



**For Immediate Release**

Calgary, Alberta, July 10, 2020

**GEAR ENERGY LTD. ANNOUNCES COMPLETION OF BORROWING BASE REDETERMINATION**

Gear Energy Ltd. ("**Gear**") (TSX: GXE) has completed its annual borrowing base redetermination and the syndicated credit facilities have been confirmed at \$75 million with a maturity date of May 28, 2021. In addition, there are three repayment dates and corresponding reductions of the borrowing base scheduled for September 30, 2020, December 31, 2020, and March 31, 2021 of \$5 million each. Adjustments have also been made to the interest rate pricing grid. The next borrowing base redetermination date has been set for August 31, 2020.

Gear has continued to be very proactive since the inception of the global pandemic, responding quickly to the unprecedented weakness in oil prices. Multiple cost reduction initiatives were implemented starting in early March with material reductions achieved in capital spending, compensation, and operating costs. Protecting the strength of the corporate balance sheet in this market has been and will remain the top priority for the company.

Through 2019, Gear was successful in reducing outstanding net debt by over 24 per cent while maintaining stable production levels. Despite the current weak oil prices, Gear is again forecasting a material reduction in outstanding net debt through the course of 2020. Utilizing existing operational guidance and current strip pricing, Gear estimates that the company will maintain ample liquidity under the new credit structure. The following table denotes the borrowing base levels for the remainder of 2020 and the forecasted amounts drawn under the syndicated credit facilities under various second half 2020 pricing assumptions using 2020 Annual Guidance as previously disclosed:

| Date               | Borrowing Base (\$MM) | Forecasted Amounts Drawn Under the Syndicated Credit Facilities (\$MM) |            |            |
|--------------------|-----------------------|--|------------|------------|
|                    |                       | WTI US\$35   | WTI US\$40 | WTI US\$45 |
| July 10, 2020      | 75                    | 66   | 66         | 66         |
| September 30, 2020 | 70                    | 59   | 58         | 58         |
| December 31, 2020  | 65                    | 54   | 52         | 50         |

*Key assumptions:*

WCS diff US\$11.50/bbl, MSW/LSB diffs US\$5.25, FX 0.74 \$/\$, AECO CAD\$2.10/GJ, current guidance

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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: Gear's intent to continue to protect the strength of the corporate balance sheet; Gear forecast of a material reduction in outstanding net debt through the course of 2020; Gear's estimate that the Company will maintain ample liquidity under the new credit structure; and Gear's estimate of the borrowing base amounts and amounts drawn on its credit facilities at various dates based on various assumptions.

The forward-looking information and statements contained in this press release reflect several material factors and expectations and assumptions of Gear including, without limitation: various assumptions relating to Gear's guidance for 2020 as set out in Gear's press release dated June 30, 2020; 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: actions taken by Gear's lenders to significantly reduce Gear's access to credit or require repayment of outstanding amounts; 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.