



For Immediate Release

Calgary, Alberta, December 14, 2018

GEAR ENERGY LTD. PROVIDES OPERATIONAL UPDATE

Gear Energy Ltd. ("**Gear**") (TSX: GXE) is pleased to provide the following operational update.

As previously announced, Gear responded quickly to the dramatic weakening of Canadian oil prices experienced in the fourth quarter of 2018 by temporarily deferring oil production. This activity was intended to maximize realized revenue on developed barrels and was accomplished through a combination of storage, temporary shut-ins and capital reductions. Fortunately, the oil market has improved, which leaves Gear in a strong position in early 2019 to take advantage of these decisions. The current forward market is predicting first quarter 2019 realized oil prices for Gear's heavy oil and central Alberta light oil that are approximately six and three times higher, respectively, than the estimated December amounts.

Gear is currently forecasting to exit 2018 with inventories of approximately 40,000 barrels of heavy oil and 10,000 barrels of light oil that are anticipated to be sold in early 2019 at materially higher prices. In addition, field activities will commence in early 2019 to resume production from the majority of heavy and light oil wells that were temporarily shut-in. In aggregate, these activities should assist in providing a relatively stable production base through the first half of 2019.

Capital planning for 2019 continues to progress as the team works to incorporate the daily volatility in both WTI oil prices and the relevant benchmark differentials. Further details on 2019 capital spending plans will be provided early next year.

For further information, please contact:

Gear Energy Ltd.

Ingram B. Gillmore
President and Chief Executive Officer
(403) 538-8463

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: expectations as to future commodity prices; expectations as to heavy and light oil inventory levels at year-end; that oil volumes in inventory are anticipated to be sold in early 2019 at materially higher prices; expected time for resuming field activities and production; expectation to have a relatively stable production base through the first half of 2019; and expected

timing for providing further details on 2019 capital spending plans. 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.