



NEWS RELEASE

GEAR ENERGY LTD. ANNOUNCES COMPLETION OF THE STRATEGIC REPOSITIONING PROCESS AND INTENTION TO COMMENCE NORMAL COURSE ISSUER BID

CALGARY, ALBERTA (February 6, 2024) Gear Energy Ltd. (“Gear” or the “Company”) (TSX: GXE) (OTCQX: GENGF) announces that the strategic repositioning process has now been completed with the Board of Directors unanimously concluding that the various alternatives presented were not reflective of the Company’s underlying value nor compelling relative to the Company’s stand-alone prospects for growing shareholder value.

STRATEGIC REPOSITIONING PROCESS

Gear’s Board of Directors commenced a formal process on September 27, 2023 to explore, review and evaluate strategic repositioning alternatives with a view to enhancing shareholder value. With Gear’s top tier cash flow generation ability, strong balance sheet, deep inventory of both drilling and enhanced oil recovery opportunities, and material tax coverage position, the Board and management believed that the Company was ideally placed to undertake this process.

At the beginning of the process, WTI oil prices were over US\$90 per barrel and the WCS heavy oil differential was close to US\$15 per barrel. During the subsequent months, WTI prices declined by over US\$20 per barrel and the WCS differential widened by an incremental US\$10 per barrel to the end of 2023. As we move into 2024, the sentiment for WTI has stabilized and the outlook for WCS differentials has materially improved due to the imminent startup of the Trans Mountain pipeline, offering Canadian producers long awaited access to international markets and a far more competitive outlook for heavy oil prices.

Through the Strategic Process, the Board undertook a comprehensive review to identify and consider a broad range of alternatives including, but not limited to, a merger, corporate sale, corporate restructuring, the sale of select assets, the purchase of assets, a potential spin-out of select assets, optimization of future capital allocation and return of capital strategies, or any combination of these alternatives. The Strategic Process has now concluded with no specific transactions being pursued. The Company will continue to optimize and advance its current operations with a focus on providing long-term sustainable growth, competitive returns to shareholders and a strong balance sheet.

NORMAL COURSE ISSUER BID

Gear believes that the current market price of its common shares does not reflect their underlying value. As such, subject to regulatory approval, Gear intends to implement a normal course issuer bid (“NCIB”) allowing the Company to purchase up to 10% of the public float of the Company’s outstanding common shares for cancellation. Following acceptance of the NCIB by the Toronto Stock Exchange, the Company expects to provide additional details of the NCIB in its press release announcing the fourth quarter of 2023 operating results and year-end reserves summary, which is expected to be issued on or about February 21, 2024.

Gear Energy Ltd. is Canadian energy company focused on the exploration and development of oil in Alberta and Saskatchewan. For recent corporate and investor information please access www.SEDAR.com or www.gearenergy.com.

FOR FURTHER INFORMATION PLEASE CONTACT:

Ingram Gillmore
President & CEO
403-538-8463

Email: info@gearenergy.com

Website: www.gearenergy.com

David Hwang
Vice President Finance & CFO
403-538-8437

FORWARD LOOKING INFORMATION

Certain information in this news release is forward-looking within the meaning of certain securities laws, and is subject to important risks, uncertainties and assumptions. The words "future", "may", "could", "targeted", "should", "would", "suspect", "outlook", "believe", "anticipate", "estimate", "expect", "intend", "plan", "target", "potential" and similar words and expressions are used to identify forward-looking information. The forward-looking information in this news release, includes, among other matters, the following: Gear's intent to continue to optimize and advance its current operations with a focus on providing long-term sustainable growth, competitive returns to shareholders and a strong balance sheet; Gear's intent to commence the NCIB; and timing for issuing press release announcing the fourth quarter of 2023 operating results and year-end reserves summary. The forward-looking information in this news release describes the Company's expectations as of the date of this news release.

The results or events anticipated or predicted in such forward-looking information may differ materially from actual results or events. Material factors which could cause actual results or events to differ materially from such forward-looking information include, among others, risks arising from general economic conditions and adverse industry events, risks arising from operations generally, reliance on contractual rights such as licenses and leases in the conduct of its business, reliance on third parties, reliance on key personnel, possible failure of the business model or business plan or the inability to implement the business model or business plan as planned, competition, environmental matters, and insurance or lack thereof. In addition, the Company cautions that there are no guarantees that the Strategic Process will result in a transaction, or, if a transaction is undertaken, as to its terms, timing or conditions or approvals required to implement such transaction.

The Company cautions that the foregoing list of material factors is not exhaustive. When relying on the Company's forward-looking information to make decisions, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. The Company has assumed a certain progression, which may not be realized. It has also assumed that the material factors referred to in the previous paragraph will not cause such forward-looking information to differ materially from actual results or events. However, the list of these factors is not exhaustive and is subject to change and there can be no assurance that such assumptions will reflect the actual outcome of such items or factors.

The forward-looking information and statements contained in this news release speak only as of the date of this news release. 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. Readers should not place undue importance on forward-looking information and should not rely upon this information as of any other date.