

FROM THE DESK OF INGRAM GILLMORE, PRESIDENT & CEO

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

Capital *

(\$k CAD)	Q4 17	2017	Q1 18	18-Apr	18-May	18-Jun	Q2 18	18-Jul	18-Aug	Q3 18 TD	2018 YTD
Drill & Complete	7,737	33,766	3,624	424	651	2,376	3,451	3,817	6,141	9,958	17,033
Facilities	5,247	14,223	3,742	178	700	1,864	2,742	1,532	2,295	3,827	10,311
Land & Seismic	583	2,280	2,766	249	14	19	282	7	13	20	3,068
A&D	14	1,710	390	0	0	10	10	0	-556	-556	-156
Other	-1,260	-2,505	-889	0	0	-90	-90	-1	-14	-15	-994
TOTAL	12,321	49,474	9,633	851	1,365	4,179	6,395	5,355	7,879	13,234	29,262

Production (boe/d) *

Sales	7,091	6,511	6,522	7,307	7,381	6,377	7,025	6,753	6,510	6,632	6,738
Field	7,380	6,648	6,810	6,421	6,796	6,370	6,532	6,590	6,526	6,558	6,642

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

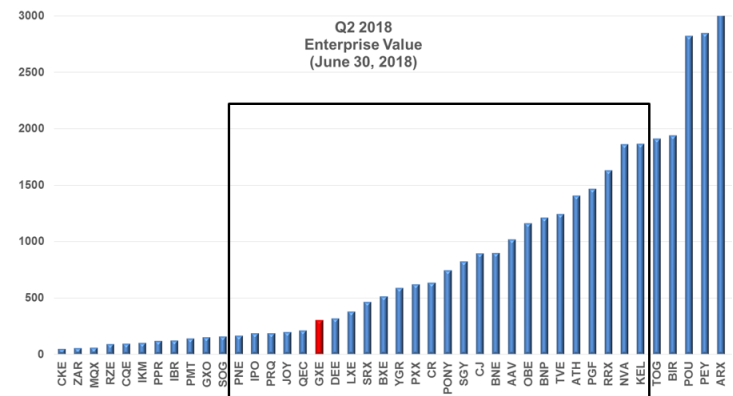
The busy summer continues with two drilling rigs progressing well through Gear's 2018 development program. Production from the new wells is starting to show up at the sales meter in September as we move the heavy equipment out and give the operations team some space to get to work optimizing. The Gear team is looking forward to staying very busy through the rest of the year.

In the meantime, back in the office, we have completed our regular lookback on Gear's second quarter (April-June) results in comparison to our peer group. As discussed in prior updates, Gear benchmarks quarterly results relative to peers to assist in our focus on continually improving the company. One of the first and most important metrics is actually still being on the list of active companies. For perspective, the list of Gear's peers five years ago looked like this:

Gear Energy (GXE)	Raging River Exploration (RRX)
Rock Energy (RE)	RMP Energy (RMP)
Marquee Energy (MQL)	Sure Energy (SHR)
Twin Butte Energy (TBE)	Surge Energy (SGY)
Blackpearl Energy (PXX)	Tamarak Valley (TVE)
Baytex Energy (BTE)	Torc Oil & Gas (TOG)
Renegade Petroleum (RPL)	TriOil Resources (TOL)
Crew Energy (CR)	Whitecap Energy (WCP)
Arsenal Energy (AEI)	Zargon (ZAR)
Bonterra (BNE)	Palliser Oil & Gas (PXL)
Crocotta (CTA)	DeeThree Energy (DTX)
Legacy Oil & Gas (LEG)	Hawk Exploration (HWK/A B)
Pinecrest Energy (PRY)	Manitok (MEI)

More than half of those peers from 2013 no longer exist in the same form (or at all) today. Suffice it to say that the last five years have been interesting, to say the least. The Gear team are very proud to be one of the survivors!

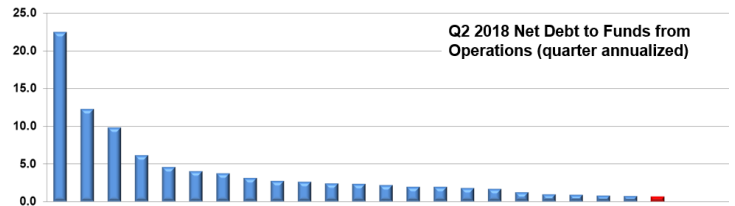
Moving forward to the second quarter of 2018, the peer group looks like this:



As we have done for years, the peer group is selected based on domestic Canadian energy companies with similar enterprise values to Gear. In this case we focused on the companies within the box on the above chart, 80% of the 25 peer companies are larger than Gear and 20% are smaller.

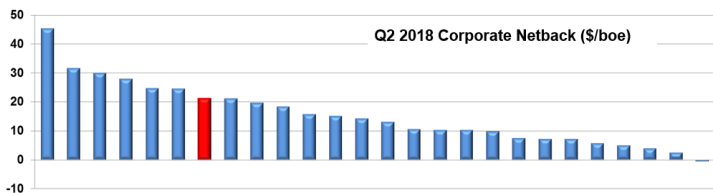
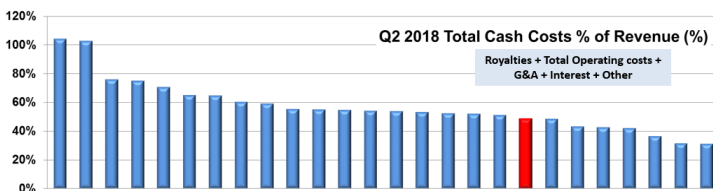
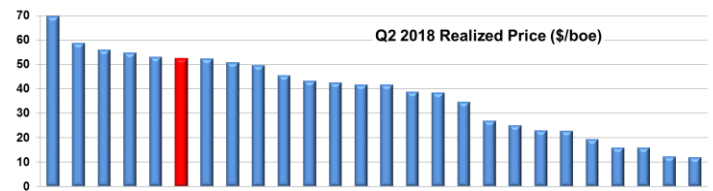
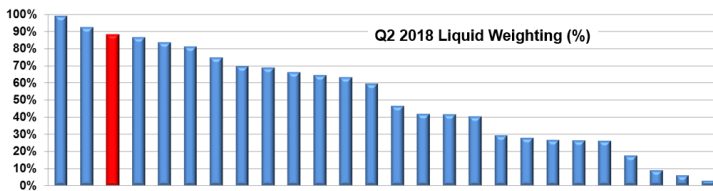
The second quarter was a good one for Gear, assisted somewhat by reasonably stable WTI oil prices of approximately US\$68/bbl WTI and heavy oil differentials of just under 30%. This was one of Gear's best quarters to date in relation to the peer group, ranking in the top ten in multiple categories including some important benchmarks like "Corporate Netback" and "Total Cash Costs % of Revenue". In aggregate the results were as follows:

Measures	Rank out of 26	Quartile
Net debt to funds from operations	3	1 st
Liquid weighting %	3	1 st
Interest Expense % of revenue	3	1 st
Realized price	6	1 st
Corporate netback	7	1 st
TOTAL Cash Costs % of revenue	8	2 nd
Operating costs % of revenue	9	2 nd
Operating netback % of revenue	13	2 nd
G&A costs % of revenue	14	3 rd
Royalty % of revenue	16	3 rd
Hedging gains % of revenue	19	3 rd
Production volumes	23	4 th



All-in, the quarter was a quite a good one for Gear especially considering GXE has an enterprise value that is currently only about a third of the average for the peer group. With the results of our 2018 capital program, the closing of the Steppe acquisition earlier this month, and a little bit of a tailwind into 2019, it will be exciting to see how Gear ranks on these charts next year.

A few of the individual charts looked as follows:



Certain information in this monthly update is forward-looking within the meaning of certain securities laws, and is subject to important risks, uncertainties and assumptions. This forward-looking information may include, among other things, estimated production, expected cash flow and profit from certain assets of Gear, expectations of commodity prices and price differentials, demand for oil, capital expenditure budgets and estimates, royalty rates, operating costs, credit/debt requirements, and drilling inventory and locations. Readers should not rely on such forward-looking information to make investment decisions as the results or events anticipated or predicted in such forward-looking information may differ materially from actual results or events as a result of a number of factors including based on the risk factors as set forth in Gear's most recent annual information form (the "AIF"), which is available on this website and at www.sedar.com. Gear has based the forward-looking information on a number of assumptions including the assumptions identified in such monthly updates, which may not be realized. It has also assumed that the risk factors discussed in the AIF will not cause such forward-looking information to differ materially from actual results or events. The forward-looking information in this monthly update describes the expectations of management of Gear as of the respective dates of this monthly update 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. Readers should not rely on the views of management of Gear as set out in this monthly update to make investment decisions with respect to Gear or other companies in the oil and gas industry and should instead consult with their own investment advisors.

This monthly update may include certain key performance indicators to analyze financial and operating performance such as cash flow from operations, cash flow from operations per debt adjusted share, production per day per thousand debt adjusted shares, operating netbacks, corporate netbacks and net debt, which do not have any standardized meaning prescribed by Canadian generally accepted accounting principles ("GAAP") and therefore may not be comparable with the calculation of similar measures for other entities. For additional information on these non-GAAP measures, see Gear's most recent management's discussion and analysis which is available on Gear's website at www.gearenergy.com and at www.sedar.com.

Barrel of oil equivalent ("boe") used in the monthly updates have been based on a conversion ratio of 1 barrel of oil to 6 thousand cubic feet of natural gas. A boe may be misleading, particularly if used in isolation, as such conversion ratio is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.