GEAR ENERGY LTD. ANNOUNCES YEAR-END RESERVES

CALGARY, ALBERTA (February 17, 2016) Gear Energy Ltd. (“Gear” or the “Company”) (TSX:GXE) presents the following results and analysis of its 2015 year-end independent reserve report.

In 2015 Gear re-invested only $14.2 million or 36 per cent of total cash flow with the balance directed to strengthening the company’s balance sheet.

HIGHLIGHTS

- Reserve additions associated with the net $14.2 million of 2015 capital spending achieved record capital efficiencies and returns on that investment with a total 2.24 mmboe addition to Proved plus Probable (“P+P”) reserves and a 1.13 mmboe addition to Total Proved (“TP”) reserves. However, this success was offset by reserves reductions due to a combination of economic factors and technical revisions.

- The total 2015 capital program of $14.9 million (before net dispositions of $0.7 million) yielded a competitive rate of return of 55 per cent using a January 2015 effective date, actual 2015 prices, the the GLJ Petroleum Consultants (“GLJ”) reserves and the GLJ January 2016 price forecast.

- Realized Net Asset Values (“NAV”) at a 10 per cent discount factor of $2.06 per share for P+P and $0.89 per share for TP, utilizing the GLJ January 2016 price forecast. The reserves and before tax values supporting the NAV are 16.60 mmboe and $199 million for P+P and 8.40 mmboe and $99 million for TP.

- Company Reserves Life Index (“RLI”) increased by 17 per cent for P+P to 9.0 years and increased by 11 per cent for TP to 5.2 years.

- Management estimate of future potential inventory increased to 396 net drilling locations. The GLJ evaluation currently recognizes 47.5 net locations in the TP category and 102 in the P+P category. These booked locations represent only 12 and 26 per cent, respectively, of the management estimate.

- Due to significant reductions in Gear’s capital cost structure, total Future Development Costs (“FDC”) decreased to $90.5 million on a P+P basis which represents a 35 per cent reduction from 2014 despite the fact that the booked location count has only dropped by six per cent. The 102 net booked P+P locations includes 40 multi-lateral horizontals, 37 single horizontals and 25 vertical wells. FDC on a TP basis decreased by 40 per cent to $41.9 million.

RESERVE REVISIONS

Within the P+P category, the 2.24 mmboe of additions were offset by 3.89 mmboe of negative revisions, yielding a net total Company reserves reduction of 1.66 mmboe for the year. 0.98 mmboe or 25 per cent of the negative revision was due to economic factors associated with reduced commodity prices. The other 2.91 mmboe of technical revisions were as follows:

- 40% in Wildmere due primarily to shut-ins of low productivity wells, production underperformance, reduction in booked future drilling inventory and the suspension of the polymer injection pilot.

- 35% within the Saskatchewan Minors area where higher water cut production was shut in and the associated inventory of future oil and gas opportunities were reduced.

- 25% in various areas including Maidstone where water influx on vertical wells reduced production from the Waseca pool, and Bonnyville where non-producing gas wells were removed from the future reserves.

Within the TP category, the 1.13 mmboe of additions were offset by 1.99 mmboe of negative revisions, yielding a net total Company reserves reduction of 0.86 mmboe for the year. 1.04 mmboe or 52 per cent of the negative revision was due to economic factors, the other 0.95 mmboe of technical revisions were distributed similar to those in the P+P category.

RESERVES SUMMARY

Year-end 2015 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, 2016. Reserves included herein are stated on a company gross basis (working interest before deduction of royalties and without the 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, 2016.

The following tables outline Gear's reserves as at December 31, 2015. No provision for interest, risk management contracts, and general and administrative expenses have been made and it should not be assumed that the net present value of future net revenue estimated by GLJ represents the fair market value of the reserves.

Reserves summary at Dec 31, 2015 using GLJ January 1, 2016 forecast prices and costs

Company Gross	**Heavy Oil (mbbls)**	**NGL's (mbbls)**	**Conventional Natural Gas (mmcf)**	**Shale Gas (mmcf)**	**Equivalent (mboes)**	**Liquids ratio (%)**
Proved Developed Producing	4,210	7	1,032	–	4,389	96
Proved Non-Producing & Undeveloped	3,210	59	4,430	–	4,007	82
Total Proved	7,419	66	5,462	–	8,396	89
Total Probable	6,624	181	5,687	2,700	8,202	83
Total Proved plus Probable	14,043	247	13,849	2,700	16,598	86

Net present value of future net revenues before income taxes under forecast prices and costs

Company Gross ($ thousands)	**Undiscounted**	**Discounted @ 5%**	**Discounted @ 10%**	**Discounted @ 15%**	**Discounted @ 20%**
Proved Developed Producing	75,276	68,449	62,404	57,249	52,885
Proved Non-Producing & Undeveloped	58,081	45,709	36,316	29,198	23,549
Total Proved	133,357	114,158	98,719	86,377	76,434
Total Probable	184,722	133,599	100,644	78,385	62,702
Total Proved plus Probable	318,079	247,757	199,363	164,763	139,136

Future development costs ("FDC") under forecasted prices and costs

($ thousands)	**Proved**	**Probable**	**Total**
2016	13,283	7,066	20,349
2017	18,032	11,726	29,759
2018	10,468	8,318	18,786
2019	–	13,772	13,772
2020	49	7,533	7,582
Subsequent years	33	241	274
Undiscounted total	41,865	48,657	90,522
Discounted at 10%	36,589	38,341	74,930

Finding and development costs (F&D and FD&A) under forecasted prices and costs

	2015		2014	
Reserves (mboes), capital ($ thousands)	**Proved**	**Proved plus Probable**	Proved	Proved plus Probable
Development reserves additions	**(860)**	**(1,657)**	1,573	2,370
Net acquisition reserves additions	**–**	**–**	3,006	4,494
Total reserves additions	**(860)**	**(1,657)**	4,579	6,864
Development capital	**14,884**	**14,884**	84,731	84,731
Development change in FDC	**(27,541)**	**(49,824)**	(16,853)	(16,327)
Total development capital including FDC	**(12,657)**	**(34,940)**	67,878	68,404
Net acquisition capital	**(686)**	**(686)**	79,710	79,710
Net acquisition change in FDC	**–**	**–**	31,692	45,127
Total net acquisition capital including FDC	**(686)**	**(686)**	112,573	126,008
Total capital	**14,198**	**14,198**	164,441	164,441
Total change in FDC	**(27,541)**	**(49,824)**	14,839	28,800
Total capital including FDC	**(13,343)**	**(35,626)**	179,280	193,241
F&D costs with FDC per boe	– (1)	– (1)	43.15	28.86
FD&A costs with FDC per boe	– (1)	– (1)	39.15	28.15
3 Year average FD&A including FDC per boe	– (1)	– (1)	30.30	23.41
Recycle ratio (F&D with FDC)	– (1)	– (1)	1.0	1.4
Recycle ratio (FD&A with FDC)	– (1)	– (1)	1.0	1.4

(1) Numbers not considered meaningful as a result of negative reserves additions and negative capital including FDC, please see Advisory on Oil and Gas Metrics

Reserves Life Index ("RLI")

(years)	**2015**	**2014**	**2013**
Total Proved	5.2	4.7	5.1
Total Proved plus Probable	9.0	7.7	8.1

Net Asset Value ("NAV") at December 31, 2015

($ millions, except per share amounts)	**2015**	2014	2013
Value of Company Gross Proved plus Probable reserves discounted at 10% (Before Tax)	**199.4**	314.1	274.0
Undeveloped Lands	**8.9**	13.4	7.5
Seismic	**5.4**	17.5	12.4
Income tax asset	**26.2**	16.5	12.6
Risk management contracts	**9.2**	13.7	(2.1)
Net debt	**(66.0)**	(98.4)	(67.1)
Decommissioning liability	**(7.0)**	(15.5)	(9.1)
NAV	**176.1**	261.3	228.2
Shares outstanding (millions)	**85.5**	70.8	54.0
NAV per share	**2.06**	3.69	4.23

FOR FURTHER INFORMATION PLEASE CONTACT:

Ingram Gillmore
President & CEO
403-538-8463
Email: igillmore@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, to demand repayment in full or to enforce its security; 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, 2015, which is expected to be filed on or before March 31, 2016. 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.

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 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. As the Company had negative reserves revisions in 2015, no F&D nor FD&A has been presented for 2015 as such number would not be meaningful or present a useful comparison to previous years. Reserves life index is calculated by dividing the reserves in each category by the average annual production for that period. 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. As F&D and FD&A is not meaningful in 2015, no recycle ratio has been presented for 2015.*

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; seismic value has been estimated based on values in the current seismic trade market; income tax asset has been estimated based on tax pools in excess of estimated discounted net future cashflows; decommissioning liability is based on the Company's estimate of the future abandonment and reclamation costs for its wells, facilities, pipelines and leases less the abandonment and reclamation costs that have been accounted for in estimating the net present value of the future net revenue of the Company's total proved and proved plus probable reserves.*

DRILLING LOCATIONS: *This presentation 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, 2015 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.*

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