Monthly Update

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FROM THE DESK OF INGRAM GILLMORE, PRESIDENT & CEO

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

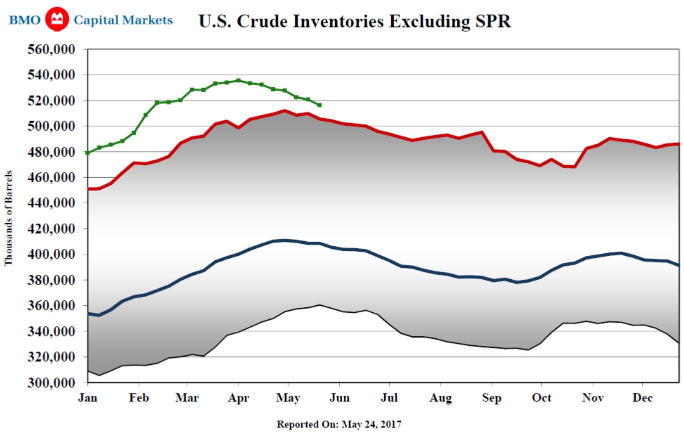
Capital * *($k CAD)*	Q1 16	Q2 16	Q3 16	Q4 16	**2016**	Feb-17	Mar-17	Q1 17	Apr-17
Drill & Complete	91	593	5,734	3,083	**9,501**	4,967	5,284	14,563	975
Facilities	225	1,337	1,396	2,106	**5,064**	1,187	1,333	3,193	376
Land & Seismic	-29	42	287	978	**1,278**	229	-20	1,147	124
A&D	-480	29	58,141	-74	**57,616**	-41	-57	-68	-30
Other	-186	-809	-384	-100	**-1,479**	2	-121	-119	0
TOTAL	**-379**	**1,192**	**65,174**	**5,993**	**71,980**	**6,344**	**6,419**	**18,716**	**1,445**

Production (boe/d) *									
Sales	**4,435**	**4,536**	**5,420**	**6,203**	**5,152**	**6,119**	**5,866**	**5,907**	**5,681**
Field	4,453	4,112	5,447	5,942	**4,992**	6,096	6,350	6,084	6,350

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

This has certainly has been an interesting week in the oil industry. I think the best way to summarize it is with a few graphics.

Despite significant imports and rising domestic production, earlier this week we saw a continuation of the decline in US crude inventories towards last year's levels. Slowly, but surely…

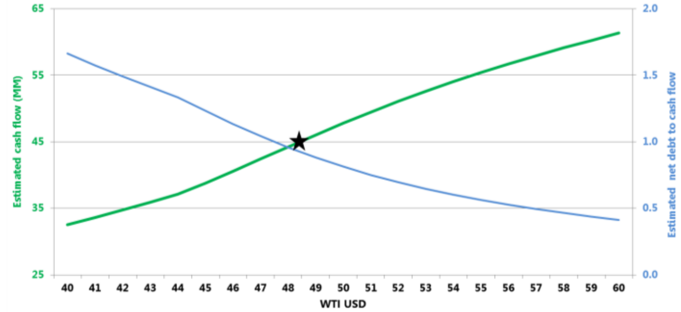


And then, just this morning, OPEC (and partners) announced a nine month extension to the 1.8 million bbl/d production cuts. Good news…?

At the time of writing, these two factors combined have surprisingly motivated a selloff in oil futures of more than five per cent, or minus $2.70/bbl.

The market apparently is underwhelmed by the cuts and by the pace at which US crude inventories are declining. The current rhetoric is that OPEC are hoping to protect a US$50/bbl floor and that any thoughts of $60 to $70/bbl prices should be forgotten for the foreseeable future. The initial reactions in the stock market, thus far, have been dominantly negative with 95% of the E&P companies on my screen trading down.

However, regardless of current sentiment, I honestly still find myself feeling optimistic about Gear's future. As it stands our current $45 million cash flow based growth budget is forecasted to be fully funded at current prices, we are expecting our per unit costs to keep declining and we hope to get back to drilling as early as next week. We will keep focusing on the things we can control.



Sources
BMO Capital Markets: SPR is Strategic Petroleum Reserves
BNN.ca
CMEgroup.com
Gear Energy: May 2017 Investor presentation, Internal forecast of annual 2017 cash flow and debt to cash flow ratios based on various US WTI oil prices and 2017 guidance production and cost estimates