GEAR ENERGY LTD. ANNOUNCES YEAR-END RESERVES

CALGARY, ALBERTA (February 21, 2018) Gear Energy Ltd. ("Gear" or the "Company") (TSX:GXE) is pleased to present the following results and analysis of its 2017 year-end independent reserve report prepared by GLJ Petroleum Consultants Ltd. ("GLJ").

In 2017 Gear invested $49.5 million consisting of $47.8 million of development capital and $1.7 million in acquisition and divestiture ("A&D") activity. The combined investment provided Gear with 26 per cent production growth and 52 per cent cash flow growth on an annual basis compared to 2016. Reserves growth was somewhat tempered in comparison primarily as a result of late year production additions requiring further production history to increase forecasted certainty, and the removal of undeveloped gas reserves due to lower pricing. For details on the annual operating results please see the Management's Discussion and Analysis dated February 21, 2018, which is available on SEDAR at www.sedar.com.

HIGHLIGHTS

- Gear achieved the following reserves highlights through 2017 activity:

  Proved Developed Producing ("PDP")
    - 3.07 MMboe of additions at a Finding, Development and Acquisition ("FD&A") cost of $16.21/boe including change in Future Development Capital ("FDC")
    - Reserves increased 10 per cent
    - Replaced 129 per cent of 2017 annual production
    - Recycle ratio of 1.4x based on 2017 operating netback of $22.09/boe

  Total Proved ("TP")
    - 3.05 MMboe of additions at an FD&A cost of $17.94/boe including change in FDC
    - Reserves increased 5 per cent
    - Replaced 128 per cent of 2017 annual production
    - Recycle ratio of 1.2x on 2017 netback

  Total Proved plus Probable ("P+P")
    - 1.91MMboe of additions at an FD&A cost of $24.36/boe including change in FDC
    - Reserves decreased 2 per cent
    - Replaced 80 per cent of 2017 annual production
    - Recycle ratio of 0.9x on 2017 netback

- Corporate liquids weighting increased from 81 to 86 per cent for the P+P reserves case. This increase was the result of continued successful oil development and the removal of several undeveloped gas drilling locations due to low forecasted future gas prices. The P+P category experienced a net negative technical revision of 1.45 MMboe, with 1.15 MMboe of that being a downward revision to low value gas reserves. Included in that revision was the removal of 0.73 MMBoe of undeveloped gas drilling opportunities in Gear's Ekwan asset in North East British Columbia. The Ekwan revision added over $4.50/boe to the P+P FD&A cost in 2017.

- Management's estimate of future potential inventory increased by 23 per cent from 2016 to 590 net drilling locations. The GLJ evaluation currently recognizes 80 net locations in the TP category and 150 in the P+P category. These booked locations represent only 14 and 25 per cent of the management estimates, respectively. The 150 net booked P+P locations include 37 multi-lateral horizontals, 88 single laterals and 25 vertical wells.

- Corporate Net Asset Values ("NAV") at a 10 per cent discount factor are $0.82 per share for TP and $1.61 per share for P+P utilizing the GLJ January, 2018 price forecast, representing a respective 9 per cent and 15 per cent decrease from the prior year, primarily as a result of lower year over year heavy oil and gas price forecasts.

- Company Reserves Life Index ("RLI") of 5.3 years for TP, and 8.1 years for P+P.

RESERVES SUMMARY

Year-end 2017 reserves were evaluated by independent reserves evaluator GLJ in accordance with the definitions, standards and procedures contained in the Canadian Oil and Gas Evaluation Handbook ("COGE Handbook") and National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities ("NI 51-101"). A reserves committee, comprised of independent board members, reviews the qualifications and appointment of the independent reserves evaluator and reviews the procedures for providing information to the evaluators. The reserves evaluation was based on GLJ forecast pricing and foreign exchange rates at January 1, 2018. Reserves included herein are stated on a company gross basis (working interest before deduction of royalties without inclusion of any royalty interests) unless noted otherwise. Additional reserves information required under NI 51-101 will be included in Gear's Annual Information Form to be filed on SEDAR on or before March 31, 2018.

The following tables outline Gear's reserves as at December 31, 2017. No provision for interest, risk management contracts, debt service charges and general and administrative expenses have been made and it should not be assumed that the net present values of the reserves estimated by GLJ represents the fair market value of the reserves.

Reserves Summary at Dec 31, 2017 Using GLJ January 1, 2018 Forecast Prices and Costs

Company Gross	**Light & Medium Oil (Mbbl)**	**Heavy Oil (Mbbl)**	**NGL's (Mbbl)**	**Natural Gas (MMcf)**	**Equivalent (Mboe)**	**Liquids Ratio (%)**
Proved Developed Producing	2,148	3,913	509	8,043	7,910	83
Proved Non-Producing & Undeveloped	1,488	3,815	232	6,105	6,554	84
Total Proved	3,636	7,728	741	14,148	14,464	84
Total Probable	2,235	7,282	422	6,606	11,039	90
Total Proved plus Probable	5,871	15,010	1,163	20,754	25,503	86

Net Present Value of Future Revenues Before Income Taxes Under Forecast Prices and Costs

Company Gross ($ thousands)	**Undiscounted**	**Discounted @ 5%**	**Discounted @ 10%**	**Discounted @ 15%**	**Discounted @ 20%**
Proved Developed Producing	166,881	145,701	130,501	118,959	109,809
Proved Non-Producing & Undeveloped	103,803	81,608	64,762	51,996	42,188
Total Proved	270,684	227,309	195,263	170,955	151,997
Total Probable	277,654	200,890	154,565	123,931	102,292
Total Proved plus Probable	548,338	428,199	349,828	294,886	254,288

Net Future Development Costs ("FDC") Under Forecasted Prices and Costs

($ thousands)	**Proved**	**Probable**	**Total**
2018	25,791	8,139	33,930
2019	31,095	15,739	46,834
2020	26,848	25,304	52,152
2021	2,441	4,730	7,171
2022	-	6,679	6,679
Subsequent Years	-	-	-
Undiscounted Total	86,175	60,591	146,766
Discounted at 10%	74,448	49,080	123,527

EFFICIENCY RATIOS

The following table highlights annual capital efficiency through finding and development ("F&D") and FD&A costs per boe metrics.

	2017		2016	
Reserves (mboes), Capital ($ thousands)	**Proved**	**Proved plus Probable**	Proved	Proved plus Probable
Development Reserves Additions	**3,075**	**1,957**	661	1,351
Net Acquisition Reserves Additions	**(29)**	**(50)**	6,584	9,871
Total Reserves Additions	**3,046**	**1,907**	7,245	11,222
Development capital	**47,765**	**47,765**	14,422	14,422
Development change in FDC	**5,172**	**(3,028)**	1,462	10,586
Total development capital including FDC	**52,937**	**44,737**	15,884	25,008
Net acquisition capital	**1,709**	**1,709**	57,261	57,261
Net acquisition change in FDC	**-**	**-**	37,674	48,685
Total net acquisition capital including FDC	**1,709**	**1,709**	94,935	105,946
Total capital	**49,474**	**49,474**	71,683	71,683
Total change in FDC	**5,172**	**(3,028)**	39,136	59,271
Total capital including FDC	**54,646**	**46,446**	110,819	130,954
F&D costs with FDC per boe	**17.22**	**22.86**	24.03	18.51
FD&A costs with FDC per boe	**17.94**	**24.36**	15.30	11.67
3 Year average FD&A including FDC per boe	**16.26**	**19.22**	23.19	20.42
Recycle ratio (FD&A with FDC)	**1.2**	**0.9**	1.0	1.3

Reserves Life Index ("RLI")

(years)	**2017**	**2016**	**2015**
Total Proved	**5.3**	5.9	5.1
Total Proved plus Probable	**8.1**	9.7	9.0

Net Asset Value ("NAV") at December 31, 2017

($ millions, except per share amounts)	**2017**	2016	2015
Value of Company Interest Proved plus Probable Reserves Discounted at 10% (Before Tax)	**349.8**	394.6	199.4
Undeveloped Land	**8.2**	6.2	8.9
Net Debt	**(43.3)**	(37.0)	(66.0)
NAV	**314.7**	363.8	142.3
Shares Outstanding (millions)	**195**	192.6	85.5
NAV per Share	**1.61**	1.89	1.66

RESERVES RECONCILIATION

Activity through 2017 was successful in adding reserves across all categories with the largest improvements categorized as Drilling Extensions and Technical Revisions. However, as a result of lower future commodity price forecasts these additions were offset by reductions categorized as Economic Factors. The reserves within the P+P case were the most influenced by this adjustment. The P+P reserves balance experienced a positive technical revision of 2.22 MMboe that was offset by a negative 3.67 MMboe economic adjustment, yielding a combined negative adjustment of 1.45 MMBoe. The main contributor to this adjustment occurred in Ekwan, B.C. where three undeveloped gas drilling locations were removed from the portfolio as a result of low gas prices. Although the negative 0.73 MMboe adjustment in Ekwan may appear large on a boe scale, on a value basis it should be noted that the year-end value in the 2016 GLJ report for these Ekwan locations was well under $1.00 per boe of booked P+P reserves before tax at a 10% discount. The other factor influencing the year over year reserves changes was a material drop in GLJ's forecasted WCS heavy oil prices, with reductions from last year's forecast ranging between 10 to 14 per cent.

Reserves Reconciliation Company Gross	**Heavy Oil (Mbbl)**	**Light & Medium Oil (Mbbl)**	**Natural Gas (MMcf)**	**Natural Gas Liquids (Mbbl)**	**Oil Equivalent (Mboe)**
Proved Producing					
Opening Balance, January 1, 2017	3,289	1,921	9,382	445	7,219
Technical Revisions	861	246	1,325	114	1,442
Drilling Extensions	1,294	427	669	77	1,910
Infill Drilling	444	-	-	-	444
Improved Recovery	20	116	121	22	178
Acquisitions	40	-	-	-	40
Dispositions	(4)	(1)	(132)	(1)	(28)
Economic Factors	(532)	(109)	(1,361)	(52)	(920)
Production	(1,500)	(452)	(1,961)	(96)	(2,374)
Closing Balance, December 31, 2017	**3,913**	**2,148**	**8,043**	**509**	**7,910**
Total Proved					
Opening Balance, January 1, 2017	6,527	3,677	17,168	727	13,792
Technical Revisions	1,188	254	1,406	113	1,789
Drilling Extensions	2,127	181	478	84	2,472
Infill Drilling	143	-	-	-	143
Improved Recovery	20	245	147	26	316
Acquisitions	40	-	-	-	40
Dispositions	(15)	(1)	(300)	(3)	(69)
Economic Factors	(803)	(268)	(2,789)	(110)	(1,645)
Production	(1,500)	(452)	(1,961)	(96)	(2,374)
Closing Balance, December 31, 2017	**7,728**	**3,636**	**14,148**	**741**	**14,464**
Proved plus Probable					
Opening Balance, January 1, 2017	13,862	6,006	29,267	1,225	25,971
Technical Revisions	1,464	321	1,703	151	2,219
Drilling Extensions	2,651	90	504	88	2,913
Infill Drilling	-	-	-	-	-
Improved Recovery	30	380	241	43	493
Acquisitions	55	-	-	-	55
Dispositions	(24)	(8)	(413)	(5)	(105)
Economic Factors	(1,527)	(467)	(8,587)	(243)	(3,669)
Production	(1,500)	(452)	(1,961)	(96)	(2,374)
Closing Balance, December 31, 2017	**15,010**	**5,871**	**20,754**	**1,163**	**25,503**

FORECAST PRICES AND COSTS

Crude oil and natural gas benchmark reference pricing, inflation, and exchange rates utilized by GLJ as at January 1, 2018 were as follows:

Year	Inflation (%)	Exchange Rate (USD/CAD)	WTI Cushing (40 API) (USD/bbl)	Edmonton MSW (40 API) (CAD/bbl)	WCS Hardisty (21 API) (CAD/bbl)	AECO/NIT Spot (CAD/mmbtu)
2018	2.0	0.79	59.00	70.25	48.89	2.20
2019	2.0	0.79	59.00	70.25	53.16	2.54
2020	2.0	0.80	60.00	70.31	56.25	2.88
2021	2.0	0.81	63.00	72.84	59.26	3.24
2022	2.0	0.82	66.00	75.61	62.20	3.47
2023	2.0	0.83	69.00	78.31	65.06	3.58
2024	2.0	0.83	72.00	81.93	68.67	3.66
2025	2.0	0.83	75.00	85.54	72.29	3.73
2026	2.0	0.83	77.33	88.35	75.10	3.80
2027	2.0	0.83	78.88	90.22	76.96	3.88
2028+	2.0	0.83	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr

FOR FURTHER INFORMATION PLEASE CONTACT:

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

ADVISORY ON FORWARD-LOOKING STATEMENTS*: This press release contains certain forward-looking information and statements within the meaning of applicable securities laws. In particular, this press release contains forward-looking information relating to, among other things: estimates of reserves and future net revenue, estimated number of future drilling locations and estimated future development capital. 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. 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, assumptions have been made regarding: that Gear's exploration and development activities will be successful or that material volumes of petroleum and natural gas reserves will be encountered, or if encountered can be produced on a commercial basis; that additional drilling operations will be successful such that further development activities is warranted; that Gear's efforts to raise additional capital will be successful; that Gear will continue to conduct its operations in a manner consistent with past operations; results from drilling and development activities will be consistent with past operations; the accuracy of the estimates of Gear's reserve volumes; the general stability of the economic and political environment in which Gear operates; drilling results; field production rates and decline rates; the general continuance of current industry conditions; the timing and cost of pipeline, storage and facility construction and expansion and the ability of Gear to secure adequate product transportation; 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; the ability of Gear to obtain financing on terms acceptable to Gear; and the continued availability of credit under the Company's credit facilities.*

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; any actions by Gear's lenders to reduce the availability under its credit facilities; inaccurate estimation of Gear's oil and gas reserve and resource volumes;

limited, unfavourable 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 disclosure documents. Additional information regarding some of these risk factors may be found under "Risk Factors" in Gear's annual information form for the year ended December 31, 2017, which is expected to be filed on or before March 31, 2018. The reader is cautioned not to place undue reliance on this forward-looking information. To the extent that any forward-looking information contained herein may be considered future oriented financial information or 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 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.

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.*

OIL AND GAS METRICS: *This press release contains a number of oil and gas metrics, including F&D, FD&A, reserves life index, operating netback and recycle ratio, which do not have standardized meanings or standard methods of calculation and therefore such measures may not be comparable to similar measures used by other companies. Such metrics have been included herein to provide readers with additional measures to evaluate the Company's performance; however, such measures are not reliable indicators of the future performance of the Company and future performance may not compare to the performance in previous periods. F&D and FD&A costs are used as a measure of capital efficiency. The calculation for F&D includes all exploration, development capital for that period plus the change in FDC for that period. This total capital including the change in the FDC is then divided by the change in reserves for that period incorporating all revisions for that same period. The calculation for FD&A is calculated in the same manner except it also accounts for any acquisition costs incurred during the period. Reserves life index is calculated by dividing the reserves in each category by the corresponding GLJ forecast annual production. Operating netbacks are presented before 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. Recycle ratio is defined as operating netback per barrel of oil equivalent divided by either F&D or FD&A costs on a per barrel of oil equivalent.*

NET ASSET VALUE: *For the purposes of calculating the net asset value as presented herein, undeveloped land has been based on internal estimates of the value of the Company's undeveloped land. Net debt represents debt of the Company less working capital items, excluding risk management contracts. The number of shares outstanding does not include any shares issuable on any securities of the Company that are convertible, exchangeable or exercisable into shares of the Company.*

DRILLING LOCATIONS: *This press release discloses drilling locations in three categories: (i) proved locations; (ii) probable locations; and (iii) unbooked locations. Proved locations and probable locations are derived from GLJ reserves report as of December 31, 2017 and account for drilling locations that have associated proved and/or probable reserves, as applicable. Unbooked locations are internal estimates based on Gear's prospective acreage and an assumption as to the number of wells that can be drilled per section based on industry practice and internal review. Unbooked locations have been identified by management as an estimation of our 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 Gear's 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 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.*

NON-GAAP MEASURES: *This press release contains the terms net debt and operating 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. Net debt is calculated as debt less current working capital items, excluding risk management contracts. Operating netback is calculated based on the amount of revenues received on a per unit of production basis after royalties and operating costs. Additional information relating to certain of these non-GAAP measures can be found in the MD&A.*

SELECTED DEFINITIONS*: The following terms used in this press release have the meanings set forth below:*
"boe" means barrel of oil equivalent of natural gas and crude oil on the basis of 1 boe for six thousand cubic feet of natural gas (this conversion factor is and industry accepted norm and is not based on either energy content or current prices)
"Mbbl" means thousand barrels
"Mboe" means 1,000 barrels of oil equivalent
"MMcf" means one million cubic feet
"NGL" means natural gas liquids