GEAR ENERGY

NEWS RELEASE

GEAR ENERGY LTD. ANNOUNCES THIRD QUARTER 2015 OPERATING RESULTS

CALGARY, ALBERTA (November 10, 2015) Gear Energy Ltd. ("Gear" or the "Company") (TSX:GXE) is pleased to provide the following third quarter operating update to shareholders. Gear's Interim Financial Statements and related Management's Discussion and Analysis (MD&A) for the period ended September 30, 2015 are available for review on Gear's website at www.gearenergy.com and on www.sedar.com.

Financial Summary

	Three months ended			Nine months ended	
(Cdn$ thousands, except per boe amounts)	**Sep 30, 2015**	Sep 30, 2014	Jun 30, 2015	**Sep 30, 2015**	Sep 30, 2014
FINANCIAL					
Cash flow from operations (1)	**7,416**	22,580	14,900	**34,526**	55,443
Per weighted average diluted share	**0.10**	0.31	0.21	**0.49**	0.83
Cash flow from operating activities	**9,873**	21,428	14,432	**36,744**	52,500
Per weighted average diluted share	**0.14**	0.30	0.20	**0.52**	0.79
Net (loss) income	**(63,360)**	8,914	(2,301)	**(70,018)**	16,921
Per weighted average diluted share	**(0.89)**	0.12	(0.03)	**(0.99)**	0.25
Capital expenditures	**6,433**	27,314	4,286	**10,890**	63,611
Net acquisitions (2)	**-**	1,451	(553)	**(685)**	80,888
Net debt outstanding (1)	**71,753**	94,334	71,678	**71,753**	94,334
Shares outstanding, weighted average, basic	**70,817**	70,798	70,817	**70,817**	65,320
Shares outstanding, weighted average, diluted	**70,817**	72,314	70,817	**70,817**	66,569
OPERATING					
Production					
Oil and liquids (bbl/d)	**5,295**	6,529	5,492	**5,747**	5,512
Natural gas (mcf/d)	**810**	1,101	838	**863**	1,065
Total (boe/d)	**5,430**	6,712	5,632	**5,891**	5,689
Average prices					
Oil and liquids ($/bbl)	**39.58**	79.72	50.72	**42.09**	81.90
Natural gas ($/mcf)	**2.60**	3.89	2.31	**2.35**	4.53
Oil equivalent ($/boe)	**38.98**	78.17	49.81	**41.10**	80.20
Netback ($/boe)					
Commodity and other sales	**38.98**	78.40	49.81	**41.10**	80.35
Royalties	**4.88**	14.97	5.96	**5.74**	15.00
Operating costs	**17.53**	21.78	18.66	**18.03**	21.38
Operating netback (before hedging) (1)	**16.57**	41.65	25.19	**17.33**	43.98
Realized risk management gains (losses)	**1.80**	(1.04)	9.37	**8.33**	(3.05)
Operating netback (after hedging) (1)	**18.37**	40.61	34.56	**25.66**	40.93
General and administrative	**2.66**	3.20	3.87	**3.08**	3.96
Interest	**1.34**	1.16	1.42	**1.38**	1.38
Foreign exchange (gain) loss	**(0.47)**	(0.32)	0.17	**(0.28)**	(0.11)
Corporate netback (1)	**14.84**	36.57	29.10	**21.48**	35.70
TRADING STATISTICS					
($ based on intra-day trading)					
High	**1.86**	6.35	2.60	**2.62**	6.41
Low	**0.67**	4.40	1.78	**0.67**	3.12
Close	**0.68**	4.71	1.88	**0.68**	4.71
Average daily volume (thousands)	**137**	197	147	**177**	318

(1) Cash flow from operations, net debt, operating netback and corporate netback are non-GAAP measures and additional information with respect to these measures can be found under the heading "*Non-GAAP Measures*" in Gear's MD&A.

(2) Net acquisitions exclude non-cash items for decommissioning liability and deferred taxes and is net of post-closing adjustments

HIGHLIGHTS

During the first half of 2015 Gear focused on paying down debt, successfully reducing net debt by over 27 per cent to date. Gear then commenced its core drilling program in June 2015 after service costs had declined materially and has now completed a highly successful 12 horizontal well 2015 drilling program as of October 25. The Gear team has a consistent track record of successfully and economically developing its asset base and converting prospective inventory to proved reserves and remains confident in the strength and depth of its undeveloped opportunities. Gear believes that future capital investments can continue to yield strong positive rates of return within the current oil price environment.

- During the third quarter Gear successfully drilled six wells including two dual and two single lateral horizontal wells in Morgan, a dual lateral unlined horizontal in the GP at Wildmere and a quad lateral unlined horizontal well in the Cummings at Wildmere. Initial production results are exceeding expectations, with the six wells producing at peak 30 day average oil rates of 106 bbl/d per well. Gear was able to drill, complete, and equip these wells at an average all-in cost of $892 thousand per well. Through the first nine months of 2015, Gear also performed 20 up-hole vertical well recompletions at a total cost of less than $1 million. These recompletions are currently producing approximately 380 bbl/d.

- Subsequent to quarter end, Gear drilled an additional four wells including two single lateral horizontal wells in Morgan and two single lateral horizontal wells in Paradise Hill. Costs continued to improve, with these last four wells averaging $657 thousand all-in per well. The four wells are just coming on production with expected sales oil to be realized in mid-November. Assuming the wells achieve the predicted risked IP365 average oil rates of 65 bbl/d per well, these lower capital costs will result in first year record capital efficiencies of approximately $10,000/boe/d.

- Realized quarterly cash flow from operations of $7.4 million. Gear achieved a cash flow net back of $14.84 per boe with a realized oil equivalent price of $38.98 per boe, a decrease of $14.26 per boe and $10.83 per boe respectively from the second quarter of 2015. The results were impacted by declining commodity prices and lower risk management gains that were partially offset on a per boe basis by lower operating costs, royalties, G&A and interest costs relative the second quarter.

- Sales production for the third quarter averaged 5,430 boe per day, a decrease from the second quarter of 202 boe per day. This reduction is the result of natural declines, the temporary shut in of uneconomic production and inventory builds offset by production from new wells. In anticipation of a lower September oil price, Gear optimized cash flow through inventory management by utilizing tank capacity to defer approximately 20,000 barrels of oil sales from the third to the fourth quarter in order to target a higher oil price.

- Third quarter operating costs, including transportation, were $17.53 per boe. This represents a 20 per cent reduction over the prior year and a six per cent reduction over second quarter 2015 costs. The reduction was due to the shut in of uneconomic wells, lower property tax expenses and lower servicing and chemical costs.

- General and administrative costs for the third quarter were $2.66 per boe, a 31 per cent reduction from the second quarter of 2015. This decrease is the result of lower professional and consulting fees. Effective October 1, 2015, Gear implemented average salary cuts of nine per cent and expects general and administrative costs to continue to decrease into the fourth quarter.

- During the third quarter Gear announced a 40 per cent reduction in the 2015 capital program guidance from $25 million to $15 million while maintaining the production estimate within the original guidance of 5,700 to 5,900 boepd.

- Net loss of $63.4 million for the third quarter was primarily comprised of a $61.8 million after-tax impairment charge. This non-cash charge does not impact Gear's cash flow from operations or its credit facilities and can be reversed in future periods if commodity prices recover.

- In October 2015, Gear underwent a regular scheduled review of its syndicated demand credit facilities which resulted in a proposed decrease of its borrowing limit from $90 million to $60 million. The reduction is primarily a result of reduced commodity pricing forecasts by the lenders.

- To ensure future financial flexibility and to further de-lever its balance sheet by reducing its outstanding indebtedness, Gear is pleased to announce a bought deal financing and private placement (the "Offering") with a syndicate of underwriters to issue 14.7 million common shares at $0.75 per share and $14.8 million of convertible unsecured subordinated debentures with a coupon rate of 4 per cent and a conversion price of $0.87 per share for total gross proceeds of $25.8 million. The Offering is expected to close on or about November 30, 2015, upon which the credit facilities will be set at the new borrowing limit of $60 million. Coincident with the Offering, Gear also announced a $31 million 2016 capital budget. For further details on the Offering and 2016 Capital Budget, please see the November 10, 2015 Press Release titled "Gear Energy Ltd. Announces $25.8 million Financing, 2016 Capital Budget and Provides Banking Update".

FOR FURTHER INFORMATION PLEASE CONTACT:

Ingram Gillmore
President & CEO
403-538-8463
Email: igillmore@gearenergy.com
Website: www.gearenergy.com

David Hwang
Vice President Finance & CFO
403-538-8437
Email: dhwang@gearenergy.com

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: Guidance estimates; planned follow-up wells; reduced operating costs; timing of capital development program; expected production; expectations of future commodity prices and differentials; number of wells to be drilled; expected ability to maintain financial flexibility incurred in low commodity price environment; and a number of other matters, including future results from operations and operating metrics; future costs, expenses and royalty rates; future interest costs; and future development, exploration, acquisition and development activities (including drilling plans) and related capital expenditures.

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 cash flow 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.

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.

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**.**

NON-GAAP Measures

This press release contains the terms cash flow from operations, net debt, operating netback and corporate 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. Cash flow 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. Corporate netbacks are presented 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, operating costs, general and administrative expenses, interest and foreign exchange gain or loss. Additional information relating to certain of these non-GAAP measures, including the reconciliation between cash flow 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.

Initial Production Rates

Any references in this document to initial production rates are useful in confirming the presence of hydrocarbons, however, such rates are not determinative of the rates at which such wells will continue production and decline thereafter. Additionally, such rates may also include recovered "load oil" fluids used in well completion stimulation. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production for the Gear.