[(1)] of 1.8x

Total Proved plus Probable ("P+P")

- 2.01 MMboe of additions
- Reserves were unchanged and increased seven per cent per DA share[(1)]
- Reserves value BT10 increased 20 per cent, 28 per cent on a per DA share basis[(1)]
- Replaced 96 per cent of 2022 annual production
- F&D cost[(1)] of $30.05/boe including change in FDC
- Recycle ratio[(1)] of 1.7x

- Corporate liquids weighting decreased to 86 per cent from 87 per cent for the P+P reserves case. Light/medium oil and Natural Gas Liquids ("NGLs") decreased one per cent while gas increased by one per cent. Corporate P+P reserves are now balanced with 42 per cent heavy oil, 38 per cent light and medium oil, 6 per cent NGLs and 14 per cent gas.

- In aggregate, the reserves associated with the 2022 capital development program came in on target. Reserves additions across all categories were achieved primarily through a combination of the following:

  - Successful new drilling in Wildmere, Lindbergh, Celtic, Provost, Killam and Tableland
  - Base performance revisions in Paradise Hill, Drowning Ford, Wildmere and Tableland
  - Reactivation of locations in Wildmere, Tableland, and various heavy oil properties
  - Recognition of waterflood implementation and/or response in Killam, Provost, Maidstone, Wildmere, Wilson Creek, and Tableland
  - Economic factors as a percentage of annual reserves additions were 22 per cent, 57 per cent and 86 per cent for PDP, TP and P+P values, respectively

- Management's annual estimate of future potential drilling locations decreased to 336 un-risked net locations as a result of land expiries, the drilling of existing inventory, and the continuous high grading of future inventory through increased use of multi-laterals. The Sproule (as defined below) evaluation currently recognizes 94 net locations in the TP category and 144 in the P+P category. These booked locations represent 28 and 43 per cent of management's estimates, respectively. The 144 net booked P+P locations include 36 multi-lateral horizontals, 93 single lateral horizontals and 15 vertical wells.

- Corporate Net Asset Values ("NAV") BT10[(2)] are $0.78 per share for PDP, $1.14 per share for TP and $1.83 per share for P+P utilizing the price forecast at January 1, 2023 used in the Sproule evaluation. These values represent a respective 37 per cent, 27 per cent and 23 per cent increase from the prior year. Additional NAV values at various flat price scenarios and discount rates are highlighted within.

- The Reserves Life Index ("RLI") [(3)] for each category are 4.9 years for PDP, 7.6 years for TP, and 10.4 years for P+P. These values represent seven per cent improvement for PDP and a three per cent improvement for TP and P+P when compared to the prior year.

(1) FD&A cost, F&D cost, reserves per DA share, reserves value BT10 per DA share, recycle ratio and operating netback are oil and gas metrics that do not have any standardized meanings under GAAP and therefore are considered non-GAAP ratios and may not be comparable to similar measures presented by other entities. For additional information related to these measures see "Efficiency Ratios", "Non-GAAP and Other Financial Measures" and "Oil and Gas Metrics" in this press release.
(2) Net Asset Value is a supplementary financial measure. See "Efficiency Ratios" and "Non-GAAP and Other Financial Measures" in this press release for an explanation of the composition of this supplementary financial measure.
(3) Reserves Life Index is an oil and gas metric that does not have a standardized meaning and therefore may not be comparable to similar measures presented by other entities. For additional information related to this measure see "Oil and Gas Metrics" in this press release.

RESERVES SUMMARY

Year-end 2022 reserves were evaluated by independent reserves evaluator Sproule Associates Ltd. ("Sproule") in accordance with the definitions, standards and procedures contained in the Canadian Oil and Gas Evaluation Handbook ("COGE Handbook") and National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101"). A reserves committee, comprised of independent board members, reviews the qualifications and appointment of the independent reserves evaluator and reviews the procedures for providing information to the evaluators. The reserves evaluation was based on an average of price forecasts prepared by Sproule, GLJ Petroleum Consultants Ltd. and McDaniel & Associates Consulting Ltd. effective at January 1, 2023. Reserves included herein are stated on a company gross basis (working interest before deduction of royalties without inclusion of any royalty interests) unless noted otherwise. Additional reserves information required under NI 51-101 will be included in Gear's Annual Information Form to be filed on SEDAR on or before March 31, 2023.

The following tables outline Gear's reserves as at December 31, 2022. No provision for interest, risk management contracts, debt service charges and general and administrative expenses have been made and it should not be assumed that the net present values of the reserves estimated by Sproule represents the fair market value of the reserves.

Reserves Summary at Dec 31, 2022 Using Forecast Costs and January 1, 2023 Evaluator Average Forecast Prices

Company Gross	Light & Medium Oil (Mbbl)	Heavy Oil (Mbbl)	NGL's (Mbbl)	Natural Gas (MMcf)	Equivalent (Mboe)	Liquids Ratio (%)
Proved Developed Producing	3,770	3,286	553	10,915	9,428	81
Proved Non-Producing & Undeveloped	3,027	2,947	484	5,071	7,303	88
Total Proved	6,797	6,233	1,037	15,986	16,731	84
Probable Developed Producing	1,416	924	185	3,383	3,088	82
Probable Non-Producing & Undeveloped	1,797	3,793	246	3,546	6,427	91
Total Probable	3,213	4,717	431	6,929	9,515	88
Total Proved plus Probable	10,010	10,950	1,467	22,915	26,247	85

Net Present Value of Future Revenues Including Full ARO Before Income Taxes Under Forecast Prices and Costs

Company Gross ($ thousands)	Undiscounted	Discounted @ 5%	Discounted @ 10%	Discounted @ 15%	Discounted @ 20%
Proved Developed Producing	202,323	214,518	198,276	180,555	163,307
Proved Non-Producing & Undeveloped	182,539	130,135	95,771	72,192	55,274
Total Proved	384,862	344,653	294,047	252,747	220,581
Probable Developed Producing	117,226	83,728	61,480	47,856	38,964
Probable Non-Producing & Undeveloped	210,907	153,880	118,217	94,131	76,885
Total Probable	328,132	237,608	179,697	141,987	115,849
Total Proved plus Probable	712,994	582,261	473,744	394,734	336,430

Net Future Development Capital ("FDC") Under Forecast Prices and Costs

($ thousands)	Proved	Probable	Total
2023	29,483	14,935	44,418
2024	62,970	26,643	89,612
2025	57,746	13,093	70,839
2026	13,257	13,756	27,012
2027	0	9,329	9,329
Undiscounted Total	163,455	77,755	241,210

EFFICIENCY RATIOS

The following table highlights annual capital efficiency through F&D and FD&A costs per boe metrics.

	2022			2021		
Reserves (mboes), Capital ($ thousands)	**PDP**	**TP**	**P+P**	PDP	TP	P+P
Development Reserves Additions	**2,586**	**2,169**	**2,025**	3,797	5,725	4,899
Net Acquisition Reserves Additions	**4**	**4**	**(11)**	-	-	-
Total Reserves Additions	**2,590**	**2,173**	**2,014**	3,797	5,725	4,899
Development capital	**50,462**	**50,462**	**50,462**	28,884	28,884	28,884
Development change in FDC	**(2,717)**	**12,642**	**10,400**	3,538	41,436	10,956
Total development capital including FDC	**47,745**	**63,104**	**60,862**	32,422	70,320	39,840
Net acquisition capital	**87**	**87**	**87**	-	-	-
Net acquisition change in FDC	**-**	**-**	**-**	-	-	-
Total net acquisition capital including FDC	**87**	**87**	**87**	-	-	-
Total capital	**50,549**	**50,549**	**50,549**	28,884	28,884	28,884
Total change in FDC	**(2,717)**	**12,642**	**10,400**	3,538	41,436	10,956
Total capital including FDC	**47,832**	**63,191**	**60,949**	32,422	70,320	39,840
F&D costs with FDC per boe	**18.46**	**29.10**	**30.05**	8.54	12.28	8.13
FD&A costs with FDC per boe	**18.47**	**29.08**	**30.26**	8.54	12.28	8.13
3 Year average FD&A including FDC per boe	**22.89**	**21.41**	**17.50**	21.78	18.47	17.57
Recycle ratio (FD&A with FDC)	**2.9**	**1.8**	**1.7**	4.2	2.9	4.4

Reserves Life Index ("RLI")

(years)	**2022**	**2021**	**2020**
Proved Developed Producing	**4.9**	4.6	4.3
Total Proved	**7.6**	7.4	6.9
Total Proved plus Probable	**10.4**	10.1	10.7

Net Asset Value ("NAV") at December 31, 2022

($ millions, except per share amounts)	**2022**	2021
Value of Company Interest Proved plus Probable Reserves Discounted at 10% (Before Tax)	**473.8**	396.2
Undeveloped Land	**6.4**	6.3
Net Debt	**(2.2)**	(15.8)
NAV	**478.0**	386.7
Shares Outstanding (millions)	**260.7**	260.2
NAV per Share	**1.83**	1.49

Using various constant WTI price forecasts and assuming a WCS differential of US$18 per barrel, MSW differential of US$3 per barrel, and LSB differential of US$3.5 per barrel, AECO gas price of C$4.50 per GJ, and a foreign exchange of US$0.73 per C$, NAV's at December 31, 2022 at various discount rates before tax are as follows:

NAV per Share	**Discount Rate (%)**	**Evaluator Average Forecast Prices, Jan 1, 2023**	**WTI US$70/bbl**	**WTI US$80/bbl**	**WTI US$90/bbl**
Proved Developed Producing	10	0.78	0.75	0.95	1.15
Total Proved	10	1.14	1.08	1.44	1.79
Total Proved plus Probable	10	1.83	1.71	2.24	2.75

RESERVES RECONCILIATION

Reserves Reconciliation Company Gross	Heavy Oil (Mbbl)	Light & Medium Oil (Mbbl)	Natural Gas (MMcf)	Natural Gas Liquids (Mbbl)	Oil Equivalent (Mboe)
Proved Producing					
Opening Balance, January 1, 2022	3,180	3,747	8,910	519	8,931
Technical Revisions	546	268	2,364	111	1,318
Drilling Extensions	203	140	452	4	422
Infill Drilling	-	30	27	1	36
Improved Recovery	100	119	171	1	249
Acquisitions	-	11	12	-	13
Dispositions	-	(6)	(12)	(1)	(9)
Economic Factors	264	134	864	19	561
Production	(1,007)	(673)	(1,873)	(101)	(2,093)
Closing Balance, December 31, 2022	**3,286**	**3,770**	**10,915**	**553**	**9,428**
Total Proved					
Opening Balance, January 1, 2022	6,262	6,919	14,505	1,053	16,651
Technical Revisions	(214)	(546)	796	(7)	(635)
Drilling Extensions	498	325	885	21	991
Infill Drilling	-	30	27	1	36
Improved Recovery	151	264	509	33	533
Acquisitions	-	11	12	-	13
Dispositions	-	(6)	(12)	(1)	(9)
Economic Factors	543	473	1,137	38	1,244
Production	(1,007)	(673)	(1,873)	(101)	(2,093)
Closing Balance, December 31, 2022	**6,233**	**6,797**	**15,986**	**1,037**	**16,731**
Proved plus Probable					
Opening Balance, January 1, 2022	10,970	10,303	21,324	1,498	26,325
Technical Revisions	(1,574)	(694)	399	(6)	(2,208)
Drilling Extensions	887	381	1,223	25	1,498
Infill Drilling	-	-	-	-	-
Improved Recovery	470	424	599	17	1,011
Acquisitions	-	1	3	-	1
Dispositions	-	(8)	(17)	(1)	(12)
Economic Factors	1,204	276	1,257	35	1,725
Production	(1,007)	(673)	(1,873)	(101)	(2,093)
Closing Balance, December 31, 2022	**10,950**	**10,010**	**22,915**	**1,467**	**26,247**

FORECAST PRICES AND COSTS

Evaluator average crude oil and natural gas benchmark reference pricing, inflation, and exchange rates utilized by Sproule as at January 1, 2023 were as follows:

Year	Inflation (%)	Exchange Rate (USD/CAD)	WTI Cushing (40 API) (USD/bbl)	Edmonton MSW (40 API) (CAD/bbl)	WCS Hardisty (21 API) (CAD/bbl)	AECO/NIT Spot (CAD/mmbtu)
2023	0.00	0.75	80.33	103.76	76.54	4.23
2024	2.33	0.77	78.50	97.74	77.75	4.40
2025	2.00	0.77	76.95	95.27	77.55	4.21
2026	2.00	0.77	77.61	95.58	80.07	4.27
2027	2.00	0.78	79.16	97.07	81.89	4.34
2028	2.00	0.78	80.74	99.01	84.02	4.43
2029	2.00	0.78	82.36	100.99	85.73	4.51
2030	2.00	0.78	84.00	103.01	87.44	4.60
2031	2.00	0.78	85.69	105.07	89.20	4.69
2032	2.00	0.78	87.40	106.69	91.11	4.79
2033+	2.00	0.78	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr

GEAR ENERGY LTD.
CONSOLIDATED BALANCE SHEETS (unaudited)
As at December 31

(Cdn$ thousands)		**December 31, 2022**		December 31, 2021
ASSETS				
Current assets				
Accounts receivable	**$**	**12,674**	$	12,383
Prepaid expenses		**3,341**		3,212
Inventory		**8,178**		6,631
Risk management contracts		**1,057**		-
		25,250		22,226
Deferred income tax asset		**41,121**		32,888
Property, plant and equipment		**283,038**		263,649
Total assets	**$**	**349,409**	$	318,763
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	**$**	**19,290**	$	11,701
Decommissioning liability		**6,931**		7,343
Risk management contracts		**-**		2,595
		26,221		21,639
Debt		**7,123**		26,355
Decommissioning liability		**64,451**		71,721
Total liabilities		**97,795**		119,715
SHAREHOLDERS' EQUITY				
Share capital		**348,005**		350,332
Contributed surplus		**17,837**		19,337
Deficit		**(114,228)**		(170,621)
Total shareholders' equity		**251,614**		199,048
Total liabilities and shareholders' equity	**$**	**349,409**	$	318,763

GEAR ENERGY LTD.
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME (unaudited)

	Three Months Ended December 31		Year Ended December 31	
(Cdn$ thousands, except per share amounts)	**2022**	2021	**2022**	2021
REVENUE				
Petroleum and natural gas sales	**$ 39,278**	$ 39,961	**$ 187,277**	$ 129,027
Royalties	**(5,504)**	(4,519)	**(24,899)**	(14,133)
	33,774	35,442	**162,378**	114,894
Realized loss on risk management contracts	**-**	(4,572)	**(8,767)**	(12,271)
Unrealized gain (loss) on risk management contracts	**1,353**	3,952	**3,652**	(2,576)
	35,127	34,822	**157,263**	100,047
EXPENSES				
Operating	**11,411**	9,445	**44,207**	35,498
Transportation	**2,132**	1,670	**7,696**	4,755
General and administrative	**1,388**	1,422	**7,096**	5,332
Interest and financing charges	**176**	395	**1,033**	2,572
Depletion, depreciation and amortization	**9,663**	9,745	**37,370**	35,423
Impairment reversal	**(10,023)**	(33,675)	**(10,023)**	(33,675)
Accretion	**588**	353	**2,255**	1,865
Share-based compensation	**320**	167	**1,055**	498
(Gain) loss on foreign exchange	**(9)**	-	**(193)**	98
Bad debt	**19**	71	**19**	71
	15,665	(10,407)	**90,515**	52,437
Income before income taxes	**19,462**	46,229	**66,748**	47,610
Deferred income tax recovery	**8,233**	32,888	**8,233**	32,888
Net income and comprehensive income	**$ 27,695**	$ 78,117	**$ 74,981**	$ 80,498
Net income per share, basic	**$ 0.11**	$ 0.30	**$ 0.29**	$ 0.32
Net income per share, diluted	**$ 0.10**	$ 0.29	**$ 0.28**	$ 0.31

GEAR ENERGY LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (unaudited)
For the years ended December 31
(Cdn$ thousands)

	Share Capital	Convertible Debentures	Contributed Surplus	Deficit	Total Equity
Balance at December 31, 2020	$ 333,711	$ 2,494	$ 19,843	$ (251,119)	$ 104,929
Conversion of convertible debentures	15,679	(2,494)	-	-	13,185
Stock option exercise	942	-	(1,004)	-	(62)
Share-based compensation	-	-	498	-	498
Net income for the year	-	-	-	80,498	80,498
Balance at December 31, 2021	**$ 350,332**	**$ -**	**$ 19,337**	**$ (170,621)**	**$ 199,048**
Stock option exercise	2,549	-	(2,579)	-	(30)
Common shares repurchased	(4,876)	-	24	(432)	(5,284)
Share-based compensation	-	-	1,055	-	1,055
Dividends	-	-	-	(18,156)	(18,156)
Net income for the year	-	-	-	74,981	74,981
Balance at December 31, 2022	**$ 348,005**	**$ -**	**$ 17,837**	**$ (114,228)**	**$ 251,614**

GEAR ENERGY LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

(Cdn$ thousands)	Three Months Ended December 31 2022	2021	Year Ended December 31 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	**$ 27,695**	$ 78,117	**$ 74,981**	$ 80,498
Add items not involving cash:				
Unrealized (gain) loss on risk management contracts	**(1,353)**	(3,952)	**(3,652)**	2,576
Depletion, depreciation and amortization	**9,663**	9,745	**37,370**	35,423
Impairment reversal	**(10,023)**	(33,675)	**(10,023)**	(33,675)
Accretion	**588**	353	**2,255**	1,865
Share-based compensation	**320**	167	**1,055**	498
Bad debt	**19**	71	**19**	71
Deferred income tax recovery	**(8,233)**	(32,888)	**(8,233)**	(32,888)
Decommissioning liabilities settled	**(1,417)**	(1,000)	**(6,288)**	(1,619)
Change in non-cash working capital	**1,306**	483	**2,285**	(868)
	18,565	17,421	**89,769**	51,881
CASH FLOWS USED IN FINANCING ACTIVITIES				
Change in debt under credit facilities	**7,123**	(11,450)	**(19,232)**	(24,394)
Settlement of stock options	**-**	-	**-**	(29)
Stock option exercise	**18**	(22)	**(30)**	(33)
Common shares repurchased	**-**	-	**(5,284)**	-
Cash dividends	**(7,795)**	-	**(18,156)**	-
	(654)	(11,472)	**(42,702)**	(24,456)
CASH FLOWS USED IN INVESTING ACTIVITIES				
Property, plant and equipment expenditures	**(18,899)**	(4,936)	**(50,549)**	(28,884)
Change in non-cash working capital	**490**	(1,013)	**3,482**	1,459
	(18,409)	(5,949)	**(47,067)**	(27,425)
INCREASE IN CASH AND CASH EQUIVALENTS	**(498)**	-	**-**	-
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	**498**	-	**-**	-
CASH AND CASH EQUIVALENTS, END OF PERIOD	**$ -**	$ -	**$ -**	$ -

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 production will grow further as we exit the first quarter and move into spring break up; 2023 guidance including expected first quarter and 2023 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 expectation that production rates will be more be more stable through the middle of the year; Gear's forecast of being able to execute on its capital budget, maintain the dividend and ensure that net debt remains low at the end of the second quarter of 2023; Gear's intent to monitor commodity prices and financial and operational plans for the second half of the year to strive to optimize 2023 plans while ensuring the maintenance of an exceptionally strong balance sheet; and expectations of commodity prices and differentials.

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; any inability to obtain debt or equity financing as necessary to fund operations, capital expenditures and any potential acquisitions; 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 impacts of wars and conflicts (including the Russian and Ukrainian war), pandemics (including the continuing impact of the COVID-19 pandemic), political events, natural disasters and terrorism; 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 and Other Financial Measures

This press release includes references to non-GAAP and other financial measures that Gear uses to analyze financial performance. These specified financial measures include non-GAAP financial measures, non-GAAP ratios, capital management measures and supplementary financial measures, and are not defined by International Financial Reporting Standards and are therefore referred to as non-GAAP and other financial measures. Management believes that the non-GAAP and other financial measures used by the Company are key performance measures for Gear and provide investors with information that is commonly used by other oil and gas companies. These key performance indicators and benchmarks as presented do not have any standardized meaning prescribed by Canadian GAAP and therefore may not be comparable with the calculation of similar measures for other entities. These non-GAAP and other financial measures should not be considered an alternative to or more meaningful than their most directly comparable financial measure presented in the financial statements, as an indication of the Company's performance. Descriptions of the non-GAAP and other financial measures used by the Company as well as reconciliations to the most directly comparable GAAP measure for the year ended December 31, 2022 and December 31, 2021, where applicable, is provided below.

Funds from Operations

Funds from operations is a non-GAAP financial measure defined as cash flows from operating activities before changes in non-cash operating working capital and decommissioning liabilities settled. Gear evaluates its financial performance primarily on funds from operations and considers it a key measure for management and investors as it demonstrates the Company's ability to generate the funds from operations necessary to fund its capital program, settle decommissioning liabilities, repay debt, finance dividends and/or repurchase common shares under the Company's NCIB, if the Company chooses to do so. The following is a reconciliation of funds from operations from cash flows from operating activities.

Reconciliation of cash flows from operating activities to funds from operations:

	Three months ended			Year ended	
($ thousands)	Dec 31, 2022	Dec 31, 2021	Sep 30, 2022	Dec 31, 2022	Dec 30, 2021
Cash flows from operating activities	18,565	17,421	26,196	89,769	51,881
Decommissioning liabilities settled (1)	1,417	1,000	2,859	6,288	1,619
Change in non-cash working capital	(1,306)	(483)	(6,511)	(2,285)	868
Funds from operations	18,676	17,938	22,544	93,772	54,368

(1) Decommissioning liabilities settled includes only expenditures made by Gear.

Funds from Operations per BOE

Funds from operations per boe is a non-GAAP ratio calculated as funds from operations, as defined and reconciled to cash flows from operating activities above, divided by sales production for the period. Gear considers this a useful non-GAAP ratio for management and investors as it evaluates financial performance on a per boe level, which enables better comparison to other oil and gas companies in demonstrating its ability to generate the funds from operations necessary to fund its capital program, settle decommissioning liabilities, repay debt, finance dividends and/or repurchase common shares under the Company's NCIB, if the Company chooses to do so.

Funds from operations per weighted average basic share

Funds from operations per weighted average basic share is a non-GAAP ratio calculated as funds from operations, as defined and reconciled to cash flows from operating activities above, divided by the weighted average basic share amount. Gear considers this non-GAAP ratio a useful measure for management and investors as it demonstrates its ability to generate the funds from operations, on a per weighted average basic share basis, necessary to fund its capital program, settle decommissioning liabilities, repay debt, finance dividends and/or repurchase common shares under the Company's NCIB, if the Company chooses to do so.

Net (debt) surplus

Net (debt) surplus is a capital management measure defined as debt less current working capital items (excluding debt, risk management contracts and decommissioning liabilities). Gear believes net (debt) surplus provides management and investors with a measure that is a key indicator of its leverage and strength of its balance sheet. Changes in net (debt) surplus are primarily a result of funds from operations, capital and abandonment expenditures, equity issuances, dividends paid and equity repurchases pursuant to the NCIB, if the Company chooses to do so.

Reconciliation of debt to net debt:

Capital Structure and Liquidity ($ thousands)	Dec 31, 2022	Dec 31, 2021
Debt	(7,123)	(26,355)
Working capital surplus (1)	4,903	10,525
Net debt	(2,220)	(15,830)

(1) Excludes risk management contracts and decommissioning liabilities.

Net Debt to Funds from Operations

Net debt to funds from operations is a non-GAAP ratio and is defined as net debt, as defined and reconciled to debt above, divided by the funds from operations, as defined and reconciled to cash flows from operating activities above, for the year. Gear uses net debt to funds from operations to analyze financial and operating performance. Gear considers this a key measure for management and investors as it demonstrates the Company's ability to pay off its debt and take on new debt, if necessary, using the most recent annual results. When the Company is in a net surplus position, the Company's net debt to funds from operations is not applicable.

Net Debt to Quarterly Annualized Funds from Operations

Net debt to quarterly annualized funds from operations is a non-GAAP ratio and is defined as net debt, as defined and reconciled to debt above, divided by the annualized funds from operations, as defined and reconciled to cash flows from operating activities above, for the most recently completed quarter. Gear uses net debt to quarterly annualized funds from operations to analyze financial and operating performance. Gear considers this a key measure for management and investors as it demonstrates the Company's ability to pay off its debt and take on new debt, if necessary, using the most recent quarter's results. When the Company is in a net surplus position, the Company's net debt to annualized funds from operations is not applicable.

Debt Adjusted Shares

Debt adjusted shares is a non-GAAP financial measure calculated as the weighted average shares minus the share equivalent when Gear has an average net surplus position, or plus the share equivalent when Gear has an average net debt position, as defined and reconciled to debt above, over the period. This assumes that net surplus is used to repurchase shares or net debt is extinguished with an issuance based on a certain share price; however, it should be noted that Gear's bank debt is not convertible into shares. The calculation of debt adjusted shares assumes that Gear issues shares for cash proceeds and such proceeds are used to repay the amounts outstanding under the Company's bank debt, or Gear has the ability to repurchase shares when in a net surplus position. Gear has used the ten-day volume weighted average share price ending at the end of the period as this share price better captures the actual price that could be theoretically used in the event that shares are hypothetically issued to extinguish outstanding debt or the price that the Company repurchases shares at. Gear considers debt adjusted shares a useful measure for management and investors as it enables oil and gas companies to be put on an equal, enterprise value-based footing when calculating per share numbers.

Reconciliation of weighted average basic shares to debt adjusted shares:

	Three months ended			Year ended	
	Dec 31, 2022	Dec 31, 2021	Sep 30, 2022	Dec 31, 2022	Dec 31, 2021
(thousands, except per share amounts)					
Weighted average basic shares	259,908	259,360	258,385	259,791	248,665
Average share price (1)	1.06	0.89	1.14	1.06	0.89
Average net surplus (debt) (2)	2,370	(21,845)	8,367	(9,025)	(34,347)
Share equivalent on average net surplus (debt) (3)	(2,236)	24,545	(7,339)	8,514	38,592
Debt adjusted shares	257,672	283,905	251,046	268,305	287,257

(1) Average share price obtained by a ten-day volume weighted average price ending at the end of the period.
(2) Average net surplus (debt) obtained by a simple average between opening and ending net surplus (debt) for the quarters and years ended.
(3) Share equivalent on average net surplus (debt) obtained by average net surplus (debt) divided by average share price.

Reserves per debt adjusted shares

Reserves per debt adjusted shares is a non-GAAP ratio calculated as reserves, boe, divided by debt adjusted shares, as defined and reconciled to weighted average basic shares above. Gear considers reserves, boe, per debt adjusted shares a useful non-GAAP ratio for management and investors as it enables oil and gas companies to be put on an equal, enterprise value-based footing when calculating per share numbers to demonstrate the Company's ability to produce oil and gas.

(boe per debt adjusted share)	Dec 31, 2022	Dec 31, 2021
Proved developed producing	0.035	0.031
Total proved	0.062	0.058
Total proved plus probable	0.098	0.092

Reserves value before tax 10 per cent per debt adjusted shares

Reserves value before tax 10 per cent per debt adjusted shares is a non-GAAP ratio calculated as reserves value before tax 10 per cent, divided by debt adjusted shares, as defined and reconciled to weighted average basic shares above. Gear considers reserves value before tax 10 per cent per debt adjusted shares a useful non-GAAP ratio for management and investors as it enables oil and gas companies to be put on an equal, enterprise value-based footing when calculating per share numbers to demonstrate the Company's ability to produce oil and gas.

($ per debt adjusted share)	Dec 31, 2022	Dec 31, 2021
Proved developed producing	0.739	0.554
Total proved	1.093	0.845
Total proved plus probable	1.766	1.379

Operating Netback

Operating netbacks are non-GAAP ratios calculated based on the amount of revenues received on a per unit of production basis after royalties and operating costs. Management considers operating netback to be a key measure of operating performance and profitability on a per unit basis of production. Management believes that netback provides investors with information that is commonly used by other oil and gas companies. The measurement on a per boe basis assists management and investors with evaluating operating performance on a comparable basis.

Finding and Development ("F&D") Costs and Finding, Development and Acquisition ("FD&A") Costs
F&D costs and FD&A costs are non-GAAP ratios. The calculation for F&D includes all exploration, development capital for that period plus the change in FDC for that period. This total capital including the change in the FDC is then divided by the change in reserves for that period incorporating all revisions for that same period. The calculation for FD&A is calculated in the same manner except it also accounts for any acquisition costs incurred during the period. Gear considers F&D and FD&A as useful non-GAAP ratios for management and investors to measure the return of investment or capital efficiency of the Company's capital expenditures.

Recycle Ratio
Recycle ratio is a non-GAAP ratio. Recycle ratio is calculated by dividing operating netback per barrel of oil equivalent by either F&D or FD&A costs on a per barrel of oil equivalent. Management uses recycle ratio to relate the cost of adding reserves to the expected cash flows to be generated.

Net Asset Value ("NAV")
NAV is a supplementary financial measure the composition of which is set out under the heading "Efficiency Ratios" in this press release. Gear considers NAV a useful supplementary measure for management and investors as it enables oil and gas companies to measure the value of an outstanding share of the Company based on the independent reserves evaluation of the Company's reserves plus certain assumptions made by management as to the value of the other assets of the Company. For the purposes of calculating NAV as presented herein, undeveloped land has been based on internal estimates of the value of the Company's undeveloped land. Net debt is used as a component of the NAV calculation, which is a capital management measure the composition of which is explained above. For the purposes of the calculation of NAV the number of shares outstanding does not include any shares issuable on any securities of the Company that are convertible, exchangeable or exercisable into shares of the Company.

Oil and Gas Metrics
This press release contains the term reserves life index, which is an oil and gas metric that does not have a standardized meaning or standard method of calculation and therefore such measure may not be comparable to similar measures used by other companies. Reserves life index has been included herein to provide readers with an additional measure to evaluate the Company's performance; however, such measure is not a reliable indicator of the future performance of the Company and future performance may not compare to the performance in previous periods. Reserves life index is calculated by dividing the reserves in each category by the corresponding Sproule forecast of annual production. This press release also contains the terms NAV, FD&A cost, F&D cost, reserves per DA share, reserves value BT10 per DA share, recycle ratio and operating netback, which are oil and gas metrics that do not have any standardized meanings and may not be comparable to similar measures presented by other entities. For additional information related to these measures see "Efficiency Ratios" and "Non-GAAP and Other Financial Measures" in this press release.

Drilling Locations
This press release discloses drilling locations in three categories: (i) proved locations; (ii) probable locations; and (iii) unbooked locations. Proved locations and probable locations are derived from Sproule reserves report as of December 31, 2022 and account for drilling locations that have associated proved and/or probable reserves, as applicable. All drilling locations identified herein that are not proved or probable locations are considered unbooked locations. Unbooked locations are internal estimates based on Gear's prospective acreage and an assumption as to the number of wells that can be drilled per section based on industry practice and internal review. Unbooked locations have been identified by management as an estimation of our multi-year drilling activities based on evaluation of applicable geologic, seismic, engineering, production, pricing assumptions and reserves information. There is no certainty that Gear will drill all unbooked drilling locations and if drilled there is no certainty that such locations will result in additional oil and gas reserves, resources or production. The drilling locations on which Gear actually drill wells will ultimately depend upon the availability of capital, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors. While the majority of Gear's unbooked locations are extensions or infills of the drilling patterns already recognized by the independent evaluator, other unbooked drilling locations are farther away from existing wells where management has less information about the characteristics of the reservoir and therefore there is more uncertainty whether wells will be drilled in such locations and if drilled there is more uncertainty that such wells will result in additional oil and gas reserves, resources or production.

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.

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