NEWS RELEASE

GEAR ENERGY LTD. ANNOUNCES FIRST QUARTER 2018 OPERATING RESULTS

CALGARY, ALBERTA (May 9, 2018) Gear Energy Ltd. ("Gear" or the "Company") (TSX:GXE) is pleased to provide the following first quarter operating update to shareholders. Gear's Interim Financial Statements and related Management's Discussion and Analysis ("MD&A") for the period ended March 31, 2018 are available for review on Gear's website at www.gearenergy.com and on www.sedar.com.

	Three months ended		
(Cdn$ thousands, except per boe amounts)	**March 31, 2018**	March 31, 2017	Dec 31, 2017
FINANCIAL			
Funds from operations (1)	**8,078**	8,729	14,613
Per weighted average basic share	**0.04**	0.05	0.07
Per weighted average diluted share	**0.04**	0.04	0.07
Cash flow from operating activities	**14,787**	12,245	9,964
Net income (loss)	**(4,294)**	2,986	6,947
Per weighted average basic share	**(0.02)**	0.02	0.04
Per weighted average diluted share	**(0.02)**	0.01	0.03
Capital expenditures	**9,243**	18,784	12,307
Net acquisitions (2)	**390**	(68)	14
Net debt outstanding (1)	**45,330**	46,745	43,269
Weighted average shares, basic (thousands)	**194,968**	192,840	194,968
Weighted average shares, diluted (thousands)	**194,968**	209,652	211,310
Shares outstanding, end of period (thousands)	**194,968**	192,915	194,968
OPERATING			
Production			
Heavy oil (bbl/d)	**4,231**	3,739	4,760
Light and medium oil (bbl/d)	**1,197**	1,085	1,161
Natural gas liquids (bbl/d)	**223**	217	242
Natural gas (mcf/d)	**5,229**	5,197	5,566
Total (boe/d)	**6,522**	5,907	7,090
Average prices			
Heavy oil ($/bbl)	**42.97**	43.13	49.18
Light and medium oil ($/bbl)	**64.53**	60.91	64.71
Natural gas liquids ($/bbl)	**39.74**	23.08	27.79
Natural gas ($/mcf)	**1.66**	3.00	1.90
Netback ($/boe)			
Commodity and other sales	**42.42**	41.98	46.06
Royalties	**(4.95)**	(3.97)	(4.15)
Operating costs	**(15.83)**	(16.28)	(16.03)
Operating netback (1)	**21.64**	21.73	25.88
Realized risk management gains (losses)	**(4.15)**	(1.24)	(0.73)
General and administrative	**(2.83)**	(3.00)	(1.92)
Interest	**(0.92)**	(0.88)	(0.83)
Other	**0.02**	(0.19)	-
Corporate netback (1)	**13.76**	16.42	22.40
TRADING STATISTICS			
($ based on intra-day trading)			
High	**1.01**	1.26	1.00
Low	**0.66**	0.76	0.70
Close	**0.70**	0.90	0.85
Average daily volume (thousands)	**458**	553	468

(1) Funds from operations, net debt, operating netback and corporate netback are non-GAAP measures and are reconciled to the nearest GAAP measures 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.

MESSAGE TO SHAREHOLDERS

The team at Gear have worked tirelessly through the last few years to manage external challenges and to set the Company up for future success even in an environment of business uncertainty. Two short years ago, Gear reported first quarter 2016 production of 4,435 boe/d and a net debt to funds from operations ratio of 3.7 times. Today, the team is forecasting to exit 2018 at more than double the production and with an exceptionally strong net debt to funds from operations ratio of approximately 0.5 times. In addition, management's estimate of potential drilling locations has increased by 50 per cent over the same time period. Although temporary production restrictions were experienced in the first quarter of 2018, the resultant oil inventory build-up is now being sold at significantly higher prices and the outlook for the rest of 2018 and beyond is providing the team at Gear with significant reasons for enthusiasm.

QUARTERLY HIGHLIGHTS

During the first quarter of 2018, Gear experienced temporary limitations in its ability to ship oil to market. Heavy oil pipeline shipping capacity out of Canada decreased starting in November 2017 due to a leak on the Keystone pipeline which resulted in a backlog of oil inventory in Western Canada. In addition, crude-by-rail performance was challenged as a result of increased crude-by-rail demand, strong grain production, increased transportation of frac sand and extreme winter weather, all of which strained the rail network. As a result, Gear was subjected to approximately 30 per cent apportionment through the first quarter on its heavy oil sales.

To manage these restrictions prudently while maximizing realized pricing, Gear temporarily slowed its heavy oil production and built a record inventory of saleable oil in excess of 40,000 barrels. Total corporate productive capability for the first quarter was estimated to be 7,350 boe per day with total first quarter sales actually coming in at 6,522 boe per day. Starting in April 2018, oil egress has improved with reduced pipeline apportionments and greater crude-by-rail availability allowing Gear to start ramping base production back up and selling its excess oil inventory at substantially higher prices.

- Realized quarterly funds from operations of $8.1 million, a seven percent decrease from the prior year first quarter of $8.7 million and a 45 per cent decrease from the fourth quarter of 2017 of $14.6 million. The lower funds from operations are primarily due to the temporarily restricted sales volumes and decreases in realized prices. Current estimated field production is approximately 7,000 boe per day as Gear continues to ramp up production that was artificially slowed as a result of first quarter egress challenges. If the recent improvements in heavy oil shipping capacity continue, Gear expects to eliminate the majority of excess oil inventory throughout the second quarter, providing an incremental boost to sales volumes in the range of 400 barrels per day. Current expectations are that second quarter sales production should again be in excess of 7,000 boe per day, similar to the fourth quarter of 2017.

- Realized revenue for the first quarter of $42.42 per boe compared to $41.98 per boe in the first quarter of 2017 and $46.06 per boe in the fourth quarter of 2017. The decrease in realized prices was driven by lower heavy oil pricing as a result of widening WCS heavy oil differentials which increased to $24.27 per barrel in the first quarter of 2018 compared to a $14.58 per barrel discount in the first quarter of 2017 and a $12.27 per barrel discount in the fourth quarter of 2017. WCS differentials have continued to be volatile, with May 2018 settled at a $16.62 per barrel discount.

- Realized a first quarter operating netback of $21.64 per boe, very similar to the prior year first quarter operating netback of $21.73 per boe and a decrease of $4.24 per boe or 16 per cent from the fourth quarter as a result of lower realized pricing. Corporate netback for the first quarter was $13.76 per boe, a 16 per cent reduction from the prior year first quarter and a decrease of $8.64 per boe or 39 per cent from the fourth quarter of 2017 primarily as a result of higher realized hedging losses.

- Despite the reduced production volumes during the quarter, Gear was able to improve its operating expenses to $15.83 per boe, a three per cent reduction from the prior year first quarter and a one per cent reduction from the fourth quarter of 2017. Although Gear experienced higher in-field trucking costs in order to manage inventory levels, these were offset by deferring non-essential maintenance expenditures.

- Drilled and completed two gross (1.9 net) wells with a 100 per cent success rate. The first well was a quad-lateral unlined horizontal Cummings well into a new area outside Gear's existing Wildmere asset. The well has averaged approximately 140 barrels of oil per day over the last 30 days of production. The second well was Gear's first extended reach Basal Belly River light oil well in the Wilson Creek area. This 1.5 mile long well looks encouraging with peak IP30 rates to date of approximately 250 boe per day (230 net). Both of these wells are likely to be followed up with further drilling in the second half of 2018. In addition, Gear was very active at crown land sales with the acquisition of approximately 14,000 acres in a new medium oil area and added land to its Wildmere core area.

- Successfully increased Gear's credit facilities to $75 million from $55 million following the semi-annual borrowing base review completed subsequent to quarter end. Gear exited the first quarter 2018 with $45.3 million in net debt which includes $13.7 million in outstanding convertible debentures and $36.2 million borrowed against its credit facilities. Based on current forward commodity pricing indications and internal production and cost forecasts, Gear anticipates exiting the year with an annualized fourth quarter 2018 net debt to funds from operations ratio of approximately 0.5 times.

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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: the 2018 exit production; the expected annualized fourth quarter 2018 net debt to funds from operations ratio; the expectation that excess oil inventory will be sold in the second quarter for 2018 at higher pricing; second quarter sales production expectations; and the follow-up drills to the two first quarter wells drilled.

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 funds 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 funds 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. Funds from operations is calculated as funds 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 funds 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 and Other 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 or other future wells will continue production and decline thereafter. Additionally, such rates may also include recovered "load oil" fluids used in well completion stimulation. In addition, Gear has disclosed the cumulative production of wells on certain Gear properties; there is no certainty that other wells on such properties will achieve such production levels. Readers are cautioned not to place reliance on such rates in calculating the aggregate production for Gear.