NEWS RELEASE

GEAR ENERGY LTD. ANNOUNCES FOURTH QUARTER 2018 OPERATING RESULTS

CALGARY, ALBERTA (February 27, 2019) Gear Energy Ltd. ("Gear" or the "Company") (TSX:GXE) is pleased to provide the following fourth quarter operating update to shareholders. Gear's Consolidated Financial Statements and related Management's Discussion and Analysis ("MD&A") for the period ended December 31, 2018 are available for review on Gear's website at www.gearenergy.com and on www.sedar.com.

Financial Summary

	Three months ended			Twelve months ended	
(Cdn$ thousands, except per share, share and per boe amounts)	**Dec 31, 2018**	Dec 31, 2017	Sep 30, 2018	**Dec 31, 2018**	Dec 31, 2017
FINANCIAL					
Funds from operations (1)	**2,089**	14,613	11,578	**35,418**	43,550
Per weighted average basic share	**0.01**	0.07	0.06	**0.18**	0.23
Cash flows from operating activities	**1,538**	9,964	16,831	**41,752**	36,768
Net income	**10,553**	6,947	706	**5,094**	10,229
Per weighted average basic share	**0.05**	0.04	-	**0.03**	0.05
Capital expenditures	**9,482**	12,307	18,749	**43,859**	47,765
Decommissioning liabilities settled	**1,401**	1,260	318	**2,981**	2,577
Net acquisitions (2)	**302**	14	65,470	**66,172**	1,709
Net debt (1) (3)	**91,908**	43,269	83,733	**91,908**	43,269
Weighted average basic shares (thousands)	**219,013**	194,968	198,826	**202,020**	193,477
Shares outstanding, end of period (thousands)	**219,015**	194,968	218,776	**219,015**	194,968
OPERATING					
Production					
Heavy oil (bbl/d)	**4,064**	4,760	4,484	**4,388**	4,112
Light and medium oil (bbl/d)	**1,834**	1,161	1,228	**1,374**	1,237
Natural gas liquids (bbl/d)	**267**	242	268	**244**	265
Natural gas (mcf/d)	**4,091**	5,566	4,609	**4,680**	5,379
Total (boe/d)	**6,847**	7,090	6,748	**6,786**	6,511
Average prices					
Heavy oil ($/bbl)	**22.45**	49.18	56.79	**45.01**	45.49
Light and medium oil ($/bbl)	**46.68**	64.71	76.57	**63.73**	59.40
Natural gas liquids ($/bbl)	**23.95**	27.79	35.02	**34.26**	26.80
Natural gas ($/mcf)	**1.45**	1.90	0.93	**1.29**	2.32
Netback ($/boe)					
Commodity and other sales	**27.64**	46.06	53.70	**44.13**	43.15
Royalties	**(3.44)**	(4.15)	(7.33)	**(5.19)**	(4.40)
Operating costs	**(17.13)**	(16.03)	(17.69)	**(16.97)**	(16.66)
Operating netback (1)	**7.07**	25.88	28.68	**21.97**	22.09
Realized risk management losses	**(0.90)**	(0.73)	(6.55)	**(4.29)**	(0.64)
General and administrative	**(1.18)**	(1.92)	(1.81)	**(2.08)**	(2.25)
Interest	**(1.50)**	(0.83)	(1.05)	**(1.10)**	(0.84)
Transaction costs	**(0.19)**	-	(0.64)	**(0.21)**	-
Other	**0.02**	-	0.02	**(0.01)**	(0.04)
Corporate netback (1)	**3.32**	22.40	18.65	**14.28**	18.32
TRADING STATISTICS					
($ based on intra-day trading)					
High	**1.23**	1.00	1.47	**1.47**	1.26
Low	**0.44**	0.70	1.00	**0.44**	0.60
Close	**0.57**	0.85	1.17	**0.57**	0.85
Average daily volume (thousands)	**558**	468	522	**592**	400

(1) Funds from operations, net debt, operating netback and corporate netback are non-GAAP measures and additional information with respect to these measures can be found under the heading "*Non-GAAP Measures*" in Gear's MD&A.
(2) Net acquisitions exclude non-cash items for decommissioning liability and deferred taxes and is net of post-closing adjustments.
(3) Net debt includes the risk management liability acquired through the Steppe Resources Inc. corporate acquisition of $4.5 million (2017 – NIL).

MESSAGE TO SHAREHOLDERS

The Canadian oil and gas industry entered 2018 on a positive basis albeit with some concerns regarding market egress for its products. The first three quarters of 2018 were relatively strong if not robust for most of the energy sector including Gear. This positive business environment however, disappeared rapidly in the fourth quarter with oil prices collapsing in response to deteriorating egress and market conditions.

The Gear team responded quickly to the egress-based erosion of Canadian oil prices during the fourth quarter of 2018. Significant actions were undertaken in order to maximize realized corporate revenue by limiting production during the record low price period, with the intention to then maximize production once prices recovered. These efforts should now be rewarded as we enter 2019 with a dramatically stronger oil price environment.

Reported fourth quarter production of 6,847 boe per day was approximately 2,600 boe per day lower than previously guided, due to a combination of approximately 1,200 boe per day deferred into the future through postponed drilling and capital reductions and 1,400 boe per day deferred through wells being shut-in, slowed down, and produced to inventory.

Oil prices in December were trading at or near record lows with the Western Canada Select heavy ("WCS") and Mixed Sweet Blend or Edmonton Par light ("MSW") benchmark prices realizing only Cdn$8 per barrel and Cdn$19 per barrel, respectively. In contrast, the forward curves for these two benchmarks over the first half of 2019 are now trading at Cdn$55 per barrel and Cdn$66 per barrel, respectively. The incremental value that will be realized by delaying fourth quarter production into 2019, should ultimately be measured in the millions of dollars.

The aggregate results for the fourth quarter of 2018 were quite muted in comparison to both previous and expected future quarters as a result of these revenue maximizing actions. However, with continued pricing stability, and the eventual resumption of full production capacity, the Gear team remain very optimistic for the outlook through 2019 and beyond.

QUARTERLY HIGHLIGHTS

- Drilled two successful dual-lateral un-lined GP heavy oil wells in Wildmere, with initial production coming on as expected despite being delayed until early February when pricing improved.

- Successfully fracture stimulated and initiated production from Gear's 103/04-02-040-08W5 Cardium well in Ferrier. Despite intermittent production due to pipeline apportionments, the well flowed at approximately 640 boe per day (515 barrels per day of oil and NGL's) for the 28 days that it was on production during the fourth quarter. The 04-02 well has subsequently had a pump installed and is ready to be brought on steady production as soon as a third-party gas pipeline is repaired, currently estimated to be early in the second quarter of 2019.

- Initiated new production or continued existing production from five (2.9 net) 2018 Wilson Creek horizontal Basal Belly River wells ranging in length from one to 1.75 miles. Net of pipeline apportionment restrictions and deferred optimization efforts, the five wells averaged gross rates of approximately 150 boe per day per well through December of 2018, with further optimization efforts ongoing in early 2019.

- Successfully initiated production from a new zone in Wildmere with the six-legged 105/12-28-048-05W4 multi-lateral un-lined horizontal Sparky well. Initial 30 day oil rates of approximately 160 barrels per day were realized, prior to the well being temporarily shut-in for improved prices. This successful well, in addition to the successfully step-out Cummings multi-lateral wells drilled in Lindbergh and Maidstone, materially enhances Gear's inventory of future drilling locations in the area

- Limited production during the fourth quarter to 6,847 boe per day as a result of both egress and pricing challenges.

- Realized quarterly funds from operations of $2.1 million and maintained a positive operating and corporate netback of $7.07 per boe and $3.32 per boe, respectively, despite the record low-price environment experienced during November and December.

ANNUAL HIGHLIGHTS

- Drilled 26 gross (23.9 net) wells with a 96 per cent success rate. The 2018 drilling program consisted of 19 heavy oil wells (19 net), 10 in Paradise Hill, 7 in Wildmere, and 2 in Hoosier. In addition, seven light oil wells (4.9 net) were drilled in Wilson Creek and Ferrier.

- Completed the acquisition of Steppe Resources on September 18, 2018 and acquired a material land position and high netback light oil in Tableland, Southeast Saskatchewan where pipeline egress constraints do not presently exist. The acquisition was completed with the issuance of 21.9 million Gear shares and the assumption of approximately $38.9 million of net debt. As a result of this successful acquisition and the relative stability of the associated pricing, Gear has focused early 2019 capital towards the Tableland area. Two two-mile Torquay wells are planned to be drilled and on production by late in the first quarter or early in the second quarter of 2019. To date, both wells have been successfully drilled and one has been fracture stimulated.

- Increased Gear's borrowing base of its Credit Facilities from $55 million at the end of 2017 to $115 million at the end of 2018. As at December 31, 2018, Gear was drawn 68 per cent of its Credit Facilities.

2019 OUTLOOK

- Production through January and February 2019 to date has been restricted by ongoing pipeline apportionments, temporarily reduced crude by rail takeaway, bouts of extreme cold weather and third party shut-ins. However, Gear is currently targeting no change to production guidance with plans to offset those early months with a strong finish to the first half of the year. In addition, continued improvements in forecast pricing have enhanced expectations for balance sheet strength. With current strip pricing, Gear anticipates reporting a first half annualized net debt to funds from operations ratio of 1.0 to 1.5 times.

- Remaining guidance is being maintained as follows:

	2019 First Half Guidance
Average Production (boe/d)	7,300 – 7,500
Heavy Oil Weighting (%)	59
Light/Medium Oil & NGL Weighting (%)	31
Royalties (%)	10 – 12
Operating and Transportation Costs ($/boe)	16.00 – 17.00
G&A Costs ($/boe)	2.10
Interest Costs ($/boe)	1.70
Capital and Abandonment Expenditures ($ million)	10

GEAR ENERGY LTD.
CONSOLIDATED BALANCE SHEETS (unaudited)
As at December 31

(Cdn$ thousands)		2018		2017
ASSETS				
Current assets				
Accounts receivable	$	5,716	$	13,240
Prepaid expenses		3,914		2,862
Inventory		7,185		7,297
Risk management contracts		3,230		-
		20,045		23,399
Deferred income tax asset		26,531		26,531
Risk management contracts		1,644		-
Property, plant and equipment		331,622		256,961
Total assets	$	379,842	$	306,891
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	$	12,475	$	11,625
Decommissioning liability		1,843		-
Risk management contracts		-		5,295
		14,318		16,920
Debt		78,461		41,345
Convertible debentures		12,297		12,155
Decommissioning liability		86,839		80,541
Total liabilities		191,915		150,961
SHAREHOLDERS' EQUITY				
Share capital		337,740		311,240
Warrants		129		129
Equity component of convertible debentures		2,519		2,592
Contributed surplus		15,654		15,178
Deficit		(168,115)		(173,209)
Total shareholders' equity		187,927		155,930
Total liabilities and shareholders' equity	$	379,842	$	306,891

GEAR ENERGY LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (unaudited)
For the years ended December 31
(Cdn$ thousands)

	Share Capital	Warrants	Equity Component of Convertible Debentures	Contributed Surplus	Deficit	Total Equity
Balance at December 31, 2016	**$ 308,900**	**$ 335**	**$ 2,649**	**$ 13,786**	**$ (183,438)**	**$ 142,232**
Exercise of stock options	2,022	-	-	(573)	-	1,449
Cancellation of warrants	-	(206)	-	206	-	-
Share issue costs, net of deferred tax of $2	(5)	-	-	-	-	(5)
Issued on conversion of convertible debentures	323	-	(57)	-	-	266
Share-based compensation	-	-	-	1,759	-	1,759
Net income for the year	-	-	-	-	10,229	10,229
Balance at December 31, 2017	**$ 311,240**	**$ 129**	**$ 2,592**	**$ 15,178**	**$ (173,209)**	**$ 155,930**
Exercise of stock options	1,355	-	-	(600)	-	755
Issued as consideration on corporate acquisition	24,743	-	-	-	-	24,743
Share issue costs	(7)	-	-	-	-	(7)
Issued on conversion of convertible debentures	409	-	(73)	-	-	336
Share-based compensation	-	-	-	1,076	-	1,076
Net income for the year	-	-	-	-	5,094	5,094
Balance at December 31, 2018	**$ 337,740**	**$ 129**	**$ 2,519**	**$ 15,654**	**$ (168,115)**	**$ 187,927**

GEAR ENERGY LTD.
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME (unaudited)

	Three Months Ended December 31				Twelve Months Ended December 31			
(Cdn$ thousands, except per share amounts)		**2018**		2017		**2018**		2017
REVENUE								
Sales of crude oil, natural gas and natural gas liquids	**$**	**17,408**	$	30,047	**$**	**109,316**	$	102,551
Royalties		**(2,164)**		(2,705)		**(12,858)**		(10,454)
		15,244		27,342		**96,458**		92,097
Realized cash loss on risk management contracts		**(567)**		(476)		**(10,619)**		(1,524)
Unrealized gain (loss) on risk management contracts		**21,283**		(5,261)		**14,641**		2,010
		35,960		21,605		**100,480**		92,583
EXPENSES								
Operating		**10,790**		10,456		**42,033**		39,586
General and administrative		**745**		1,253		**5,163**		5,347
Interest and financing charges		**944**		540		**2,728**		1,986
Depletion, depreciation and amortization		**11,959**		10,450		**42,142**		37,896
Accretion		**630**		578		**2,303**		2,199
Share-based compensation		**230**		420		**1,076**		1,759
Transaction costs		**119**		-		**514**		-
Gain on asset disposition		**-**		-		**(556)**		(445)
Other		**(10)**		1		**(17)**		101
		25,407		23,698		**95,386**		88,429
Deferred tax recovery		**-**		9,040		**-**		6,075
Net income and comprehensive income	**$**	**10,553**	$	6,947	**$**	**5,094**	$	10,229
Net income per share, basic	**$**	**0.05**	$	0.04	**$**	**0.03**	$	0.05
Net income per share, diluted	**$**	**0.05**	$	0.03	**$**	**0.03**	$	0.05

GEAR ENERGY LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

	Three Months Ended December 31		Twelve Months Ended December 31	
(Cdn$ thousands)	**2018**	2017	**2018**	2017
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	**$ 10,553**	$ 6,947	**$ 5,094**	$ 10,229
Add items not involving cash:				
Unrealized loss (gain) on risk management contracts	**(21,283)**	5,261	**(14,641)**	(2,010)
Bad debt recovery	**-**	(3)	**-**	(3)
Depletion, depreciation and amortization	**11,959**	10,450	**42,142**	37,896
Accretion	**630**	578	**2,303**	2,199
Share-based compensation	**230**	420	**1,076**	1,759
Gain on asset disposition	**-**	-	**(556)**	(445)
Deferred tax recovery	**-**	(9,040)	**-**	(6,075)
Decommissioning liabilities settled	**(1,401)**	(1,260)	**(2,981)**	(2,577)
Change in non-cash working capital	**850**	(3,389)	**9,315**	(4,205)
	1,538	9,964	**41,752**	36,768
CASH FLOWS FROM FINANCING ACTIVITIES				
Borrowings of debt under credit facility	**12,302**	1,937	**37,116**	10,182
Repayment of debt assumed on corporate acquisition	**-**	-	**(36,251)**	-
Issuance of share capital, net of share issue costs	**44**	-	**748**	1,442
	12,346	1,937	**1,613**	11,624
CASH FLOWS USED IN INVESTING ACTIVITIES				
Property, plant and equipment expenditures	**(9,482)**	(12,307)	**(43,859)**	(47,765)
Cash received on corporate acquisition	**-**	-	**693**	-
Acquisition of petroleum and natural gas properties	**(2)**	(46)	**(452)**	(2,261)
Disposition of petroleum and natural gas properties	**-**	(11)	**556**	511
Change in non-cash working capital	**(5,093)**	463	**(303)**	1,123
	(14,577)	(11,901)	**(43,365)**	(48,392)
DECREASE IN CASH	**(693)**	-	**-**	-
CASH, BEGINNING OF PERIOD	**693**	-	**-**	-
CASH, END OF PERIOD	**$ -**	$ -	**$ -**	$ -

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 expectations as to commodity prices and differentials in 2019; the intention to maximize production once prices recover; the expected incremental value associated with deferring production; the expected timing for certain drilling, completion, tie-in and commencement or resumption of production from certain wells; Gear's expected inventory of future drilling locations; Gear's 2019 outlook and guidance for the first half of 2019, including expected average production, commodity weightings, royalties, G&A costs, interest costs and capital and abandonment expenditures; the timing of third party gas pipeline repairs; Gear's plans to offset production losses in early 2019 to late in the first half of 2019; and the expected first half of 2019 annualized net debt to funds from operations ratio.

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 funds 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 funds from operations, net debt, operating netback and corporate 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. Funds from operations is calculated as funds 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. Operating netbacks are presented both before and after 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. Corporate netbacks are presented after 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, operating costs, general and administrative expenses, interest and foreign exchange gain or loss. Additional information relating to certain of these non-GAAP measures, including the reconciliation between funds 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.

Drilling Locations

This press release discloses drilling locations associated with a new formation in Wildmere and a new core area in Maidstone. These drilling locations are considered unbooked locations as they currently do not have any associated booked proved or probable reserves. 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. 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. There is more uncertainty whether wells will be drilled in unbooked locations than in booked locations and if drilled there is more uncertainty that such unbooked locations will result in additional oil and gas reserves, resources or production.

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