



**For Immediate Release**

Calgary, Alberta, June 30, 2020

**GEAR ENERGY LTD. ANNOUNCES OPERATIONAL UPDATE, GUIDANCE FOR 2020 AND EXTENSION OF BORROWING BASE REDETERMINATION**

Gear Energy Ltd. ("**Gear**") (TSX: GXE) announces an update on current and future expected operations and an extension to the scheduled date for its semi-annual borrowing base redetermination.

**Production/Guidance**

With recent improvement in oil prices supporting positive economic returns, Gear has initiated a gradual production re-start across the majority of the asset base. After initiating shut ins through April, corporate production was restricted by almost 80 per cent in May with approximately 1,300 boe/d delivered to market. Current estimates are for June production to be approximately 3,700 boe/d, July to be approximately 5,000 boe/d and August to be approximately 6,000 boe/d. With minimal capital expenditures currently forecast for the remainder of 2020, production is expected to decline slightly through to December, providing an annual average of 5,200 – 5,300 boe/d. (57% Heavy Oil, 28% Light & Medium Oil, 3% NGL's, and 12% Gas)

Annual guidance is as follows:

	<b>2020 Guidance</b>
Annual Production (boe/d)	5,200 – 5,300
Heavy Oil Weighting (%)	57
Light/Medium Oil & NGL Weighting (%)	31
Royalties (%)	11
Operating plus Transportation Costs (\$/boe)	17.00 – 18.00
G&A Costs (\$/boe)	2.60
Interest Costs (\$/boe)	2.05
Capital and Abandonment Expenditures (\$ million)	13

**Borrowing Base Redetermination Extension**

Gear's lenders have agreed to extend the re-determination of the semi-annual borrowing base to July 10, 2020 to allow for additional time to finalize negotiations and to obtain required approvals. Borrowings will remain capped at \$75 million during this period.

**For further information, please contact:**

**Gear Energy Ltd.**

Ingram B. Gillmore  
President and Chief Executive Officer  
(403) 538-8463

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

## **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: Gear's expectations as to future production rates of certain of Gear's wells; Gear's 2020 outlook and guidance for the remainder of 2020, including expected average production, commodity weightings, royalties, G&A costs, interest costs and capital and abandonment expenditures; and Gear's intentions with respect to capital deployment in 2020.*

*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; 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](http://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.*

## **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.*