NEWS RELEASE

GEAR ENERGY LTD. ANNOUNCES THIRD QUARTER 2016 OPERATING RESULTS

CALGARY, ALBERTA (November 9, 2016) 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, 2016 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, 2016**	Sep 30, 2015	Jun 30, 2016	**Sep 30, 2016**	Sep 30, 2015
FINANCIAL					
Cash flow from operations (1)	**6,864**	7,416	8,333	**19,181**	34,526
Per weighted average diluted share	**0.04**	0.10	0.10	**0.17**	0.49
Net (loss) income	**(2,470)**	(63,360)	(7,312)	**(11,496)**	(70,018)
Per weighted average diluted share	**(0.01)**	(0.89)	(0.08)	**(0.10)**	(0.99)
Capital expenditures	**7,034**	6,433	1,165	**8,300**	10,890
Net acquisitions (2)	**58,141**	-	26	**57,687**	(685)
Net debt outstanding (1)	**41,791**	71,753	34,200	**41,791**	71,753
Weighted average shares, basic and diluted	**168,926**	70,817	86,117	**113,711**	70,817
Shares outstanding, end of period	**190,472**	70,817	114,234	**190,472**	70,817
OPERATING					
Production					
Heavy oil (bbl/d)	**3,854**	5,295	4,358	**4,133**	5,747
Light and medium oil (bbl/d)	**716**	-	-	**240**	-
Natural gas liquids (bbl/d)	**145**	-	-	**49**	-
Natural gas (mcf/d)	**4,232**	810	1,070	**2,261**	863
Total (boe/d)	**5,420**	5,430	4,536	**4,799**	5,891
Average prices					
Heavy oil ($/bbl)	**37.74**	39.58	39.00	**32.56**	42.09
Light and medium oil ($/bbl)	**51.60**	-	-	**51.60**	-
Natural gas liquids ($/bbl)	**20.04**	-	-	**20.04**	-
Natural gas ($/mcf)	**2.43**	2.60	1.20	**2.04**	2.35
Oil equivalent ($/boe)	**36.08**	38.98	37.75	**31.75**	41.10
Netback ($/boe)					
Commodity and other sales	**36.08**	38.98	37.75	**31.75**	41.10
Royalties	**3.97**	4.88	2.96	**2.94**	5.74
Operating costs	**16.33**	17.53	13.44	**15.12**	18.03
Operating netback (before hedging) (1)	**15.78**	16.57	21.34	**13.69**	17.33
Realized risk management gains (losses)	**3.03**	1.80	4.91	**6.59**	8.33
Operating netback (after hedging) (1)	**18.81**	18.37	26.25	**20.28**	25.66
General and administrative	**2.13**	2.66	3.28	**2.97**	3.08
Transaction costs	**1.97**	-	1.22	**1.13**	-
Interest	**0.94**	1.34	1.56	**1.31**	1.38
Foreign exchange (gain) loss	**-**	(0.47)	-	**-**	(0.28)
Drilling commitments	**-**	-	-	**0.37**	-
Corporate netback (1)	**13.77**	14.84	20.19	**14.50**	21.48
TRADING STATISTICS					
($ based on intra-day trading)					
High	**0.78**	1.86	0.82	**0.82**	2.62
Low	**0.54**	0.67	0.46	**0.25**	0.67
Close	**0.75**	0.68	0.61	**0.75**	0.68
Average daily volume (thousands)	**492**	137	272	**301**	177

(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.

QUARTERLY HIGHLIGHTS

On July 27, 2016, Gear completed the $53.7 million acquisition of Striker Exploration Corp. ("Striker") in exchange for 76.2 million Gear shares and the assumption of $6.9 million in net debt. The acquisition provides Gear with an additional 2,000 boe/d of 60 per cent light and medium oil production, approximately 90 net sections of undeveloped land, a new core focus area in the emerging Belly River light oil resource play, and a materially strengthened balance sheet. Gear currently estimates a total inventory of approximately 450 heavy and light oil drilling opportunities and plans on drilling two wells into the Belly River resource play in the fourth quarter of 2016. Gear will continue to review further strategic acquisition opportunities within its existing and new core areas. Other highlights of the quarter include:

- Gear drilled 11 wells (11 net) in the third quarter, including three successful quad lateral unlined horizontal wells in Wildmere Cummings and eight single lateral horizontal McLaren wells in Paradise Hill. The three Cummings quad lateral wells averaged initial peak 30 day production per well of over 160 bbls per day and second month average production of over 135 bbls per day, which continues to track approximately 45% above the expected type curve. With an average on-production cost of approximately $965,000 per quad lateral well, low 5 per cent Crown royalties and below $10 per bbl operating costs, these three wells are estimated to deliver strong rates of return. The eight single lateral Paradise Hill horizontals are performing as expected and were drilled and put on production at an average cost of approximately $530,000 per well. The record low costs in Paradise Hill combined with low Crown royalties, and below $10 per bbl operating costs are expected to yield strong rates of return, similar to the Cummings wells.

- Realized quarterly cash flow from operations of $6.9 million which includes approximately two months of cash flow from Striker and is net of $1.0 million of one-time transaction costs associated with the Striker acquisition in the third quarter. Sales production for the third quarter averaged 5,420 boe per day which includes approximately two months of production from Striker.

- Gear achieved record low general and administrative ("G&A") and interest costs of $2.13 per boe and $0.94 per boe, respectively, as a result of an increase in production with nominal increases in corporate costs and low borrowings.

- Total net debt at September 30 was $41.8 million including $33.5 million drawn on Gear's $50 million syndicated bank facility, $14.8 million of convertible debentures and $6.5 million of positive working capital. Net debt from June 30 increased $7.6 million primarily as a result of net debt assumed from the Striker acquisition, resulting in a net debt to annualized cash flow of 1.5 times.

- Gear has hedged approximately 50 per cent of its after-royalty production volume for both the fourth quarter of 2016 and the full year 2017 through a variety of fixed price swaps and collars at a weighted average floor protection price for WTI of CAD$61.72 per barrel (US$46.29, assuming a $0.75 Cdn/US FX). For the first nine months of 2016, Gear has generated $8.7 million in realized cash hedging gains compared to $13.4 million in realized cash hedging gains for the first nine months of 2015. The risk management program continues to play an important part in reducing commodity price risk exposure and in ensuring protection of capital project economics.

- Ended the third quarter with a Liability Management Ratio ("LMR") in Alberta of 2.4 and a Licensee Liability Rating in Saskatchewan of 3.4.

OUTLOOK

- Through the remainder of 2016, Gear plans to drill three more horizontal wells including two Basal Belly River light oil wells in Wilson Creek and a horizontal heavy oil exploration well in Saskatchewan for a total of 14 wells for 2016. Gear anticipates fourth quarter 2016 production to range between 6,100 to 6,300 boepd, primarily dependent on the timing of production from the last three drills of the 2016 program.

- Based on forward pricing as of the date of this release and a full quarter of production from Striker, fourth quarter 2016 net debt to annualized cash flow is expected to be approximately 1.1 times. Gear's lenders have indicated that the facility will be modified into a 364 day revolver plus one year term with no other material changes anticipated for Gear's syndicated bank facility review, which should be completed by November 30, 2016.

- Gear expects to release its 2017 capital budget and guidance later in December as it awaits further clarity on commodity prices.

MANAGEMENT UPDATE

- Gear is pleased to announce that Mr. Dustin Ressler has been appointed to the position of Vice President, Exploration. Dustin has been with Gear since 2010 and has successfully led the development of many of Gear's core plays through the years. He brings an extensive and diverse geotechnical skillset that will be instrumental in assisting Gear achieve future years of growth and shareholder value creation.

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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: 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; expectation that Gear's borrowing base will remain unchanged following the November borrowing base review; 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.

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: 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.

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.

Drilling Locations

This press release discloses drilling locations relating to the assets acquired pursuant to the acquisition of Striker in three categories: (i) proved locations; (ii) probable locations; and (iii) unbooked locations. Proved locations and probable locations are derived from the independent reserves report prepared by GLJ Petroleum Consultants Ltd. relating to the assets of Striker effective as at December 31, 2015 and account for drilling locations that have associated proved and/or probable reserves, as applicable. Unbooked locations are internal estimates based on prospective acreage and an assumption as to the number of wells that can be drilled per section based on industry practice and internal review. Of the 450 drilling locations relating to the Striker assets identified herein, 67.2 are proved locations, 79.4 are probable locations and 303.4 are unbooked locations. Unbooked locations have been identified by management of Gear as an estimation of 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 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 of Gear 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.