



GEAR ENERGY LTD. ANNOUNCES CLOSING OF \$20.125 MILLION FINANCING

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CALGARY, ALBERTA, June 29, 2016 – Gear Energy Ltd. ("Gear" or the "Company") (TSX:GXE) is pleased to announce the closing of its previously announced bought deal financing. Pursuant to the financing, Gear has issued and sold through a syndicate of underwriters led by Peters & Co. Limited an aggregate of 28,750,000 common shares of the Company at a price of \$0.70 per common share, which includes 3,750,000 common shares issued pursuant to the exercise in full of the over-allotment option, for gross proceeds of \$20,125,000 (the "Offering").

The net proceeds from the Offering will initially be used to repay outstanding bank indebtedness thereby freeing up borrowing capacity which may be used to fund a portion of the Company's ongoing capital program and for working capital purposes.

Gear Energy Ltd. is a Canadian exploration and production company with predominantly horizontal oil production in east central Alberta and west central Saskatchewan. The current and ongoing business plan is to continue focusing on being a low cost heavy oil operator, drilling economic wells and acquiring assets on an accretive basis.

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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. This forward-looking information includes, among other things, expected use of proceeds from the Offering. 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 describes the Company's expectations as of the date of this news release. Forward-looking information is based on a number of factors and assumptions which have been used to develop such information but which may prove to be incorrect. Although Gear believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements because Gear can give no assurance that such expectations will prove to be correct. The results or events anticipated or predicted in such forward-looking information may differ materially from actual results or events. Actual results could differ materially from those currently anticipated due to a number of factors and risks including the "Risk Factors" identified in Gear's Annual Information Form for the year ended December 31, 2015 which is available at www.sedar.com. 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.

This news release shall not constitute an offer to sell or the solicitation of an offer to buy any securities nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. The securities issued pursuant to the Offering described herein may not be offered or sold in the United States absent registration or applicable exemption from the registration requirements. This news release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.