GEAR ENERGY LTD. ANNOUNCES YEAR-END RESERVES

CALGARY, ALBERTA (February 15, 2017) Gear Energy Ltd. ("Gear" or the "Company") (TSX:GXE) is pleased to present the following results and analysis of its 2016 year-end independent reserve report prepared by GLJ Petroleum Consultants Ltd. ("GLJ").

In 2016 Gear invested $71.7 million (unaudited) consisting of $14.4 million of development capital and $57.3 million in acquisition and divestiture ("A&D") activity. The development capital represented one-half of operating cash flow with the balance directed to strengthening the company's balance sheet. The A&D capital was almost entirely related to the corporate acquisition of Striker Exploration Corp. ("Striker") on July 27, 2016. The acquisition was funded through a combination of equity issuance and assumption of debt.

HIGHLIGHTS

- Gear achieved the following reserves highlights through 2016 activity:

  Proved Developed Producing ("PDP")
    - 4.68 MMboe of additions at a Finding, Development and Acquisition ("FDA") cost of $15.13/boe including change in Future Development Capital ("FDC")
    - Reserves increased 64%, or 2% per debt adjusted share
    - Replaced 250% of 2016 annual production
    - Recycle ratio of 1.0x based on 2016 operating netback of $15.50/boe, or 1.6x based on estimated 2017 operating netback of $24.29/boe at current strip pricing

  Total Proved ("TP")
    - 7.25 MMboe of additions at an FDA cost of $15.30/boe including change in FDC
    - Reserves increased 64%, or 2% per debt adjusted share
    - Replaced 390% of 2016 annual production
    - Recycle ratio of 1.0x on 2016 netback, or 1.6x on 2017 forecasted netback

  Proved plus Probable ("P+P")
    - 11.22 MMboe of additions at an FDA cost of $11.67/boe including change in FDC
    - Reserves increased 56%, or decreased by 3% per debt adjusted share
    - Replaced 600% of 2016 annual production
    - Recycle ratio of 1.3x on 2016 netback, or 2.1x on 2017 forecasted netback

- The Striker acquisition at a cost of $55.2 million in July added TP reserves of 6.62 MMboe and P+P reserves of 10.48 MMboe. At year-end the purchase price plus capital spent by Gear on the Striker assets net of 2016 cash flow was very nearly equal to the year-end before tax 10 percent discounted PDP value assigned to the assets by GLJ of $54.5 MM. The discounted TP and P+P values represented premiums of 48% and 131%, respectively, relative to the original purchase price.

- Increased Corporate Net Asset Values ("NAV") at a 10 per cent discount factor to $0.90 per share for TP and $1.89 per share for P+P utilizing the GLJ January, 2017 price forecast, representing a respective 84% and 14% improvement over the prior year.

- Company Reserves Life Index ("RLI") increased by 16 per cent for TP to 5.9 years, and increased by 8 per cent for P+P to 9.7 years.

- Management's estimate of future potential inventory increased to 481 net drilling locations. The GLJ evaluation currently recognizes 74 net locations in the TP category and 153 in the P+P category. These booked locations represent only 15 and 32 per cent of the management estimates, respectively. The 153 net booked P+P locations includes 43 multi-lateral horizontals, 84 single horizontals and 25 vertical wells.

RESERVES SUMMARY

Year-end 2016 reserves were evaluated by independent reserves evaluator GLJ 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 GLJ forecast pricing and foreign exchange rates at January 1, 2017. 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, 2017.

The following tables outline Gear's reserves as at December 31, 2016. 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 NPV estimated by GLJ represents the fair market value of the reserves.

Reserves Summary at Dec 31, 2016 Using GLJ January 1, 2017 Forecast Prices and Costs

Company Gross	Light & Medium Oil (Mbbl)	Heavy Oil (Mbbl)	NGL's (Mbbl)	Natural Gas (MMcf)	Equivalent (Mboe)	Liquids Ratio (%)
Proved Developed Producing	1,921	3,289	445	9,382	7,219	78
Proved Non-Producing & Undeveloped	1,755	3,238	282	7,785	6,573	80
Total Proved	3,677	6,527	727	17,167	13,792	79
Total Probable	2,330	7,335	498	12,100	12,179	83
Total Proved plus Probable	6,006	13,862	1,225	29,267	25,971	81

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

Company Gross ($ thousands)	Undiscounted	Discounted @ 5%	Discounted @ 10%	Discounted @ 15%	Discounted @ 20%
Proved Developed Producing	156,222	138,545	124,916	114,119	105,357
Proved Non-Producing & Undeveloped	128,643	99,179	78,245	62,992	51,562
Total Proved	284,864	237,724	203,161	177,112	156,919
Total Probable	342,887	248,699	191,487	153,626	126,925
Total Proved plus Probable	627,751	486,424	394,648	330,738	283,844

Net Future Development Costs ("FDC") Under Forecasted Prices and Costs

($ thousands)	Proved	Probable	Total
2017	19,879	5,720	25,599
2018	37,103	23,918	61,021
2019	23,942	19,992	43,935
2020	48	9,331	9,379
2021	0	9,677	9,677
Subsequent Years	32	152	184
Undiscounted Total	81,003	68,791	149,794
Discounted at 10%	70,031	54,976	125,008

Efficiency Ratios

The following table highlights annual capital efficiency through finding and development ("F&D") and FD&A costs per boe metrics.

Reserves (mboes), Capital ($ thousands)	**2016** Proved	**2016** Proved plus Probable	2015 Proved	2015 Proved plus Probable
Development Reserves Additions	**661**	**1,351**	(860)	(1,657)
Net Acquisition Reserves Additions	**6,584**	**9,871**	0	0
Total Reserves Additions	**7,245**	**11,222**	(860)	(1,657)
Development capital	**14,422**	**14,422**	14,884	14,884
Development change in FDC	**1,462**	**10,586**	(27,541)	(49,824)
Total development capital including FDC	**15,884**	**25,008**	(12,657)	(39,940)
Net acquisition capital	**57,261**	**57,261**	(686)	(686)
Net acquisition change in FDC	**37,674**	**48,685**	0	0
Total net acquisition capital including FDC	**94,935**	**105,946**	(686)	(686)
Total capital	**71,683**	**71,683**	14,198	14,198
Total change in FDC	**39,136**	**59,271**	(27,541)	(49,824)
Total capital including FDC	**110,819**	**130,954**	(13,343)	(35,626)
F&D costs with FDC per boe	**24.03**	**18.51**	- [(1)]	- [(1)]
FD&A costs with FDC per boe	**15.30**	**11.67**	- [(1)]	- [(1)]
3 Year average FD&A including FDC per boe	- [(1)]	- [(1)]	- [(1)]	- [(1)]
Recycle ratio (FD&A with FDC)	**1.0**	**1.3**	- [(1)]	- [(1)]

(1) Numbers from 2015 year-end are not considered meaningful as a result of negative reserve additions and negative capital including FDC, please see advisory on Oil and Gas Metrics.

Reserves Life Index ("RLI")

(years)	**2016**	**2015**	**2014**
Total Proved	5.9	5.2	4.7
Total Proved plus Probable	9.7	9.0	7.7

Net Asset Value ("NAV") at December 31, 2016

($ millions, except per share amounts)	**2016**	2015	2014
Value of Company Interest Proved plus Probable Reserves Discounted at 10% (Before Tax)	**394.6**	199.4	314.1
Undeveloped Land	**6.2**	8.9	13.4
Net Debt	**(37.0)**	(66.0)	(98.4)
NAV	**363.8**	142.3	229.1
Shares Outstanding (millions)	**192.6**	85.5	70.8
NAV per Share	**1.89**	1.66	3.24

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ADVISORY ON FORWARD-LOOKING STATEMENTS*: This press release contains certain forward-looking information and statements within the meaning of applicable securities laws. In particular, this press release contains forward-looking information relating to, among other things: estimates of reserves and future net revenue, estimated number of future drilling locations, estimated future development capital and estimated 2017 operating netback. The use of any of the words "expect", "continue", "estimate", "may", "will", "should", "believe", "plans", "cautions" and similar expressions are intended to identify forward-looking information or statements. Forward-looking statements or information are based on a number of material factors, expectations or assumptions of Gear which have been used to develop such statements and information but which may prove to be incorrect. Although Gear believes that the expectations reflected in these forward-looking statements are reasonable, undue reliance should not be placed on them because Gear can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. In particular, in addition to other factors and assumptions which may be identified herein, assumptions have been made regarding: that Gear's exploration and development activities will be successful or that material volumes of petroleum and natural gas reserves will be encountered, or if encountered can be produced on a commercial basis; that additional drilling operations will be successful such that further development activities is warranted; that Gear's efforts to raise additional capital will be successful; that Gear will continue to conduct its operations in a manner consistent with past operations; results from drilling and development activities will be consistent with past operations; the accuracy of the estimates of Gear's reserve volumes; the general stability of the economic and political environment in which Gear operates; drilling results; field production rates and decline rates; the general continuance of current industry conditions; the timing and cost of pipeline, storage and facility construction and expansion and the ability of Gear to secure adequate product transportation; future commodity prices and heavy oil differentials; currency, exchange and interest rates; regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which Gear operates; and the ability of Gear to successfully market its oil and natural gas products; the ability of Gear to obtain financing on terms acceptable to Gear; and the continued availability of credit under the Company's credit facilities.*

Further, events or circumstances may cause actual results to differ materially from those predicted as a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of Gear, including, without limitation: changes in commodity prices and heavy oil differentials; 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 actions by Gear's lenders to reduce the availability under its credit facilities; inaccurate estimation of Gear's oil and gas reserve and resource volumes; limited, unfavourable 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 disclosure documents. Additional information regarding some of these risk factors may be found under "Risk Factors" in Gear's annual information form for the year ended December 31, 2016, which is expected to be filed on or before March 31, 2017. The reader is cautioned not to place undue reliance on this forward-looking information. To the extent that any forward-looking information contained herein may be considered future oriented financial information or 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 statements contained in this press release are made as of the date hereof and Gear undertakes no obligations to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

ADVISORY ON USE OF "BOEs"*: "BOEs" may be misleading, particularly if used in isolation. A BOE conversion ratio of six thousand cubic feet of natural gas to one barrel of oil equivalent (6 mcf: 1 bbl) is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. 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 on a 6:1 basis may be misleading as an indication of value.*

OIL AND GAS METRICS: *This press release contains a number of oil and gas metrics, including F&D, FD&A, reserves life index, operating netback and recycle ratio, 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. F&D and FD&A costs are used as a measure of capital efficiency. 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. As the Company had negative reserves revisions in 2015, no F&D nor FD&A has been presented for 2015 or for the three year average as such numbers would not be meaningful or present a useful comparison to previous years. Reserves life index is calculated by dividing the reserves in each category by the corresponding GLJ 2017 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. Recycle ratio is defined as operating netback per barrel of oil equivalent divided by either F&D or FD&A costs on a per barrel of oil equivalent. This press release also includes a recycle ratio calculated based on 2016 FD&A costs and the Company's forecast 2017 operating netback. 2017 FD&A costs are unlikely to be comparable to 2016 FD&A costs, especially as 2016 FD&A costs include results related to the acquisition of Striker. As such, this calculation of recycle ratio is not intended to represent a projection of the actual 2017 FD&A. As F&D and FD&A is not meaningful in 2015, no recycle ratio has been presented for 2015.*

NET ASSET VALUE: *For the purposes of calculating the net asset value as presented herein, undeveloped land has been based on internal estimates of the value of the Company's undeveloped land. Net debt represents debt of the Company less working capital items, excluding risk management contracts. 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.*

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 GLJ reserves report as of December 31, 2016 and account for drilling locations that have associated proved and/or probable reserves, as applicable. 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.*

SELECTED DEFINITIONS*: The following terms used in this press release have the meanings set forth below:*
"boe" means barrel of oil equivalent of natural gas and crude oil on the basis of 1 boe for six thousand cubic feet of natural gas (this conversion factor is and industry accepted norm and is not based on either energy content or current prices)
"Mbbl" means thousand barrels
"Mboe" means 1,000 barrels of oil equivalent
"MMcf" means one million cubic feet
"NGL" means natural gas liquids