

From the desk of Ingram Gillmore, President & CEO

Gear's production for May is highlighted below and as mentioned in our Q1 – 2015 MD&A it has recovered from the spring break-up induced low of April. However, perhaps more exciting than current monthly production is the fact that we have started drilling again! The rig moved into Paradise Hill, Sk. on June 16th to spud the 13-2 horizontal McLaren well and kick off our 22 well program for 2015. It is safe to say that the Gear team is excited to be back in the field drilling again and I look forward to sharing updates on the results of the program in upcoming quarterly releases.

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

Capital *	Q1 14	Q2 14	Q3 14	Q4 14	2014	15-Mar	Q1 15	15-Apr	15-May
(\$k CAD)									
Drill & Complete	16,374	6,741	19,638	11,891	54,644	-2,179	-1,763	13	134
Facilities	7,322	3,541	6,434	7,564	24,861	104	1,594	708	555
Land & Seismic	264	1,957	1,201	1,449	4,870	26	332	4	-9
A&D	12	79,086	1,451	-1,028	79,521	13	-132	0	-678
Other	348	89	41	65	544	2	8	137	8
TOTAL	24,320	91,414	28,765	19,941	164,441	-2,034	39	862	10

Production (boe/d) *	Q1 14	Q2 14	Q3 14	Q4 14	2014	15-Mar	Q1 15	15-Apr	15-May
Sales	4,158	6,170	6,712	7,001	6,020	6,308	6,624	5,311	5,696
Field	4,382	6,086	6,844	7,277	6,147	5,923	6,332	5,551	5,930

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

Since there is not much to talk about in the field quite yet, I thought I would take the time this month to share some thoughts on strategy and compensation. During the spring, public oil companies release their management information circulars on www.sedar.com. These documents include details on compensation for executive officers and it is common practice for Gear to review this data to gain perspective on how we rank relative to the current market. This is usually an interesting undertaking, as the public data inevitably contains examples of counter intuitive compensation where executives are receiving considerable sums of cash compensation but are not delivering any true value for their shareholders. It is confusing to me that management teams would be rewarded for not performing.

At Gear we have strong alignment between our performance based compensation plan and wealth creation for our shareholders. As an oil and gas company, our focus is always on investing our capital to ultimately generate more reserves, production and cash flow per share, in other words, real growth. Our performance based compensation plan is directly tied to that "real growth".

There are three key elements to our compensation plan: base salary, annual cash bonus and stock options.

The fundamental basis of our compensation for performance model is to place a greater emphasis on the performance component for those individuals most responsible for identifying where we can invest our capital to generate the best return. Therefore, senior management and the board end up with salaries below that of our peers, while employees responsible for the successful execution of that strategy have base salaries that rank on average with their peers.

The annual cash bonus plan is very much a "pay for performance" model. The amount of the bonus is based on the change in the net present value of the Proved Developed Reserves per share after adjusting for changes in debt. The incremental value is calculating using the same price forecast for the opening and closing scenarios thus defining the true annual value the team was able to build. We think Proved Developed Reserves value is the best proxy for performance as these reserves have been drilled, are on production, are generating cash flow and they are what the banks lend against. We also believe that the people who have accomplished this value creation should be incentivized to create more by sharing a small piece of the incremental amount. In this regard, 2014 efforts did not yield a positive result due to the material oil price correction and the negative technical revision to Wildmere Lloyd reserves. So unfortunately, at the end of the day the shareholders did not receive incremental value from our 2014 efforts and so neither did we.

The last piece of the pay for performance model is our stock option plan. Stock options are not perfect, as they do not expose the option holder to the downside that a shareholder has but they do motivate and reward the employees for successfully growing the value of the shares. The plan encourages the Gear team to act like long term owners and ultimately gets us all working towards the same goal.

The bonus and the options are two key parts of our pay for performance model and when combined with the share ownership our employees and directors already have in the company they go a long way to aligning our employee's interests and efforts with our shareholder's interests.

I ultimately believe that the Gear model has been effective at attracting and retaining talented entrepreneurial individuals and inspiring them to succeed at creating real value for our shareholders. By having the most material elements of compensation being at risk assures me that the entire team continues to be extremely motivated to outperform through 2015 and into the future.