Monthly Update

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Vol. 5 Issue 6

FROM THE DESK OF INGRAM GILLMORE, PRESIDENT & CEO

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

Capital * *($k CAD)*	Q2 17	Q3 17	Q4 17	**2017**	18-Mar	Q1 18	18-Apr	18-May	Q2 18 TD	**2018 YTD**
Drill & Complete	3,856	7,610	7,737	**33,766**	1,407	3,624	424	651	1,075	**4,699**
Facilities	2,718	3,065	5,247	**14,223**	1,059	3,742	178	700	878	**4,620**
Land & Seismic	262	288	583	**2,280**	16	2,766	249	14	263	**3,029**
A&D	128	1,636	14	**1,710**	-35	390	0	0	0	**390**
Other	-676	-450	-1,260	**-2,505**	-889	-889	0	0	0	**-889**
TOTAL	**6,288**	**12,149**	**12,321**	**49,474**	**1,558**	**9,633**	**851**	**1,365**	**2,216**	**11,849**

Production (boe/d) *	Q2 17	Q3 17	Q4 17	2017	18-Mar	Q1 18	18-Apr	18-May	Q2 18 TD	2018 YTD
Sales	**6,510**	**6,525**	**7,091**	**6,511**	**5,596**	**6,522**	**7,307**	**7,381**	**7,345**	**6,855**
Field	6,468	6,646	7,380	6,648	6,123	6,810	6,421	6,796	6,612	6,730

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

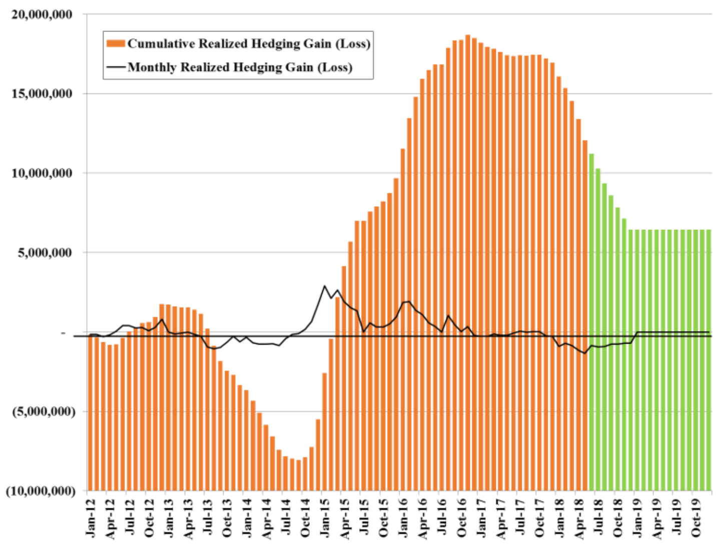
It was only a month ago that oil prices were on a tear, with the WTI benchmark charging above US$70/bbl for the first time in a very long time. The market was leaning towards cautious enthusiasm with investors starting to contemplate a world where high oil prices might once again become the norm. Obviously that excitement has waned somewhat with renewed bearish discussions from OPEC and potential trade wars balanced against continued concerns regarding future supply. The only thing I am sure of about the next few weeks is that we should expect continued volatility, and a lot of it.

During our brief exposure to a $70+ oil price world it was interesting to see how quickly investors started thinking about any limitations to Gear's upside potential. Yes, I am speaking specifically about our hedging contracts. At one point when 2018 prices were looking to be exceptionally strong, our estimated hedging costs for the year were creeping towards $20 million. As large of a number as that may seem, the funds from operations predicted in parallel dwarfed it by comparison. And honestly, that is pretty much the way hedging is supposed to work.

Although Gear has been in operation since 2009, we did not really participate in any material hedging programs until 2012. The main drivers then, and now, have consistently been; to provide some guarantee that we can get a positive return on our invested capital, to provide an element of funds flow stability for future capital planning purposes, and perhaps most importantly to ensure that we can appropriately service any outstanding debt balances. We try to think of hedging essentially as an insurance program that hopefully only is required during times of extreme volatility.

There are a few main goals in mind when we make any hedging decisions. First off, we hope to enter the following year with approximately 50% of our volumes protected (net of royalties). Secondly, we prefer to utilize wide (costless) collars as much as possible. The main point being that because of our low cost profile we can buy low floor prices that will preserve positive funds flow and that allows the sold ceilings to be high, hopefully leaving significant upside room. The determination of the target floor price varies depending on our debt balance and the outlook on field netbacks. Ultimately we accept that hedging is insurance, and insurance usually comes at a cost. That being said, we would prefer if we never made or lost a dollar on any of our hedging contracts.

The good news is that despite our estimates for rather large costs in 2018, our cumulative hedging to date has actually been a net gain and is forecasted to remain so into 2019 with current contracts under current forward strip prices.
(Orange = actuals, Green = forecast)



Of course history continues to remind us that all of this can change in a heartbeat. Rest assured, Gear will continue to add on new layers of protection, keeping in mind our various goals, our strong balance sheet and our desire to neither win nor lose on the program.

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.