

## FROM THE DESK OF INGRAM GILLMORE, PRESIDENT & CEO

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

### Capital \*

(\$k CAD)

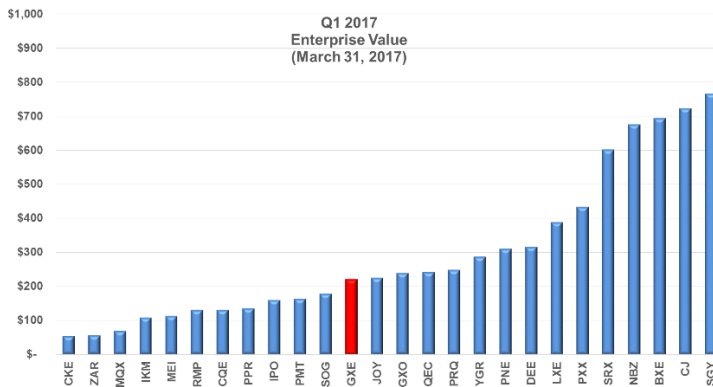
	Q2 16	Q3 16	Q4 16	2016	Mar-17	Q1 17	Apr-17	May-17	Q2 17 TD	2017 TD
Drill & Complete	593	5,734	3,083	9,501	5,284	14,563	975	480	1,455	16,018
Facilities	1,337	1,396	2,106	5,064	1,333	3,193	376	1,014	1,390	4,583
Land & Seismic	42	287	978	1,278	-20	1,147	124	-2	122	1,269
A&D	29	58,141	-74	57,616	-57	-68	-30	30	0	-68
Other	-809	-384	-100	-1,479	-121	-119	0	0	0	-119
<b>TOTAL</b>	<b>1,192</b>	<b>65,174</b>	<b>5,993</b>	<b>71,980</b>	<b>6,419</b>	<b>18,716</b>	<b>1,445</b>	<b>1,522</b>	<b>2,967</b>	<b>21,683</b>

### Production (boe/d) \*

	4,536	5,420	6,203	5,152	5,866	5,907	5,681	6,841	6,271	6,054
Sales	4,536	5,420	6,203	5,152	5,866	5,907	5,681	6,841	6,271	6,054
Field	4,112	5,447	5,942	4,992	6,350	6,084	6,350	6,465	6,408	6,215

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

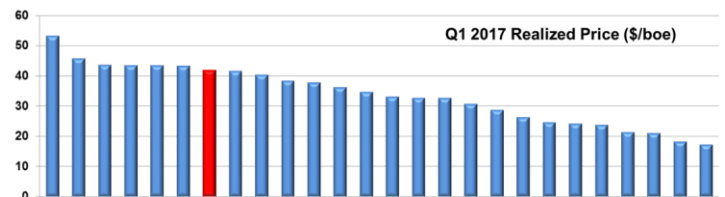
This is a competitive business, and in order to confirm that the Gear team are delivering superior results worthy of shareholder attention, we perform a regular quarterly review of our performance relative to peers. We restrict our review to domestic focused public E&P companies, and we compare to companies of a similar enterprise value, regardless of liquid weighting. The peer group changes every quarter as companies grow, or shrink. (\$MM's)



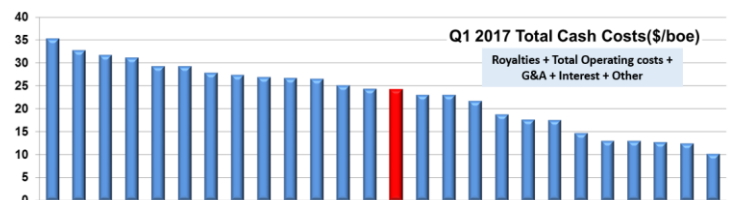
I find it interesting that the relatively small peer group includes companies with production ranging all the way from 1,100 boe/d to almost 35,000 boe/d with liquids weightings between 3% and 99%. This kind of diversity yields a wide range of operational metrics, most notably on things like operating costs, (gas weighted producers "should" have much lower per unit costs). However, every producer has strategically built a company that they hope will provide the highest value per boe with the lowest risk, and each will target their own favourite play type and commodity mix.

We review these results internally every quarter and I think some of the data is worth sharing. Please keep in mind that we are pulling this data from primarily unaudited publically released quarterly reports, and in order to protect the innocent (or the guilty) I will leave out the tickers from the rest of the charts. In each chart, the Gear data is shown in red.

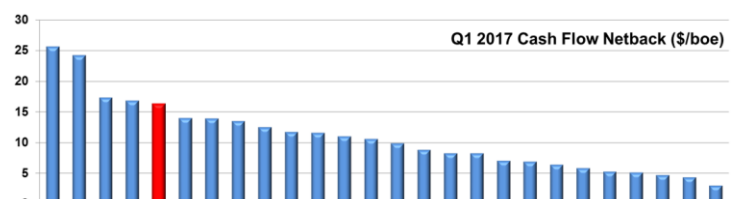
The starting point each quarter is revenue. We are proud of the fact that Gear ranks in the top quartile with strong Q1 pricing per boe dominated by 65% heavy oil revenue and almost 30% light oil and NGL revenue.



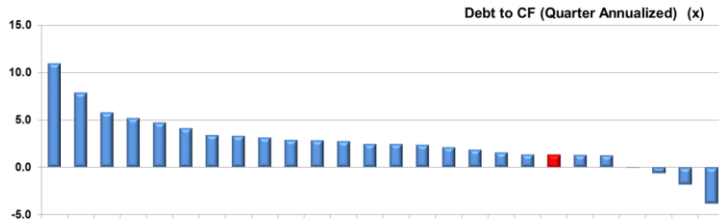
As we work our way from revenue to a bottom line cash flow netback, the key costs to subtract are; royalties, operating costs, transportation costs, G&A costs, and interest costs. An important metric that we like to benchmark is the sum of all of these cash costs. Fortunately, Gear ranks comfortably better than average on this all-in metric.



The end result of this analysis has Gear in the top five position for quarterly cash flow per boe. Solid results, especially considering our guidance includes a gradual improvement in costs per unit through the rest of 2017 as our volume forecast grows.



The last (but not least) chart is equally important, as it speaks to the current risk a company is exposed to, particularly in these times of price volatility. Fortunately Gear also ranks extremely well on this key metric, the ratio of net debt to annualized quarterly cash flow.



Strong cash flow per unit, low debt per cash flow, and a forecast for growth even at current low prices. Seems like a pretty good start to the year.