



## **GEAR ENERGY LTD. ANNOUNCES 2015 OPERATIONAL UPDATE AND REVISED 2015 CAPITAL GUIDANCE**

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CALGARY, ALBERTA, October 15, 2015 /Marketwired/ - Gear Energy Ltd. ("Gear") (TSX: GXE) is pleased to announce operational highlights for the third quarter of 2015 and revised capital guidance for 2015.

### **2015 Operational update**

- Stable field production of approximately 5,500 boe/d was realized during the third quarter of 2015. Estimated sales production for the quarter came in slightly lower at 5,385 boe/d due to temporary production shut-ins and shipping deferrals implemented during the anomalously low heavy oil price experienced in September. Gear expects to accomplish the existing production guidance of 5,700 to 5,900 boe/d for calendar 2015. Gear's October realized oil price is currently estimated to increase by approximately \$10/bbl over the low September value, due to an improvement in heavy oil differentials into the fourth quarter.
- Gear drilled six wells during the quarter bringing the year to date drill count to eight in total. The drills include three dual lateral and two single lateral horizontal wells in Morgan, one horizontal well in Paradise Hill, a dual lateral unlined horizontal well in the GP at Wildmere and a quad lateral unlined horizontal well in the Cummings at Wildmere. In total, Gear invested approximately \$10.5 million in capital through the first three quarters of 2015 including: the eight drills, 20 recompletions, and approximately \$2 million in land, seismic and infrastructure. The last 60 days of production resulting from these activities has averaged approximately 1,100 boe/d, yielding a company record capital efficiency of under \$10,000/boe/d.
- With the strong results to date and in light of continued price volatility, Gear will reduce the 2015 capital program from \$25 million to \$15 million with the drilling of four more horizontal wells through the fourth quarter, (two in Paradise Hill and two in Morgan). Production expectations for the year are being maintained despite a 40 per cent reduction in capital plans.
- In order to maximize cash flow, Gear has reduced salaries by an average of nine per cent in both Calgary and the field, resulting in lower estimates for both general and administrative costs and operating costs during the fourth quarter and into 2016.
- Gear expects to release detailed third quarter results and full guidance for the remainder of 2015 and 2016 after market close on November 10, 2015.

## 2015 Revised Guidance

	<b>Revised 2015 Guidance</b>	Previous 2015 Guidance	Q3 2015 YTD Estimate
Production – Annual (boe/d)	<b>5,700 – 5,900</b>	5,700 – 5,900	5,875
Capital expenditures (\$ millions)	<b>15</b>	25	10.5

### **About Gear Energy Ltd.**

Gear is a Canadian exploration and production company with predominantly horizontal heavy 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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**ADVISORY ON FORWARD-LOOKING 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", "continue", "estimate", "may", "will", "should", "believe", "plans", "cautions" and similar expressions are intended to identify forward-looking information or statements. In particular, this press release contains forward-looking statements relating to, among other things, the expectation that Gear will achieve its 2015 production guidance, expectations about Gear's October realized oil price, expected details of capital expenditures for the remainder of 2015 and expected lower general and administrative and operating costs for the remainder of 2015 and 2016.*

*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, Gear has made certain assumptions relating to: drilling results; 2015 field production rates; the general continuance of current or future industry conditions; 2015 capital expenditures; 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.*

*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; limited, unfavourable or a lack of access to capital markets; 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 dated March 16, 2015, which is available at [www.sedar.com](http://www.sedar.com). The reader is cautioned not to place undue reliance on this forward-looking information. 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.*

*Any references in this press release to test rates, flow rates, initial and/or 30 or 60 day production rates are useful in confirming the presence of hydrocarbons; however, such rates are not necessarily indicative of long-term performance or of ultimate recovery. Such rates may also include recovered "load" fluids used in well completion stimulation. Readers are cautioned not to place reliance on such rates in calculating the aggregate production for Gear. For the purposes of this press release capital efficiency has been calculated by dividing total capital expenditures in 2015 by the average 60 days of increased production resulting from these activities. The capital efficiencies achieved may not be indicative of future capital efficiencies to be achieved by Gear.*

**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.*