NEWS RELEASE

GEAR ENERGY LTD. ANNOUNCES $58 MILLION 2018 GROWTH BUDGET

CALGARY, ALBERTA (December 14, 2017) Gear Energy Ltd. ("Gear" or the "Company") (TSX:GXE) is pleased to provide the following update to shareholders.

2018 BUDGET

Gear is pleased to announce a 2018 capital budget of $58 million, targeting a balance between low risk production growth and continued expansion of future drilling inventory. The budget is forecasted to include the drilling of 41 horizontal oil wells throughout Gear's heavy and light oil asset base.

The 2018 budget includes an estimated 14 per cent production growth with an annual average rate of 7,500 boe per day (88 per cent liquids) and an estimated 2018 fourth quarter rate of approximately 8,400 boe per day. Capital investment is expected to more than offset the estimated 27 per cent base decline by focusing on the continuation of low risk high return oil development drilling. Management intends to fund the 2018 growth budget at current strip pricing primarily through cash flow while maintaining an estimated annual net debt to cash flow ratio of approximately 1.0 times. In order to take advantage of reduced costs during the summer and maintain financial flexibility with regard to future oil prices, the forecast has approximately one third of the capital invested in the first half of 2018 and the remaining two thirds during the second half of the year. Gear will closely monitor pricing throughout the year and adjust capital as required to ensure a balance between growth, debt and estimated returns on capital.

- A total of $35 million, or 60 per cent of the budget will be dedicated to drilling low risk horizontal oil wells. The current plan includes the drilling of 29 heavy oil wells including; 13 multilateral unlined Cummings and GP wells in Wildmere, Lindbergh, and Soda Lake, 13 single leg, lined Paradise Hill McLaren wells, and 3 Success wells in Hoosier. The 2018 plan also includes 4 light oil Belly River and Cardium wells in the Wilson Creek and Ferrier areas and 2 medium oil Lloydminster wells in Killam.

- Approximately $12 million, or 20 per cent of the budget will be invested in inventory expansion opportunities with funds dedicated to purchasing land, acquiring seismic data and drilling 6 horizontal oil locations across Alberta and Saskatchewan. These drilling locations are designed to push the boundaries of existing resources, or add new resources to the total corporate inventory.

- An additional $7 million of the budget will be focused on the implementation and optimization of water floods in Wilson Creek and Chigwell, as well as a variety of small infrastructure projects, recompletions, and corporate capital.

- The remaining $4 million will be focused on strategic abandonment and reclamation projects designed to maintain strong corporate liability ratios in both Alberta and Saskatchewan.

- Gear's 2018 budget includes estimates for continued cost reductions when compared to 2017. Royalties are forecasted to remain relatively stable while operating costs, general and administrative ("G&A") and interest costs per unit are predicted to improve by 6 per cent, 4 per cent and 20 per cent, respectively.

	2018 Guidance
Annual Production (boe/d)	7,500
Per cent heavy oil (%)	68
Per cent light/medium oil & NGLs (%)	20
Royalties (%)	10
Operating and Transportation Costs($/boe)	15.50
G&A Costs ($/boe)	2.15
Interest Costs ($/boe)	0.65
Capital and Abandonment Expenditures ($ million)	58
Planned Wells	41

- The 2018 budget is based on current strip pricing assumptions of a WTI price of US$56, a WCS heavy oil differential of 34 per cent, a Gear heavy oil quality differential of CAD$5, a Gear light oil differential to WTI of CAD$6.50, and a foreign exchange rate of $0.78 CAD/US.

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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: Gear's expected capital budget for 2018 and the expected timing of expenditures; details on the wells to be drilled including the number of wells, the type of wells, where such wells will be drilled and the targets of such wells; the intent to target a balance between cash flow funded low risk production growth and continued expansion of future drilling inventory in 2018; the expected production growth, 2018 annual average production and 2018 fourth quarter production; the expectation that capital investment will more than offset the estimated 27 per cent base decline; the intent to fund the 2018 capital budget primarily with forecasted cash flow; the 2018 expected annual net debt to cash flow ratio; expectations of the amount of the budget focused on land, seismic, waterflood projects, infrastructure projects, recompletions, corporate capital and strategic abandonment and reclamation projects; the intent to maintain strong corporate liability ratios in both Alberta and Saskatchewan; the expectations for continued cost reductions when compared to 2017; expectations with respect to 2018 commodity weighting, royalties, operating and transportation costs, G&A costs and interest costs; expectations of future commodity prices and differentials; and the intent that Gear will closely monitor pricing throughout the year and adjust capital as required to ensure a balance between growth, debt and estimated returns on capital.

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 and net debt, 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. 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.