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GEAR ENERGY LTD. ANNOUNCES \$25.8 MILLION FINANCING, 2016 CAPITAL BUDGET AND PROVIDES BANKING UPDATE

CALGARY, ALBERTA, November 10, 2015 – Gear Energy Ltd. ("Gear" or the "Company") (TSX:GXE) is pleased to announce a \$25.8 million financing, the approval of a \$31.0 million 2016 development capital budget, and a banking update.

\$25.8 Million Financing

Gear has entered into an agreement with GMP Securities L.P. and Peters & Co. Limited. as co-lead underwriters, on behalf of a syndicate of investment dealers (collectively the "Underwriters"), pursuant to which the Underwriters have agreed to purchase from the Company an aggregate of approximately \$25.8 million of securities in the capital of the Company, as follows: (i)12,000,000 common shares ("Common Shares") of the Company at a price of \$0.75 per Common Share for gross proceeds of \$9.0 million to be issued on a "bought-deal" basis pursuant to a short-form prospectus (the "Common Share Prospectus Offering"); (ii) 2,666,700 Common Shares at a price of \$0.75 per Common Share for gross proceeds of approximately \$2.0 million to be issued on an "underwritten" basis pursuant to a private placement (the "Common Share Private Placement Offering"); and (iii) \$14.8 million principal amount of 4.00% convertible unsecured subordinated debentures (the "Convertible Debentures") to be issued on an "underwritten" basis pursuant to a private placement (the "Convertible Debenture Offering", and together with the Common Share Prospectus Offering and the Common Share Private Placement Offering, the "Offering").

The net proceeds of the Offering will initially be used to reduce bank indebtedness, which may be redrawn to fund Gear's 2016 capital expenditure program and for general corporate purposes.

The Convertible Debentures will have a maturity date of November 30, 2020 and will carry a coupon of 4.00% per annum payable semi-annually in arrears on December 31st and June 30th (each an "Interest Payment Date") until maturity, commencing December 31st, 2015. The December 31, 2015 interest payment will represent accrued and unpaid interest for the period from the closing date of the Offering to December 31, 2015. Each \$1,000 amount of Convertible Debentures will be convertible at the option of the holder, at any time after closing of the Offering and prior to the maturity date into 1,149.43 Common Shares, representing a conversion price of \$0.87 per Common Share (the "Conversion Price"). Holders converting their Convertible Debentures will be entitled to receive accrued and unpaid interest thereon for the period from the date of the latest Interest Payment Date to, but excluding, the date of conversion. The conversion of the Convertible Debentures will require the approval of the shareholders of Gear. Gear intends to seek shareholder approval for conversion of the Convertible Debentures prior to May 31, 2016. If shareholder approval is not received the annual interest rate on the Convertible Debentures will increase to 6.0% per annum.

A current significant shareholder of Gear is expected to subscribe for \$11.0 million of Convertible Debentures pursuant to the Convertible Debenture Offering and will be the sole subscriber of Common Shares pursuant to the Common Share Private Placement Offering.

The Convertible Debentures will not be redeemable before December 31, 2018. On and after December 31, 2018 and prior to December 31, 2019, the Convertible Debentures will be redeemable at the Company's option, in whole or in part, at par plus accrued unpaid interest if the weighted average trading price of the Common Shares for the specified period is not less than 125% of the Conversion Price. After December 31, 2019, the Convertible Debentures will be redeemable at the Company's option, in whole or in part, at any time at par plus accrued and unpaid interest.

Directors and officers of Gear have indicated their intention to purchase approximately \$1.0 million of Common Shares pursuant to the Offering, representing a pro rata portion of the Common Shares available pursuant to the Offering relative to the current aggregate shareholding percentage of the directors and officers of 9.6 per cent.

The Common Share Prospectus Offering will be completed by way of a short form prospectus that will be filed in each of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario. The Offering is subject to normal regulatory approvals, including approval of the Toronto Stock Exchange, and is expected to close on or about November 30, 2015.

2016 Capital Budget

Conditional on closing of the Offering, the Board of Directors of the Company has approved a $31.0 million capital development budget for 2016 that targets low risk growth of approximately six per cent (fourth quarter 2016 compared to fourth quarter 2015). Investment will be focused primarily on a continuation of the high return development drilling through 2015. Management intends to continuously monitor prices and control capital expenditures throughout the year to ensure maintenance of strong project returns and a conservative balance sheet.

Approximately 86 per cent of the 2016 budget is expected to be dedicated to drilling low risk horizontal wells. The current plan includes the drilling of 36 gross (36 net) wells primarily within existing core heavy oil pools including Paradise Hill McLaren, Wildmere Cummings, and Morgan Lloydminster. Of the 36 planned horizontal wells, 12 are expected to be multi-lateral with 10 of those being unlined.

Gear's 2016 budget includes estimates for continued cost reductions when compared to 2015 guidance. The corporate royalty percentage is forecast to decline by over 20 per cent as a result of all 36 planned horizontal wells being drilled on crown land with low rate royalty holidays. Operating costs are predicted to decline by approximately six per cent due to continued efficiencies in the field. General and administrative costs are predicted to be five per cent lower due to reduced salary and office rental costs, and interest rates on a per boe basis are predicted to decline by approximately seven per cent as a result of the forecast for a lower outstanding debt balance in 2016.

	2016 Guidance
Annual Production (boe/d)	5,100 to 5,400
Royalties (%)	9 to 11
Operating Costs ($/boe)	15.75 to 17.75
G&A Costs ($/boe)	2.75 to 3.00
Interest Costs ($/boe)	1.20 to 1.30
Capital Expenditures ($ million)	31.0
Planned Wells	36 gross (36 net)

The 2016 budget has been based on assumptions of a realized Gear oil price of approximately CAD$44 per barrel which is equivalent to WTI price of US$51.50, a WCS heavy oil differential of US$14.75, a Gear oil quality differential of CAD$4, and a foreign exchange rate of $0.765 CAD/US.

Banking Update

Concurrent with the closing of the Offering, on or about November 30th, 2015, the borrowing base under the syndicated demand bank facilities (the "Credit Facilities") of the Company will be reduced to $60.0 million. The reduction is primarily a result of reduced commodity pricing forecasts by Gear's lenders. No other changes with respect to cost, covenants, or security are expected to be made to the Credit Facilities and the next scheduled review is to be completed by June 1, 2016. Following the closing of the Offering, Gear estimates it will have approximately $49.0 million outstanding under the Credit Facilities.

Opportunities and Growth

The Gear team has a consistent track record of successfully and economically developing its asset base and converting prospective inventory to proved reserves and remains confident in the strength and depth of its undeveloped opportunities. Gear believes that future capital investments can continue to yield strong positive rates of return within the current oil price environment.

Gear Energy Ltd. is Canadian energy company focused on the exploration and development of heavy oil weighted production primarily in east central Alberta and west central Saskatchewan. For recent corporate and investor information please access www.SEDAR.com or www.gearenergy.com.

The securities offered have not been and will not be registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or applicable exemption from the registration requirements. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

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FORWARD LOOKING INFORMATION

Certain information in this news release is forward-looking within the meaning of certain securities laws, and is subject to important risks, uncertainties and assumptions. This forward looking information includes, among other things, expected timing for closing the Offering, expected terms of the Offering, expected participation by a significant shareholder in the Offering, expected use of proceeds from the Offering, expected closing date of the Offering, expected reduction of the borrowing base under Credit Facilities and the terms of such Credit Facilities, expected timing for Gear to seek shareholder approval for conversion of Convertible Debentures held by a significant shareholder, expected amount outstanding under the Credit Facilities following the closing of the Offering,2016 expected annual production, 2016 capital expenditure budget, including details of expected drilling and completion plans relating to such budget, 2016 heavy oil prices and differentials, expected 2016 royalty rates, expected 2016 operating costs, expected 2016 general and administrative costs, expected 2016 interest, expected 2016 drilling locations and intention of Gear management to build value by continuing to operate effectively within the current oil price environment. The words "future", "may", "could", "targeted", "should", "would", "suspect", "outlook", "believe", "anticipate", "estimate", "expect", "intend", "plan", "target", "potential" and similar words and expressions are used to identify forward-looking information. The forward-looking information in this news release describes the Company's expectations as of the date of this news release.

Forward looking information is based on a number of factors and assumptions which have been used to develop such information but which may prove to be incorrect. Although Gear believes that the expectations reflected in such forward looking statements or information are reasonable, undue reliance should not be placed on forward looking statements because Gear can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified in this press release, assumptions have been made regarding, among other things: receiving all necessary approvals for closing of the Offering and for the reduced Credit Facilities; a significant shareholder's participation in the Offering; the satisfaction of all conditions for closing of the Offering and the reduced Credit Facilities; the impact of increasing competition; the general stability of the economic and political environments in which Gear operates; the timely receipt of any required regulatory approvals; the ability of Gear to obtain qualified staff, equipment and services in a timely and cost efficient manner; the ability of the operator of the projects which Gear has an interest in to operate the field in a safe, efficient and effective manner; field production rates and decline rates; the ability to replace and expand oil reserves through acquisition, development or exploration; the timing and costs of pipeline, storage and facility construction and expansion and the ability of Gear to secure adequate product transportation; future oil prices; the differentials between heavy and light oil pricing; currency, exchange and interest rates; the regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which Gear operates; the ability to secure financing on terms acceptable to Gear; and the ability of Gear to successfully market its oil and natural gas products. In addition, to the extent that any forward-looking information presented herein constitutes future-oriented financial information or a financial outlook such information has been presented to provide management's expectations used for budgeting and planning purposes based on the assumptions presented herein and such information may not be appropriate for other purposes.

The results or events anticipated or predicted in such forward-looking information may differ materially from actual results or events. Material factors which could cause actual results or events to differ materially from such forward-looking information include, among others, risks relating to closing of the Offering on the terms currently expected, risks relating to receiving the necessary regulatory, stock exchange and other approvals for closing of the Offering and the reduced Credit Facilities, risks arising from general economic conditions and adverse industry events, risks arising from operations generally, reliance on contractual rights such as licenses and leases in the conduct of its business, reliance on third parties, reliance on key personnel, possible failure of the business model or business plan or the inability to implement the business model or business plan as planned, competition, environmental matters, and insurance or lack thereof. The Company cautions that the foregoing list of material factors is not exhaustive. When relying on the Company's forward-looking information to make decisions, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. The Company has assumed a certain progression, which may not be realized. It has also assumed that the material factors referred to in the previous paragraphs will not cause such forward-looking information to differ materially from actual results or events. However, the list of these factors is not exhaustive and is subject to change and there can be no assurance that such assumptions will reflect the actual outcome of such items or factors. Actual results could differ materially from those currently anticipated due to a number of factors and risks including the "Risk Factors" identified in Gear's Annual Information Form dated March 16, 2015 which is available at www.sedar.com.

The forward-looking information and statements contained in this news release speak only as of the date of this news release. The Company 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. Readers should not place undue importance on forward-looking information and should not rely upon this information as of any other date.

BARRELS OF OIL EQUIVALENT

When used in this news release, Boe means a barrel of oil equivalent on the basis of 1 Boe to 6 thousand cubic feet of natural gas. Boe/d means a barrel of oil equivalent per day. Boe's may be misleading, particularly if used in isolation. A Boe conversion ratio of 1 Boe for 6 thousand cubic feet of natural gas 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.*