NEWS RELEASE

GEAR ENERGY LTD. ANNOUNCES FOURTH QUARTER 2020 OPERATING RESULTS AND YEAR-END RESERVES SUMMARY

CALGARY, ALBERTA (February 17, 2021) Gear Energy Ltd. ("Gear" or the "Company") (TSX:GXE) is pleased to provide the following fourth quarter operating update and reserves summary to shareholders. Gear's Consolidated Financial Statements and related Management's Discussion and Analysis ("MD&A") for the period ended December 31, 2020 are available for review on Gear's website at www.gearenergy.com and on www.sedar.com.

Financial Summary

	Three months ended			Twelve months ended	
(Cdn$ thousands, except per share, share and per boe amounts)	**Dec 31, 2020**	Dec 31, 2019	Sep 30, 2020	**Dec 31, 2020**	Dec 31, 2019
FINANCIAL					
Funds from operations (1)	**8,253**	13,738	10,848	**33,429**	61,842
Per boe	**15.41**	21.68	20.09	**17.24**	24.34
Per weighted average basic share	**0.04**	0.06	0.05	**0.15**	0.28
Cash flows from operating activities	**8,016**	11,401	8,864	**30,217**	49,876
Net income (loss)	**39,349**	(8,045)	(1,157)	**(77,324)**	(5,680)
Per weighted average basic share	**0.18**	(0.04)	(0.01)	**(0.36)**	(0.03)
Capital expenditures	**386**	12,603	715	**12,441**	36,989
Decommissioning liabilities settled (2)	**726**	889	87	**1,505**	2,932
Net acquisitions (dispositions) (3)	**-**	109	-	**3**	(976)
Net debt (1)	**52,864**	69,752	60,544	**52,864**	69,752
Weighted average shares, basic (thousands)	**216,490**	218,365	216,490	**216,545**	218,887
Shares outstanding, end of period (thousands)	**216,490**	217,610	216,490	**216,490**	217,610
OPERATING					
Production					
Heavy oil (bbl/d)	**3,236**	4,034	3,321	**2,985**	4,053
Light and medium oil (bbl/d)	**1,657**	1,763	1,746	**1,507**	1,963
Natural gas liquids (bbl/d)	**182**	269	174	**169**	238
Natural gas (mcf/d)	**4,477**	4,935	3,761	**3,825**	4,252
Total (boe/d)	**5,821**	6,888	5,868	**5,298**	6,962
Average prices					
Heavy oil ($/bbl)	**36.16**	49.17	40.27	**32.64**	53.87
Light and medium oil ($/bbl)	**48.10**	64.82	47.61	**45.41**	66.69
Natural gas liquids ($/bbl)	**26.02**	22.79	20.30	**19.56**	22.26
Natural gas ($/mcf)	**2.69**	2.36	2.25	**2.24**	1.63
Netback ($/boe)					
Commodity and other sales	**36.68**	47.97	39.00	**33.55**	51.94
Royalties	**(4.38)**	(5.52)	(3.48)	**(3.51)**	(5.71)
Transportation costs	**(1.96)**	(2.16)	(2.71)	**(2.20)**	(2.20)
Operating costs	**(14.83)**	(15.77)	(13.60)	**(14.80)**	(15.78)
Operating netback (1)	**15.51**	24.52	19.21	**13.04**	28.25
Realized risk management gain (loss)	**4.67**	0.58	5.35	**8.85**	(0.12)
General and administrative	**(2.41)**	(2.13)	(2.28)	**(2.67)**	(2.17)
Interest	**(2.25)**	(1.30)	(2.19)	**(2.00)**	(1.65)
Realized (loss) gain on foreign exchange	**(0.11)**	0.01	-	**0.02**	0.03
TRADING STATISTICS					
($ based on intra-day trading)					
High	**0.31**	0.48	0.25	**0.50**	0.88
Low	**0.15**	0.26	0.14	**0.08**	0.26
Close	**0.29**	0.46	0.16	**0.29**	0.46
Average daily volume (thousands)	**320**	529	275	**510**	418

(1) Funds from operations, net debt and operating netback are non-GAAP measures 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 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

The fourth quarter of 2020 provided continued recovery from the setbacks experienced earlier in the year as the result of an oil price war and a Covid-induced global economic downturn. After coming into the year with strong oil prices and an ambitious $50 million capital budget, the Gear team was quick to respond to the commodity price downturn by deferring both production and capital spending while waiting out the uncertainty. With a solid commodity price recovery having recently occurred, the Company is now well positioned to resume its strategies and planned activities to capitalize on its depth of opportunities.

Gear halted its drilling program in early March 2020 after only 9 wells, and in April, Gear materially reduced costs and was well on the way to shutting in and storing oil to preserve value through the low oil price period. Through these defensive moves, Gear was able to not only preserve, but also improve the economic foundation of the company. By the end of 2020, the Company restarted the majority of its shut-in production, sold stored oil at significantly higher prices and reduced outstanding net debt by over 24 per cent from year end 2019. In addition, Gear completed the semi-annual borrowing base redetermination of its syndicated credit facilities with a maturity extension to May 2022 and negotiated the extension of the outstanding convertible debentures to 2023. The drilling activity that was completed during 2020 included a combination of low-risk infill drilling, core area step-out drilling and the exciting first-well discovery of a new medium oil play in Provost, Alberta . with multi-well potential.

Gear's current $20 million capital budget for 2021 builds on the recent sector recovery and includes multiple follow up drilling and waterflooding activities to further advance upon prior year's success. Underpinning these operational activities, oil prices have increased significantly, with WTI moving up from US$35.79 per barrel on October 30, 2020 to today's price of over US$60 per barrel, a level not seen in well over a year. Heavy oil differentials also continue to narrow with the forward curve approaching a Western Canadian Select heavy oil differential of US$11 per barrel this summer. All of this has translated into a forecast of 2021 funds from operations ("FFO") that is more than twice the current guided 2021 capital expenditures.

Whereas 2020 was dominantly a defensive year of survival for many junior oil weighted producers, 2021 is shaping up to be a year of opportunity, where Gear should again have the option of balancing excess FFO towards multiple strategic directions including continued debt reduction, accelerated capital investment and associated growth or other returns to shareholders. Although the price recovery is still relatively recent (and we will continue to monitor it diligently), the Gear team is very excited and poised for the opportunity to refocus efforts again towards creating value for its shareholders in 2021 and beyond.

FOURTH QUARTER HIGHLIGHTS

- Generated FFO for the fourth quarter of $8.3 million or $15.41 per boe. With minimal capital expenditures, Gear decreased net debt by an additional $7.7 million to $52.9 million. Annualized quarterly net debt to FFO ratio was 1.6 times.

- Extended Gear's syndicated credit facilities maturity date to May 2022 with a current borrowing base of $65 million. Presently, Gear is drawn $48 million and anticipates having ample liquidity to execute the 2021 capital program.

- Successfully extended Gear's $13.2 million convertible debentures with a three year maturity date extension to November 30, 2023, an increase in the coupon rate from 4.0 per cent to 7.0 per cent and a revision to the conversion price from $0.87 to $0.32 per Gear common share.

2020 HIGHLIGHTS

- Generated $33.4 million of FFO or $17.24 per boe through a highly volatile commodity price year where WTI hit a historical low of *negative* US$37 per barrel in April 2020. FFO was supported by a continued focus on maximizing revenue for every barrel produced, maintaining a low cost structure and delivering record high realized gains on risk management contracts of $17.2 million.

- Posted year-end net debt of $52.9 million with a net debt to FFO ratio of 1.6 times for the year. This represents a substantial $16.9 million or 24 per cent reduction from year end 2019.

- Delivered production of 5,298 boe per day for 2020, hitting the upper end of the annual guidance range of 5,200 – 5,300 boe per day. Also achieved the lower end of the operating and transportation cost guidance of $17.00 – $18.00 with actual full year operating and transportation cost of $17.00 per boe. This was achieved through prudent operating practices and better than expected run-time on Gear's wells.

- Drilled nine gross (nine net) wells including seven heavy oil wells consisting of four single lateral wells in Paradise Hill, two multi-lateral wells in Lindbergh, and one single leg lined well in Frenchman's Butte, all in the Lloydminster area of Alberta; and two medium oil wells consisting of one multi-stage fractured well in Killam and one multi-lateral well in

Provost, all in the east central area of Alberta. The Provost well was a discovery well in a new area on an eight section block of land. Gear anticipates significant future development potential with this discovery under both primary and secondary recovery schemes. Multiple new wells are planned to be drilled in Provost in 2021.

2021 OUTLOOK

- Through the first six weeks of 2021, Gear has successfully drilled eight heavy oil wells in Paradise Hill, with the first four of those wells being completed and already starting to show initial oil production. Gear anticipates drilling two more wells in Paradise Hill prior to shutting down for spring break up.

- Gear's budgeted capital program details were released on December 16, 2020 using an estimated WTI oil price of US$45 per barrel and a WCS differential estimate of US$14 per barrel. Those prices were expected to yield funds from operations in excess of capital and further reduce debt to contribute to Gear's already strong balance sheet. With the spot market WTI oil price now trending approximately $15 per barrel higher and WCS differentials tightening by over $2 per barrel, the newly forecasted funds from operations are well over double the current $20 million capital forecast. Details of current 2021 estimated results using existing guidance and various WTI price scenarios are as follows:

2021	Strip pricing as of Feb 16, 2021	WTI US$50	WTI US$55	WTI US$60	WTI US$65
Forecasted FFO ($ million)	46	34	42	48	53
Forecasted Net Debt ($million)	26	38	30	24	19
Forecasted Net Debt to FFO	0.6	1.1	0.7	0.5	0.4

WTI sensitivities are run from February to December 2021 and assume a WCS diff of US$12, an MSW and LSB diff of US$4, an FX of $0.79US/Cdn, and AECO of C$2.80/GJ.

- Current forward strip pricing supports an estimated $46 million of FFO in 2021, yielding a forecasted $26 million of free FFO in excess of the current $20 million capital budget. This provides Gear with the ability to reduce outstanding debt through 2021. With continued market stability and the completion of the Spring credit facilities renewal, Gear will consider a return to growth through investment in its deep inventory of drilling across the three core areas, as well as the acceleration of decline-reducing waterflood opportunities in Killam and Wildmere.

- Through 2021, Gear plans to invest a total of $5.9 million towards abandonment and reclamation activities through a combination of $1.1 million of Gear funding and an additional $4.8 million of Government funding under the Site Rehabilitation Programs.

- Gear currently has hedged approximately 2,550 boe/d for 2021 under various structures of 3-way collars, enhanced swaps and swaps. The risk management program has been cultivated to provide both downside price protection along with participation to a WTI price recovery. The current hedge contracts protect approximately 53 per cent of forecasted production after royalties with details as follows:

	Q1 2021	Q2 2021	Q3 2021	Q4 2021
Commodity Structure	WTI Oil 3-way collar	WTI Oil 3-way collar	WTI Oil 3-way collar	WTI Oil 3-way collar
Price ($/bbl)	U$35x42x50	C$45x55x70.50	C$45x55x74	C$45x55x74
Volume (bbl/d)	**1,300**	**1,100**	**800**	**800**
Commodity Structure	WTI Oil Enhanced Swap	WTI Oil Enhanced Swap	WTI Oil 3-way collar	WTI Oil 3-way collar
Price ($/bbl)	U$46.50 w/ U$35 sold put	C$65.85 w/ $C50 sold put	C$45x55x71	C$45x55x71
Volume (bbl/d)	**800**	**1,200**	**800**	**800**
Commodity Structure		WTI Oil 3-way collar	WTI Oil 3-way collar	WTI Oil 3-way collar
Price ($/bbl)		C$45x55x83	C$45x55x83	C$45x55x83
Volume (bbl/d)		**300**	**400**	**400**
Commodity Structure	AECO Swap	AECO Swap	AECO Swap	AECO Swap
Price ($/GJ)	2.75	2.75	2.75	2.75
Volume (GJ/d)	**2,400**	**2,400**	**2,400**	**2,400**
Total (boe/d)	**2,479**	**2,979**	**2,379**	**2,379**

YEAR END RESERVES EVALUATION

During 2020, Gear responded to the unprecedented commodity price weakness and volatility by curtailing its planned $50 million budget in early March. Gear generated $33.4 million of funds from operations in 2020 and reinvested only $13.4 million, or 40 per cent, consisting of $12.4 million of development capital and $1.0 million directed towards abandonment and reclamation activities (not including any government funding provided during the year). The limited capital investment resulted in a 24 per cent reduction in outstanding net debt at the expense of a decrease in annual production and reserves year-over-year.

Compounding the reduction in reserves as a result of declines, was a significant reduction in the evaluator average price forecast that negatively impacted net present values and reserves amounts due to economic limit cut-offs. New Canadian Oil and Gas Evaluation Handbook ("COGE Handbook") recommendations state that evaluator's price forecasts should now be within 20 per cent of the strip price forecast at year end. In this case, the average evaluator forecast for the WTI oil price was 2.4 per cent lower than the strip price for 2021, 7.3 per cent higher for 2022 and16 per cent higher for 2023. Although this evaluator forecast could have been considered reasonable at the time, the forecast for WTI is disjointed from prevailing market realities and is now over US$10 per barrel lower than the current forward strip for 2021 and does not achieve current spot price levels of approximately US$60 per barrel until the year 2029.

Consistent with 2019, and as per guidance in the COGE Handbook, the independent reserves report includes the full corporate abandonment and reclamation costs ('ARO'), including all of the ARO associated with both active and inactive wells regardless of whether such wells had any attributed reserves.

For details on the annual operating results please see the Management's Discussion and Analysis ("MD&A") dated February 17, 2021, which is available on SEDAR at www.sedar.com.

RESERVES SUMMARY

Year-end 2020 reserves were evaluated by independent reserves evaluator Sproule Associates Ltd. ("Sproule") in accordance with the definitions, standards and procedures contained in the 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, 2021. 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, 2021.

The following tables outline Gear's reserves as at December 31, 2020. 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, 2020 Using Sproule Costs and Jan 1, 2021 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	3,406	2,483	302	6,085	7,205	86
Proved Non-Producing & Undeveloped	2,310	2,950	142	2,342	5,793	93
Total Proved	5,716	5,433	444	8,427	12,998	89
Probable Developed Producing	1,397	937	110	2,204	2811	87
Probable Non-Producing & Undeveloped	3,258	3,744	142	3,270	7,689	93
Total Probable	4,655	4,681	252	5,474	10,500	91
Total Proved plus Probable	10,371	10,114	696	13,901	23,498	90

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	15,014	66,883	73,787	71,463	67,414
Proved Non-Producing & Undeveloped	72,993	50,602	35,528	25,158	17,802
Total Proved	88,007	117,485	109,315	96,621	85,216
Probable Developed Producing	60,632	55,057	41,548	32,591	26,745
Probable Non-Producing & Undeveloped	135,894	95,536	69,402	51,810	39,478
Total Probable	196,526	150,593	110,950	84,401	66,223
Total Proved plus Probable	284,533	268,079	220,265	181,022	151,439

Net Future Development Costs (“FDC”) Under Forecast Prices and Costs

($ thousands)	Proved	Probable	Total
2021	13,545	4,954	18,499
2022	26,498	39,125	65,623
2023	29,915	31,297	61,212
2024	27,858	18,817	46,675
2025	12,405	7,254	19,659
Subsequent Years	0	8,186	8,186
Undiscounted Total	110,221	109,633	219,854
Discounted at 10%	87,553	86,256	173,809

EFFICIENCY RATIOS

Reserves (mboes), Capital ($ thousands)	**2020** Proved	**2020** Proved plus Probable	2019 Proved	2019 Proved plus Probable
Development Reserves Additions	**(1,186)**	**(1,732)**	1,659	981
Net Acquisition Reserves Additions	**(127)**	**(346)**	1	40
Total Reserves Additions	**(1,313)**	**(2,078)**	1,660	1,021
Development capital	**11,775**	**11,775**	36,948	36,984
Development change in FDC	**(41,825)**	**(41,082)**	(2,385)	(4,880)
Total development capital including FDC	**(30,050)**	**(29,307)**	34,563	32,068
Net acquisition capital	**3**	**3**	(937)	(937)
Net acquisition change in FDC	**0**	**0**	0	0
Total net acquisition capital including FDC	**3**	**3**	(937)	(937)
Total capital	**11,778**	**11,778**	36,012	36,012
Total change in FDC	**(41,825)**	**(41,082)**	(2,385)	(4,880)
Total capital including FDC	**(30,047)**	**(29,304)**	33,627	31,131

Estimated Future Finding and Development Costs

	Proved	**Proved plus Probable**
Future Development Costs ($ thousands)	**110,221**	**219,854**
Undeveloped and Non-producing Reserves (Mboe)	**5,793**	**13,482**
Future Finding and Development Costs ($/boe)	**19.03**	**16.31**

Reserves Life Index (“RLI”)

(years)	**2020**	**2019**	**2018**
Proved Developed Producing	**4.3**	4.2	3.9
Total Proved	**6.9**	6.6	5.4
Total Proved plus Probable	**10.7**	9.4	7.7

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, 2020	3,348	3,913	6,827	464	8,861
Technical Revisions	336	92	1,001	(81)	513
Drilling Extensions	125	94	59	-	229
Infill Drilling	-	-	-	-	-
Improved Recovery	-	43	41	-	51
Acquisitions	-	12	16	1	16
Dispositions	-	(14)	(14)	(2)	(19)
Economic Factors	(233)	(183)	(451)	(18)	(508)
Production	(1,093)	(551)	(1,394)	(62)	(1,938)
Closing Balance, December 31, 2020	**2,483**	**3,406**	**6,085**	**302**	**7,205**
Total Proved					
Opening Balance, January 1, 2020	6,906	6,882	10,540	705	16,249
Technical Revisions	47	516	378	(142)	485
Drilling Extensions	328	183	216	2	549
Infill Drilling	-	16	19	2	21
Improved Recovery	-	43	41	1	51
Acquisitions	-	12	16	1	16
Dispositions	(109)	(25)	(26)	(4)	(143)
Economic Factors	(646)	(1,360)	(1,363)	(59)	(2,292)
Production	(1,093)	(551)	(1,394)	(62)	(1,938)
Closing Balance, December 31, 2020	**5,433**	**5,716**	**8,427**	**444**	**12,998**
Proved plus Probable					
Opening Balance, January 1, 2020	12,705	11,242	15,201	1,033	27,515
Technical Revisions	(631)	149	620	(232)	(611)
Drilling Extensions	497	307	212	1	841
Infill Drilling	-	-	-	-	0
Improved Recovery	-	72	62	1	83
Acquisitions	-	16	22	2	22
Dispositions	(321)-	(35)	(36)	(5)	(368)
Economic Factors	(1,043)	(829)	(786)	(42)	(2,046)
Production	(1,093)	(551)	(1,394)	(62)	(1,938)
Closing Balance, December 31, 2020	**10,114**	**10,371**	**13,901**	**696**	**23,498**

FORECAST PRICES AND COSTS

Sproule has adopted changes to the COGE Handbook that are expected to come into effect in April 2021. This updated pricing guidance recommends that forecasting not deviate more than 20% from the current strip pricing for the first two years of the forecast. Discretion can be incorporated for the third year based upon the judgement of the issuer. Pricing beyond the third year should be adjusted by forecasted inflation in the given year.

The evaluator average crude oil and natural gas benchmark reference pricing, inflation, and exchange rates was utilized again this year by Sproule. Gear's main product components under Sproule's evaluator average forecast are down 26 to 28 per cent from the previous year's price forecast. The Sproule evaluator average forecast at December 31, 2020 is 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)
2021	0.00	0.77	47.17	55.76	44.63	2.78
2022	1.33	0.77	50.17	59.89	48.18	2.70
2023	2.00	0.76	53.17	63.48	52.10	2.61
2024	2.00	0.76	54.97	65.76	54.10	2.65
2025	2.00	0.76	56.07	67.13	55.19	2.70
2026	2.00	0.76	57.19	68.53	56.29	2.76
2027	2.00	0.76	58.34	69.95	57.42	2.81
2028	2.00	0.76	59.50	71.40	58.57	2.87
2029	2.00	0.76	60.69	72.88	59.74	2.92
2030	2.00	0.76	61.91	74.34	60.93	2.98
2031+	2.00	0.76	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr

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: details of Gear's expected capital program in 2021; Western Canadian Select heavy oil differential of US$11 per barrel for the summer of 2021; forecasted 2021 FFO of that is over double the current guided 2021 $20 million capital plan; the expectation that Gear should have the option of balancing excess FFO towards multiple strategic directions including continued debt reduction, accelerated capital investment and associated growth in 2021; the expectation that the anticipation of significant future development potential in Provost on both primary and secondary recovery schemes; Gear's anticipation of drilling two more wells in Paradise Hill prior to shutting down for spring break up; the expectation of FFO in excess of capital and further reduction of debt in 2021; the expectation that the newly forecasted funds from operations are well over double the current $20 million capital forecast; the expected 2021 FFO, forecasted net debt and forecasted net debt to FFO based on various commodity pricing scenarios; the expectation that with continued market stability and the completion of the Spring credit facilities renewal, Gear will consider a return to growth through investment in its deep inventory of drilling across the three core areas, as well as the acceleration of decline-reducing waterflood opportunities in Killam and Wildmere; the amount of abandonment and reclamation expenditures expected in 2021 including the amount of Government funding to be received for such expenditures; the expectation that current hedges will protect approximately 53 per cent of forecasted production after royalties in 2021; reserves and associated future net revenue; expected future abandonment and reclamation costs; and the expectation of filing Gear's Annual Information Form on SEDAR on or before March 31, 2021.

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; the continued availability of adequate debt and equity financing and funds from operations to fund its planned expenditures; and certain other guidance and assumptions as set out in the section entitled 2020 Guidance in the MD&A.. 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 require repayment under its credit facilities; any inability for Gear to repay any of its indebtedness when due; 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.

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.

Oil and Gas Metrics
This press release contains a number of oil and gas metrics, including future finding and development costs, reserves life index and operating netback, which do not have standardized meanings or standard methods of calculation and therefore such measures may not be comparable to similar measures used by other companies. Such metrics have been included herein to provide readers with additional measures to evaluate the Company's performance; however, such measures are not reliable indicators of the future performance of the Company and future performance may not compare to the performance in previous periods. Future finding and development costs are used as a measure of capital efficiency. The calculation for future finding and development costs is calculated by dividing future development costs for proved plus probable reserves by the undeveloped and non-producing reserves as included in the year end reserves report. Reserves life index is calculated by dividing the reserves in each category by the corresponding Sproule forecast annual production. Operating netbacks are presented before 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.

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.

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