

From the desk of Ingram Gillmore, President & CEO

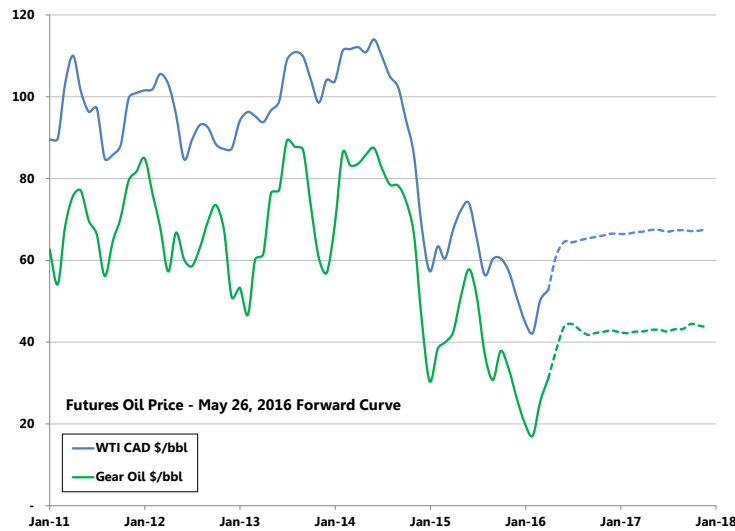
We regularly include the following data populated with estimated monthly results:

Capital *	Q2 15	Q3 15	Q4 15	2015	Jan-16	Feb-16	Mar-16	Q1 16	Apr-16
(\$k CAD)									
Drill & Complete	1,656	4,899	2,109	6,901	113	-28	6	91	-11
Facilities	1,957	1,396	1,867	7,113	-31	111	145	225	86
Land & Seismic	332	314	462	1,440	-14	-12	-3	-29	32
A&D	-554	0	0	-687	-80	-400	0	-480	0
Other	340	-177	-443	-570	-10	-25	-151	-186	-2
TOTAL	3,731	6,432	3,995	14,197	-22	-354	-3	-379	105

Production (boe/d) *	5,632	5,430	5,015	5,670	4,665	4,349	4,284	4,435	4,301
Sales									
Field	5,642	5,531	5,011	5,625	4,560	4,485	4,318	4,453	4,102

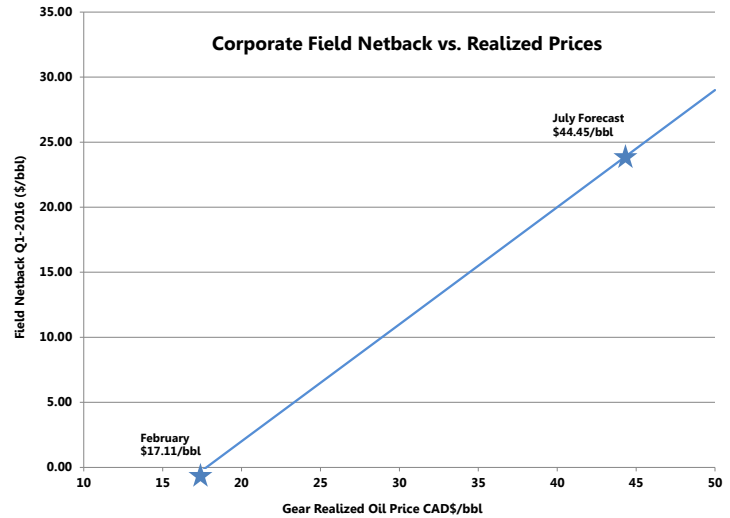
* Estimates based on field data, actuals will vary from estimates due to accruals and adjustments. Such variances may be material.

Wow! What a difference a couple of months has made to the outlook for the oil industry. Back in February we were suffering the lowest heavy oil prices essentially ever seen, and now the July curve is showing a 250% improvement in Gear realized prices.



I will be honest, January and February were not particular fun months to be a CEO. Having to lay off a third of the staff and having the remaining staff take material pay cuts are a couple of examples of the drastic measures that were required to help Gear survive these low prices.

Now we find ourselves in a very different situation, one that has moved from bleak to encouraging. If we apply that 250% pricing improvement to our 2016 guidance cost structure of 10% royalties and \$16.00/boe operating costs it translates to a staggering 4100% increase in forecasted field netbacks. Or a 16 to 1 leverage ratio on the oil price gain. That is what happens when you move from a break-even to slightly negative field netback in February to a forecast of over \$24/boe in July.



I have been telling investors that if they believe in oil price recovery that Gear provided significant torque to the upside, and I guess at 16 to 1, that was very true. Let's hope that the next time I show this chart I have to expand the scale past the \$50/bbl limit that is currently shown. For a little perspective, the Gear realized oil price in 2014 was just over \$76/bbl, and at that time our operating costs were almost \$21/bbl.

As per usual, I will not predict what is going to happen next to oil prices, instead I will leave you with another chart that I have been updating weekly for about two years now...

