



**GEAR ENERGY**

Diversified oil value  
growth



Corporate Presentation  
July 2019

# Highlights

## Diversified oil growth opportunities

Three core economic oil development areas with unique pricing streams;  
Lloydminster Heavy Oil, SE Saskatchewan Light Oil and Central Alberta Light Oil

## Deep inventory of future drill locations

Over 600 management estimated drilling locations  
108 and 187 booked as TP and P+P Reserves, respectively<sup>(1)</sup>

## Balance Sheet Strength

\$90 million credit facilities and \$13.3 million convertible debentures  
\$85.7 million net debt<sup>(2)</sup> (as at March 31, 2019)

## Low Costs

Total costs<sup>(2)</sup> per boe reduced by approximately 31% since 2014

## Sustainability

Strong capital efficiencies enable production stability and future growth

<sup>(1)</sup> All management estimated drilling locations that are not Proved ("TP") or Proved plus Probable ("P+P") locations are considered "unbooked" drilling locations. See "Drilling Locations" in Advisories

<sup>(2)</sup> See "Non-GAAP Measures" in Advisories



# Corporate Information

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## TSX Listed

GXE.TO

## Shares Outstanding (Q2 2019)

219 million

## Average Daily Trading (Q2 2019)

412k, GXE.CC

## Insider Ownership

8% Basic, 10% Fully Diluted

## Production Forecast (2019)

6,800 – 7,100 boe/d (90% Liquids)

## Net Debt to FFO Estimate<sup>(1)</sup> (2019)

Approximately 1.0 times

## Share Price<sup>(2)</sup>

\$0.57

## Enterprise Value<sup>(3)</sup>

\$210 million

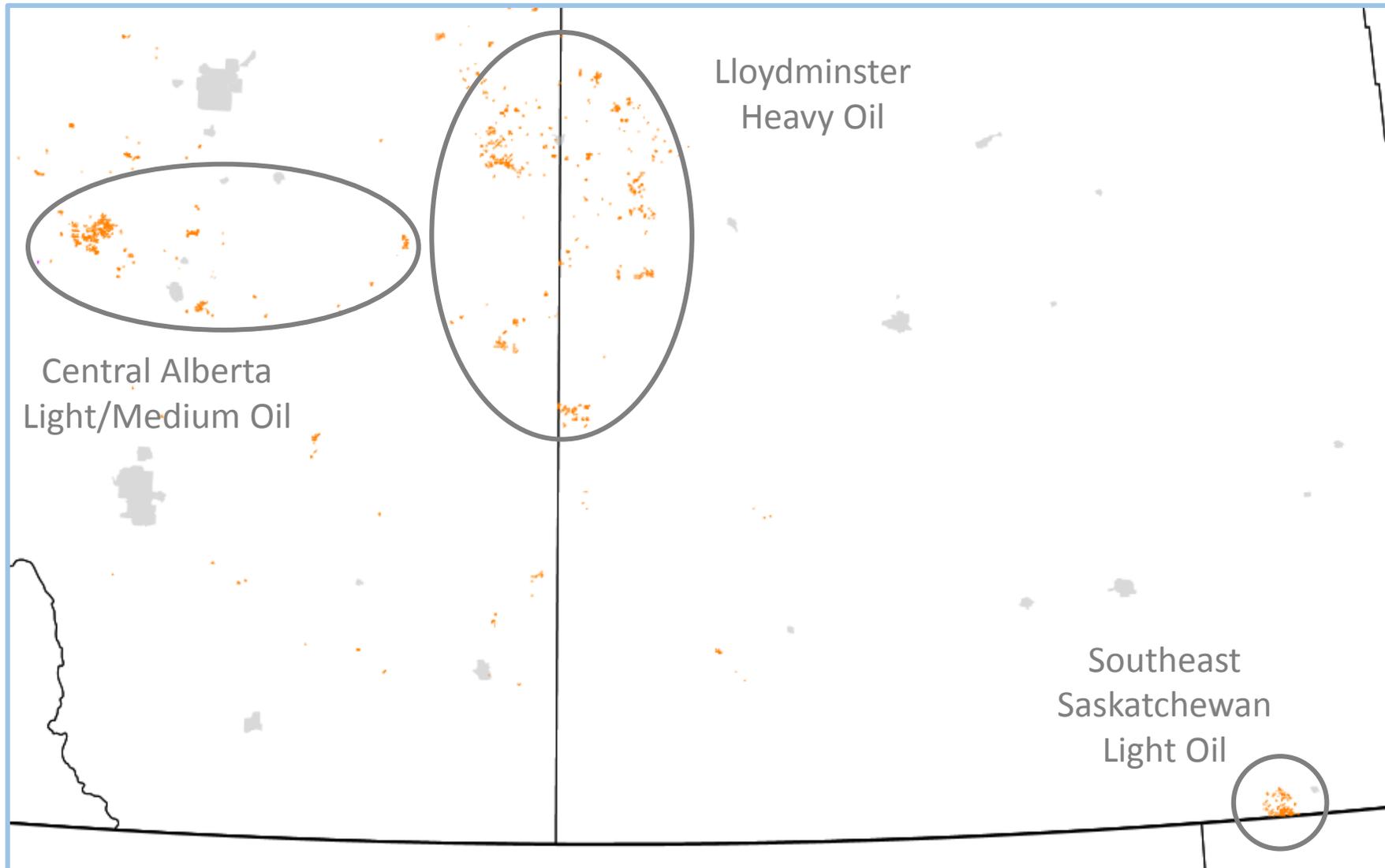
*(1) See "Non-GAAP Measures" in Advisories*

*(2) As at June 27, 2019*

*(3) Based on shares outstanding as at June 27, 2019 multiplied by the share price plus net debt outstanding as at March 31, 2019*



# Core Areas



## Lloydminster

55% of corporate production  
Dominantly low cost  
horizontal cold-flow heavy oil  
wells

## Central Alberta

31% of corporate production  
Horizontal light oil in the  
Belly River and Cardium

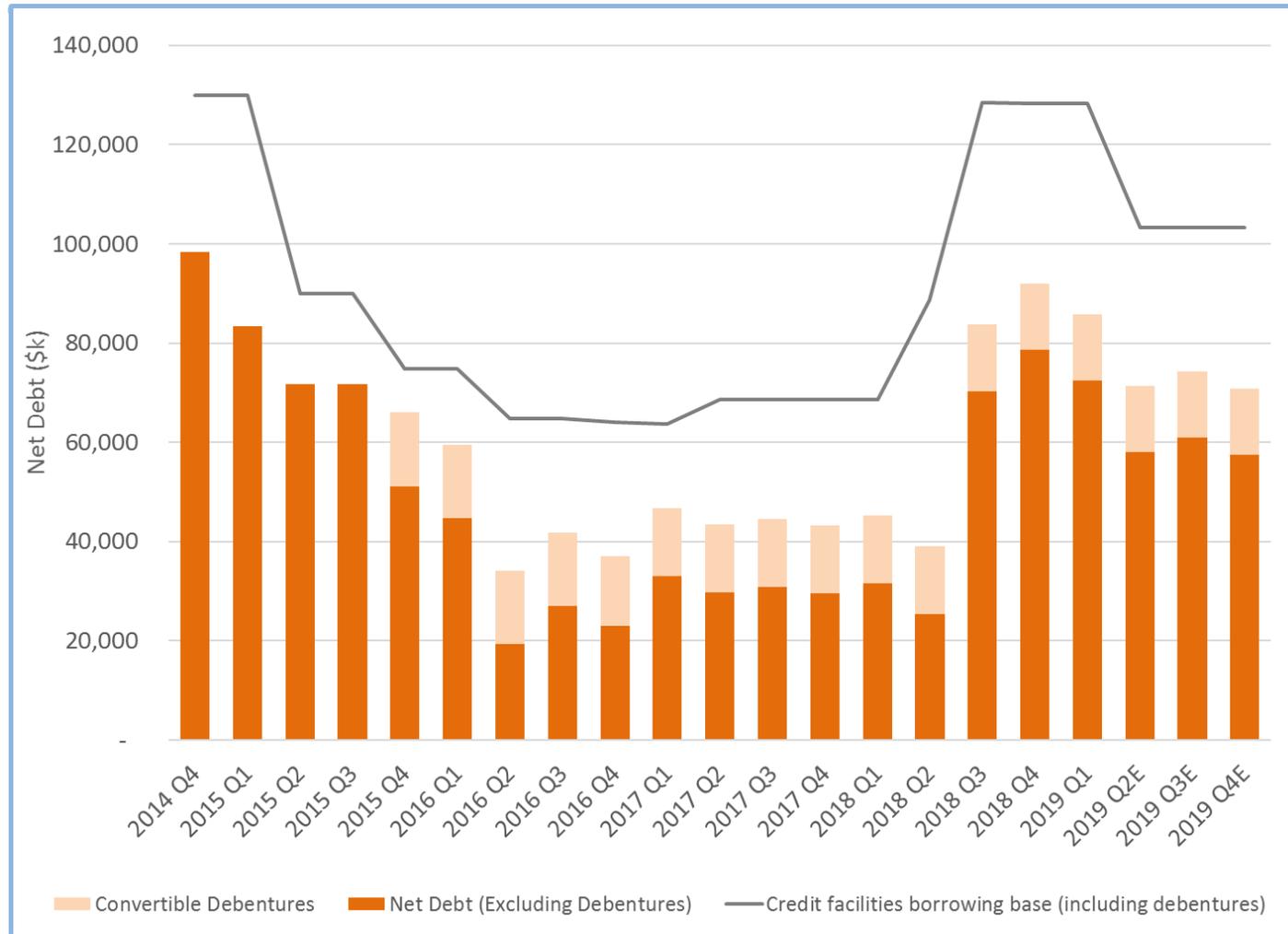
## SE Saskatchewan

15% of corporate production  
Horizontal light oil in the  
Torquay, Bakken and Ratcliffe

(Q4 2019 Estimates)



# Financial Strength



## 2018 Exit

Exited 2018 with net debt of \$91.9MM

## 2019

Exited Q1 2019 with net debt of \$85.7MM, a 7% reduction from YE 2018

Forecasting to exit 2019 with 20% to 25% lower net debt than YE 2018 and an annual net debt to funds from operations<sup>(1)</sup> ratio of approximately 1.0x

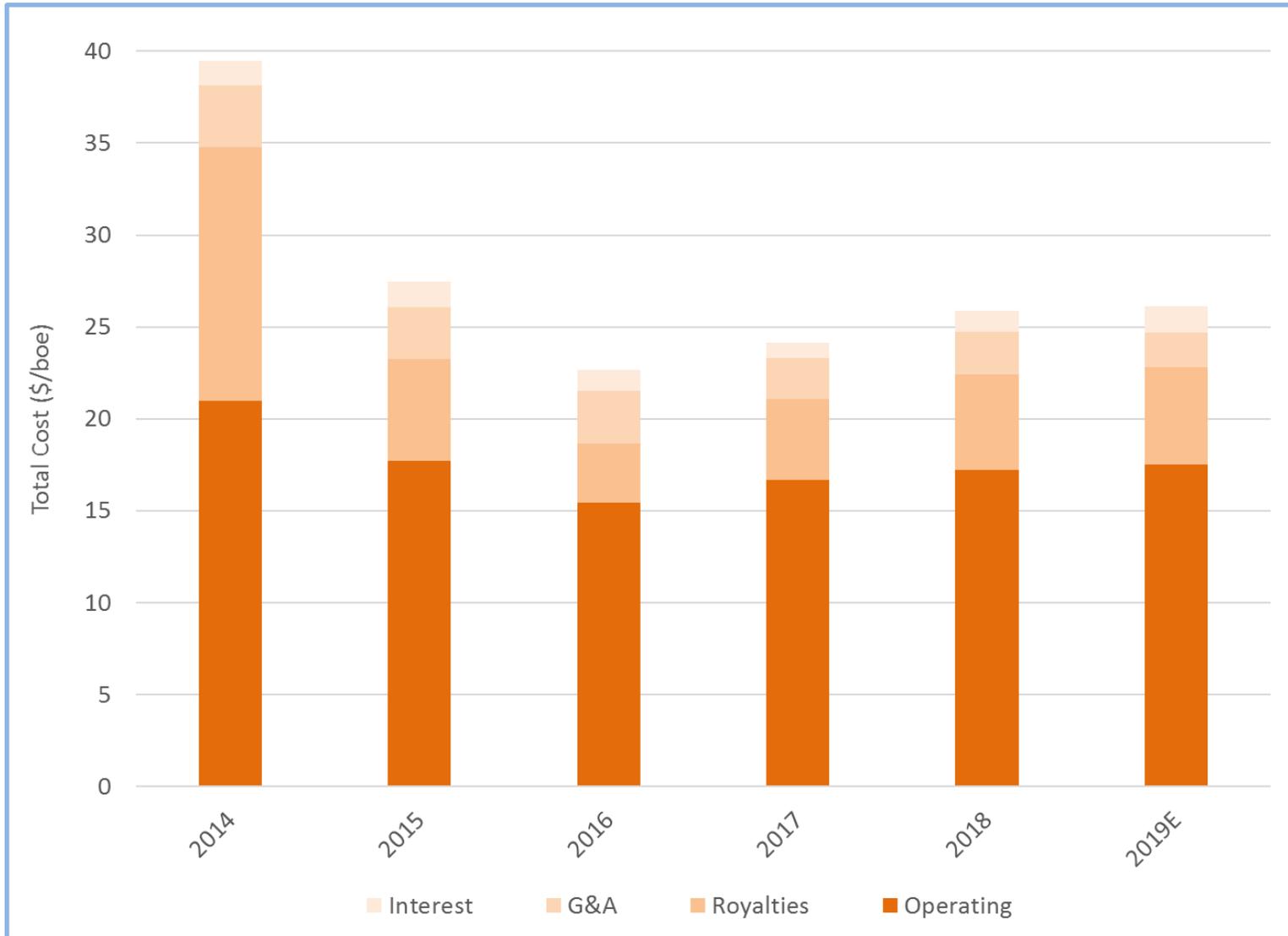
Currently budgeting to invest approximately 65% of estimated funds from operations through 2019

(June 27, 2019 strip prices)

(1) See "Non-GAAP Measures" in Advisories



# Low Costs



## Structural Reductions

Total costs per unit in 2019 are estimated to be approximately 31% lower than in 2014

Accomplished by drilling low cost horizontal wells primarily on Crown lands, and by growing production and/or reducing debt while maintaining low staffing levels

Upon resumption of growth, costs per unit are expected to continue improving



# 2019 Plan

## Provide a solid foundation for future growth

Targeting a strategic balance between low-risk production stability, maximizing revenue, and continued improvement of the balance sheet, while preparing for future growth within a stable oil pricing environment

Budget includes 18 drilling locations, 61% capital weighted to light/medium oil opportunities

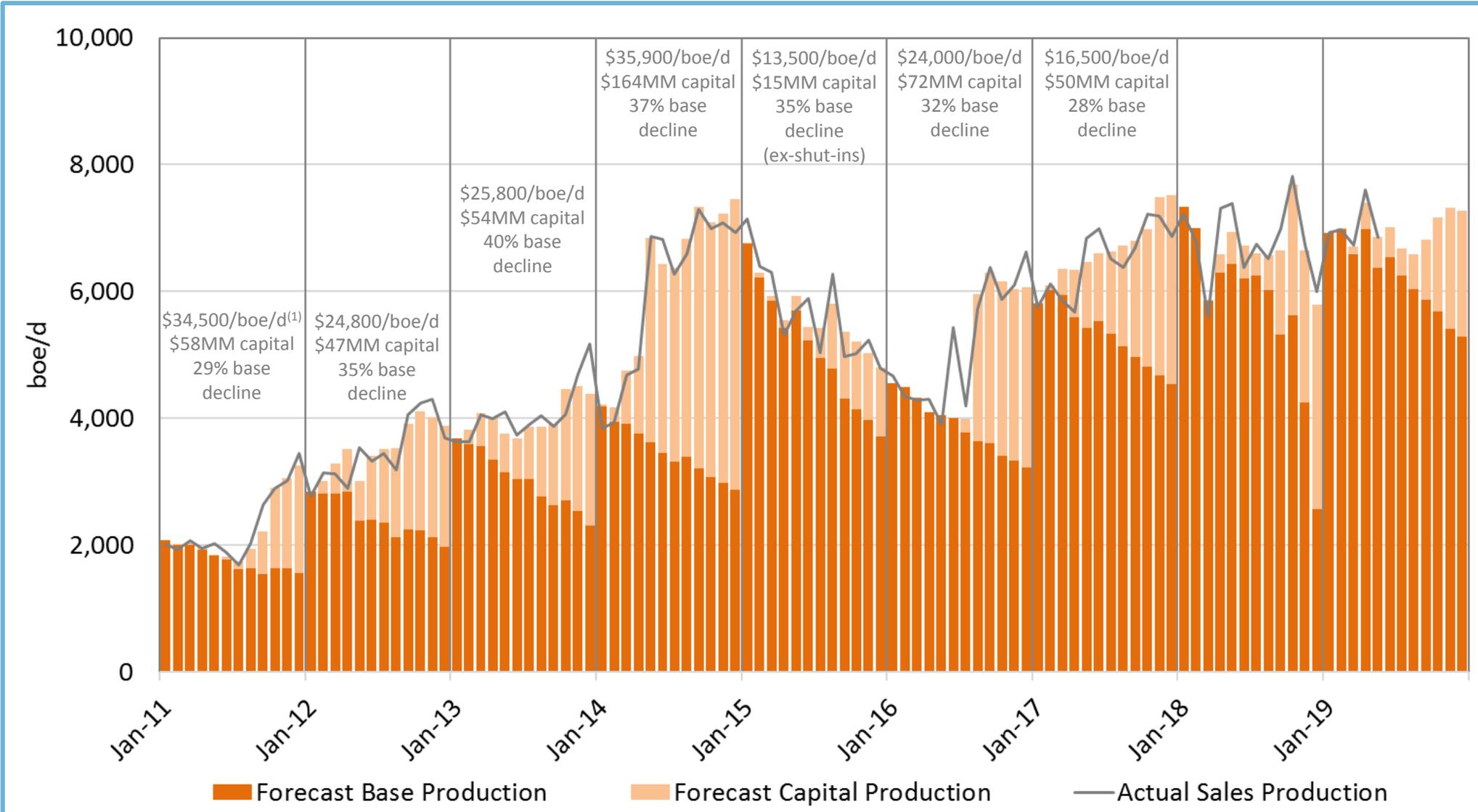
## Annual Guidance

	2019
Average Production	<b>6,800 – 7,100 boe/d</b>
Heavy Oil %	<b>56</b>
Light/Medium/NGL %	<b>34</b>
Royalties %	<b>11</b>
Operating & Transportation	<b>\$18.00/boe</b>
G&A	<b>\$2.00/boe</b>
Interest	<b>\$1.50/boe</b>

Capital	
16.0	Drill 5 two-mile Torquay wells in Tableland, SE SK
13.0	Drill 11 heavy oil multi-lateral unlined wells
5.0	Drill 2 central Alberta light/medium oil wells
5.5	Land, seismic, waterfloods, recompletions & other
3.0	Abandonment and reclamation activities
<b>\$42.5MM</b>	



# Production Summary



## 2019

Forecasting stable production through the year averaging between 6,800 to 7,100 boe/d

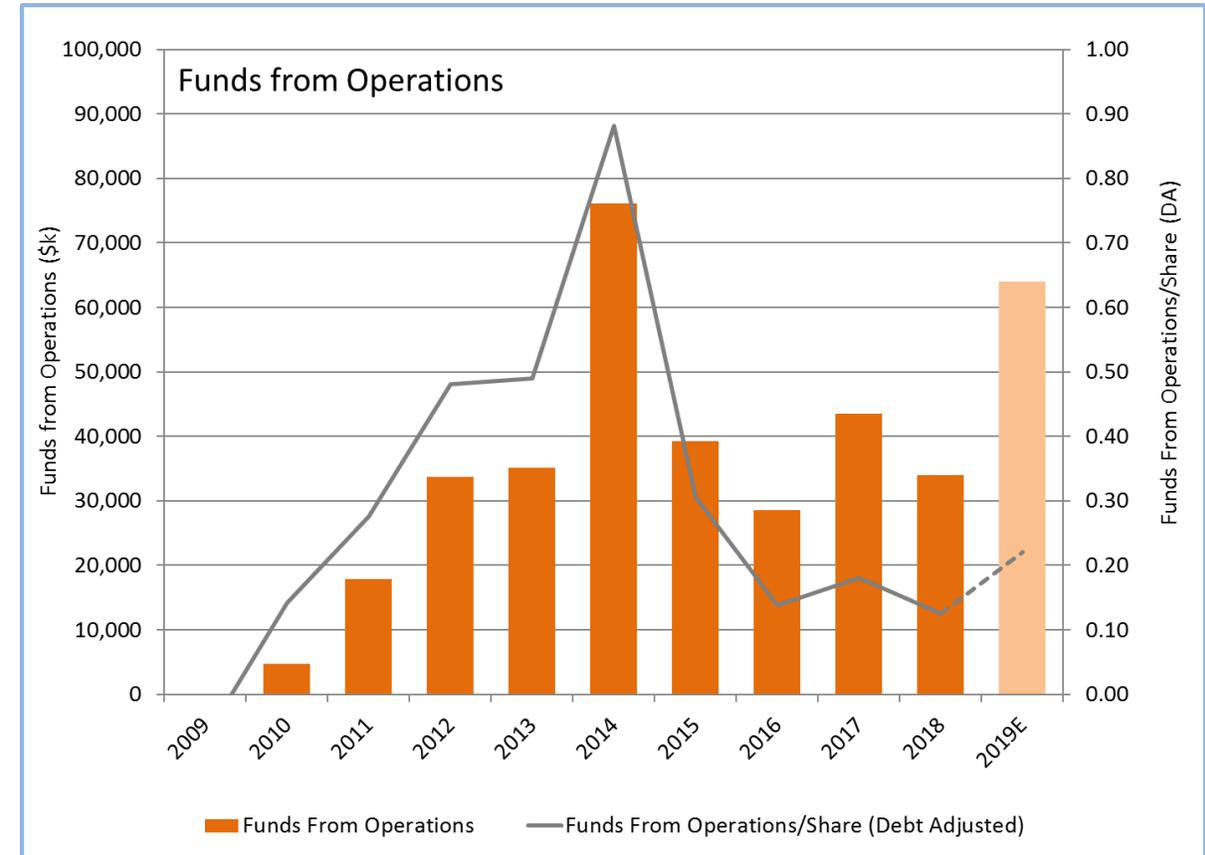
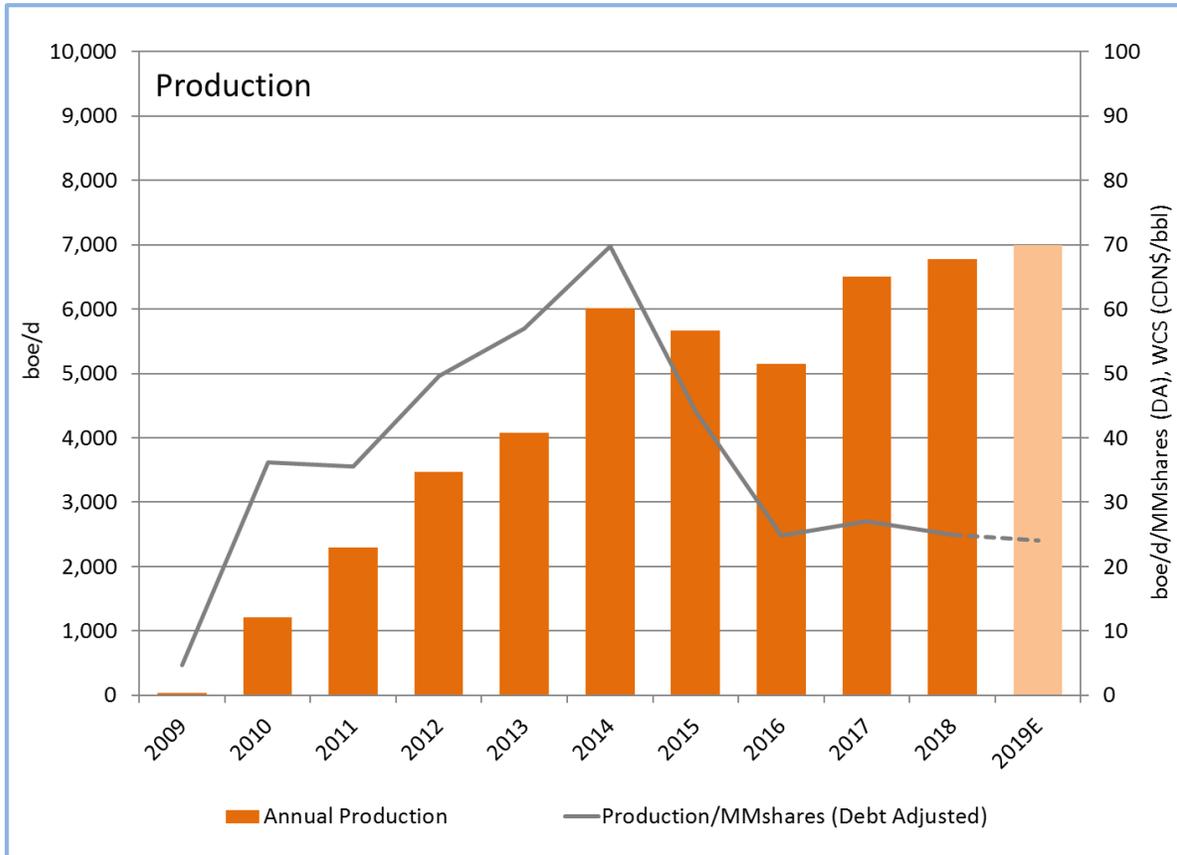
Minimal egress restrictions forecast through the second and third quarters

Capital investment balanced across the year

(1) Capital Efficiency, see Advisories



# Growth History



## Resume Growing Value per Debt Adjusted Share<sup>(1)</sup>

Gear has recalibrated to the current pricing environment and has all the ingredients for future growth:

Deep inventory, strong balance sheet, low costs and a proven history of successful execution

(Jun 27, 2019 strip prices)

(1) See "Non-GAAP Measures" in Advisories



# Pricing Sensitivity

## Funds from Operations (FFO)

The 2019 budget is estimated to deliver the following results at various average WTI oil prices (July to December 2019)

WTI US\$/bbl	40	50	60	70
2019 FFO Estimate	\$45 MM	\$52 MM	\$65 MM	\$76 MM
2019 Exit Net Debt	\$90 MM	\$83 MM	\$70 MM	\$59 MM
Net Debt/FFO Ratio	2.0 x	1.6 x	1.1 x	0.8 x

FFO sensitivity includes actual pricing from January to June 2019

The following 2019 average assumptions for other pricing inputs were utilized (based on June 27, 2019 strip pricing):

WCS diff US\$14.50/bbl, MSW diff US\$6.00/bbl, LSB diff US\$5.50/bbl, FX 0.76 \$/\$, AECO CAD\$1.55/GJ, and current guidance on corporate costs



# Drilling Inventory

## Competitive Economics

Future growth balanced across the three core areas targeting strong returns on capital and price and egress stability<sup>(1)(2)</sup>

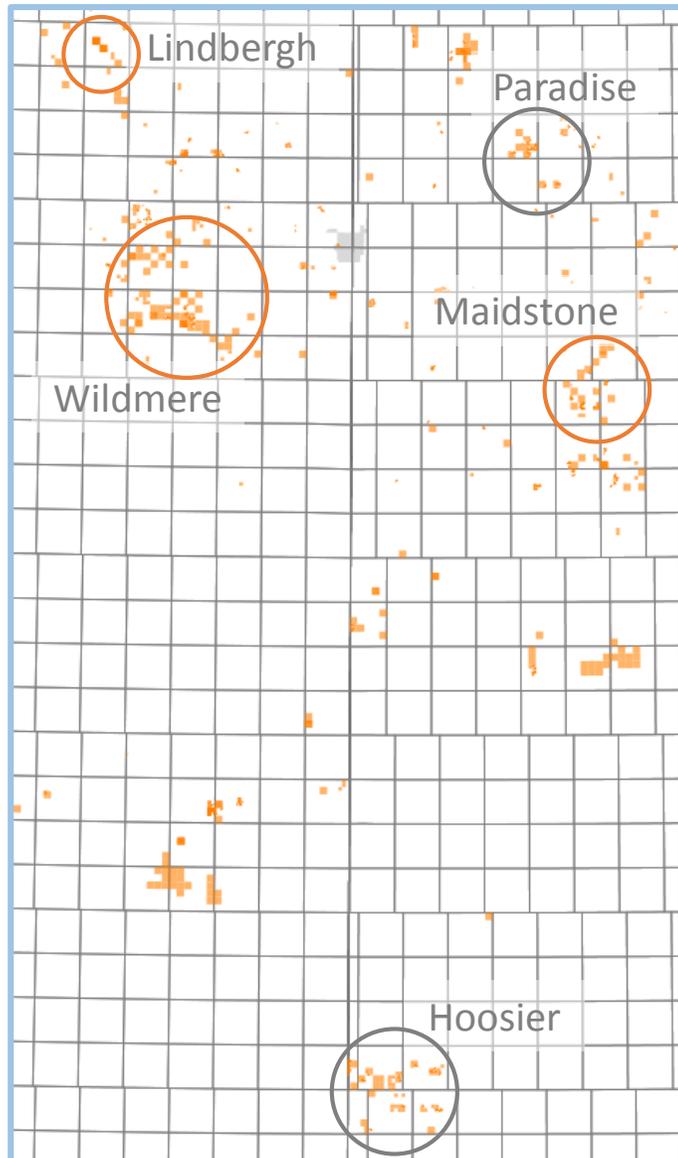
Core Areas	Lloydminster MLU Multi-lateral unlined	Lloydminster SLL Single leg lined	SE Saskatchewan	Central Alberta
Properties	Wildmere, Lindbergh, Maidstone	Paradise	Tableland	Wilson Creek, Ferrier
Formations	Cummings, GP, Sparky	McLaren	Torquay	Belly River, Cardium
WTI\$50US IRR% - POP	55% - 1.8yrs	65% - 1.3yrs	50% - 1.6yrs	47% - 1.8yrs
WTI\$60US IRR% - POP	80% - 1.3yrs	125% - 1.0yrs	90% - 1.2yrs	81% - 1.2yrs
WTI\$70US IRR% - POP	125% - 1.0yrs	190% - 0.9yrs	130% - 0.9yrs	120% - 0.8yrs
Other Area Opportunities	Hoosier, Swimming, Soda Lake, etc.	Morgan, Wildmere, Swimming, etc.	Bakken, Ratcliffe	Killam, Drayton Valley, Thorsby, Brazeau
Estimated Inventory	275	175	110	50
Booked Locations	18 TP / 43 P+P	41 TP/ 58 P+P	21 TP / 39 P+P	22 TP / 30 P+P

(1) See Appendix for economic assumptions. See also "Oil and Gas Metrics" and "Well Economics and Type Curves" in Advisories

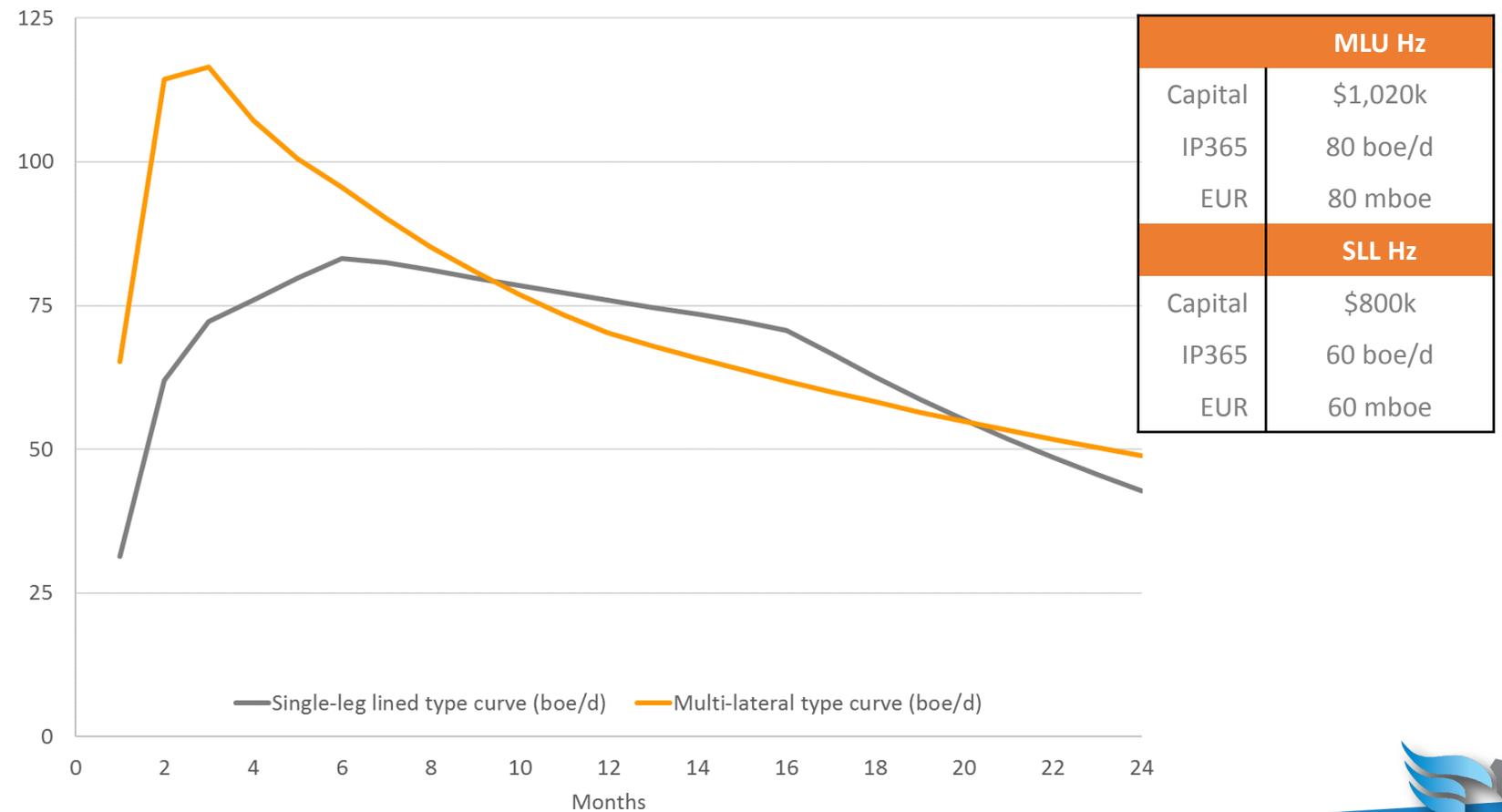
(2) See "Drilling Locations" in Advisories. 6 TP and 17 P+P locations are not listed in core areas. All locations are presented on a net basis



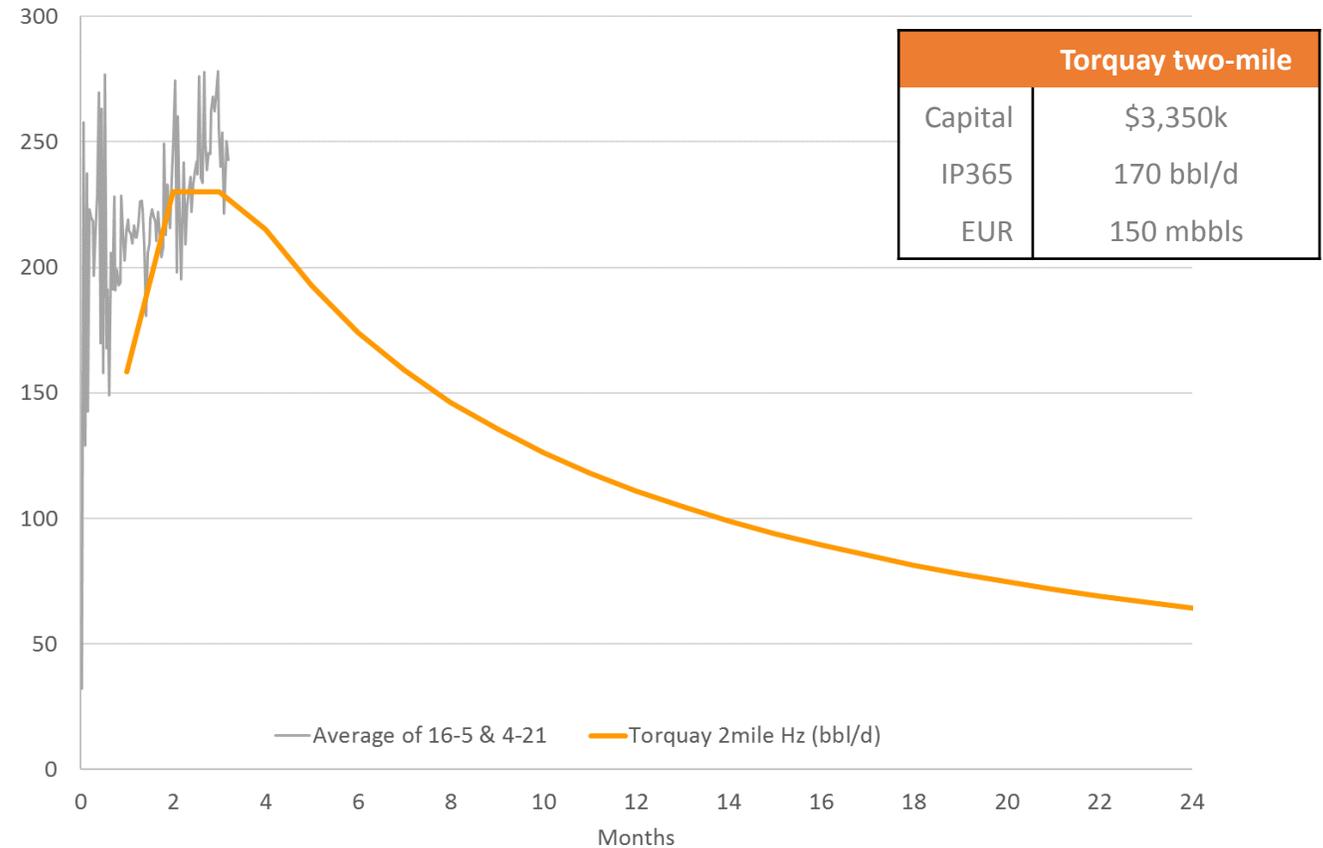
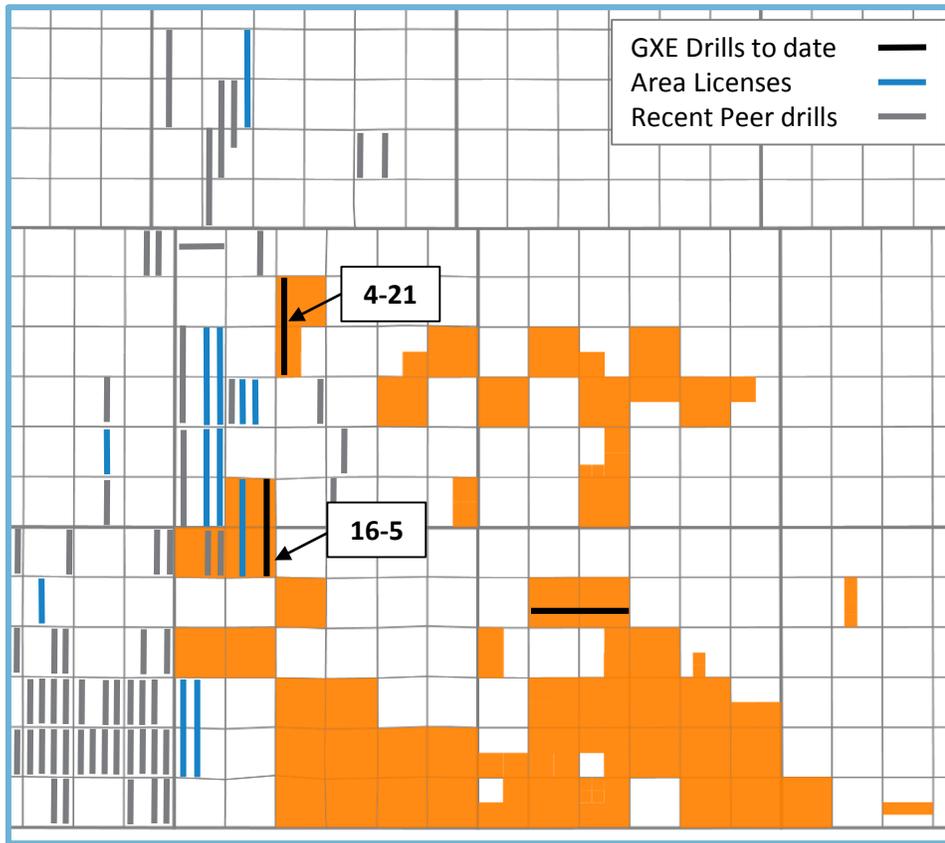
# Lloydminster



Future growth planned through drilling of multi-lateral unlined (MLU) horizontal wells and single-leg lined (SLL) horizontal heavy oil wells into multiple overlapping formations. 11 wells planned in 2019 in Wildmere and Maidstone



# SE Saskatchewan

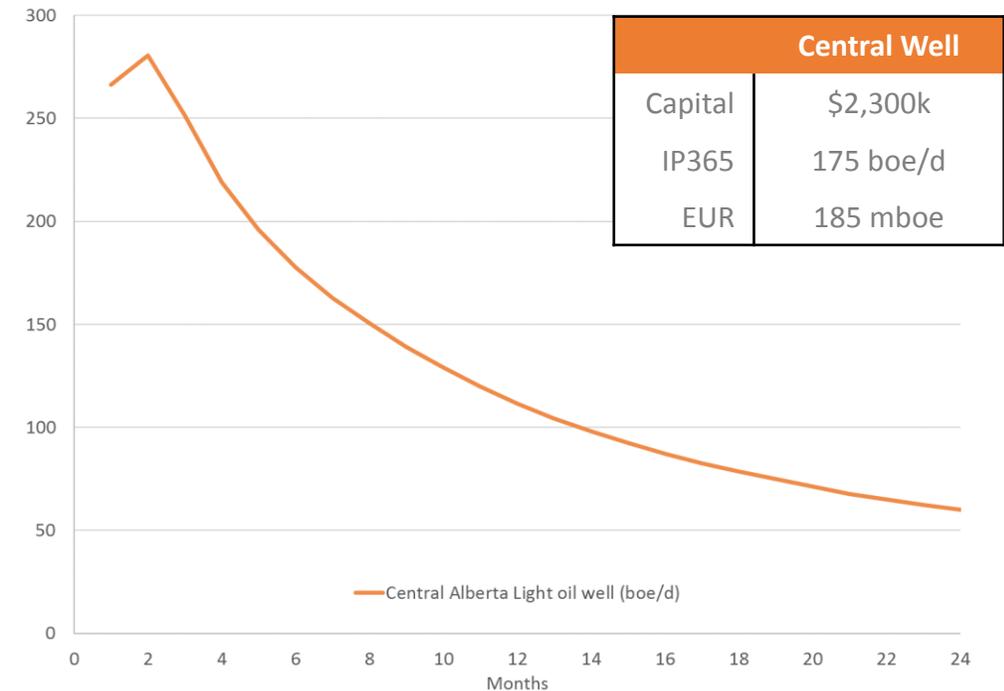
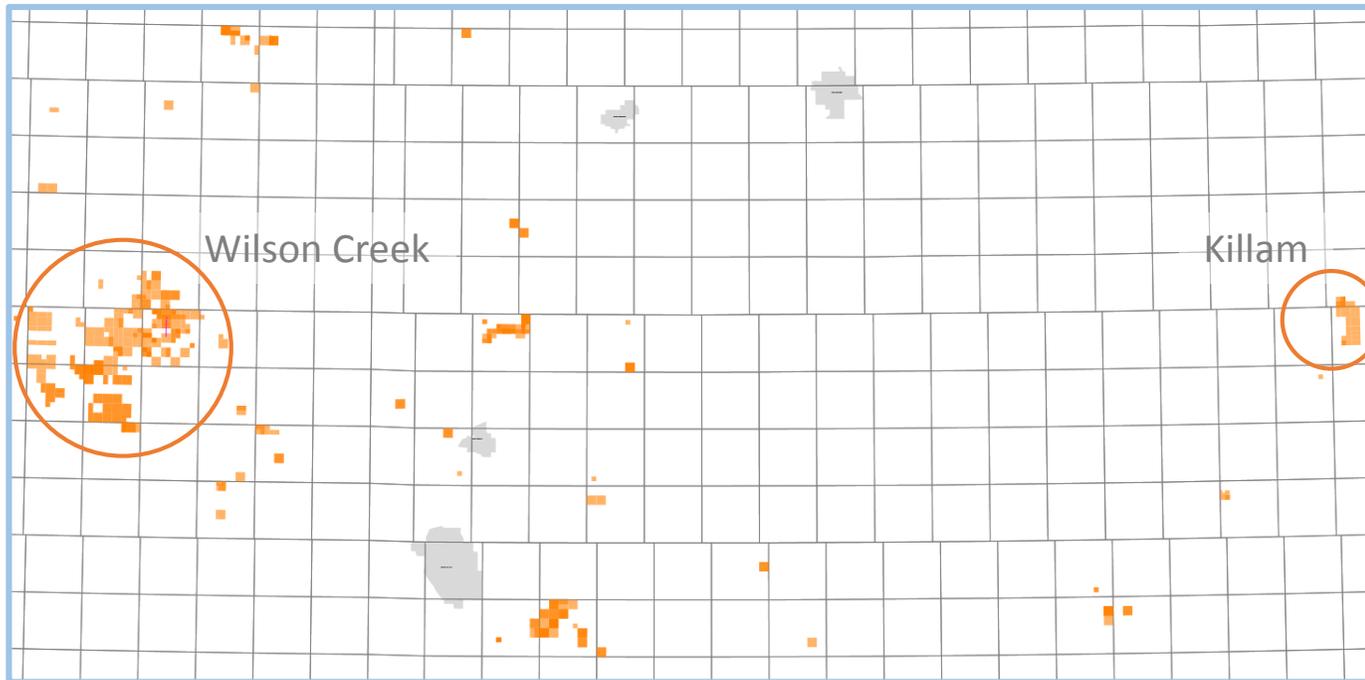


Future growth planned through drilling horizontal light oil wells in the Torquay  
 5 wells planned in 2019 with 3 successfully drilled to date. First 2 wells are producing as expected, the third will come on production in Q3

In addition, there is potential in the Bakken and the Ratcliffe formations



# Central Alberta



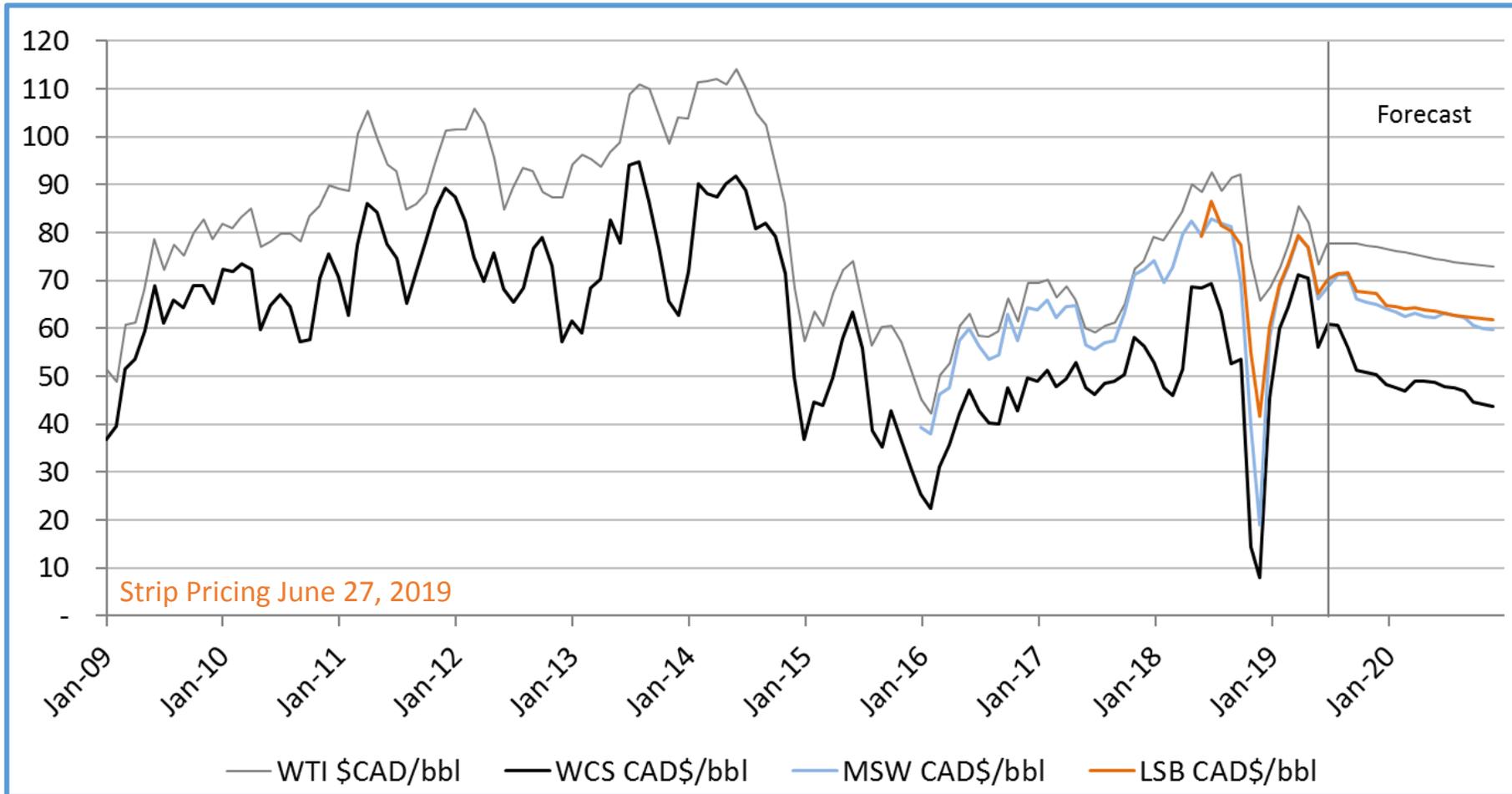
Future growth planned through drilling light oil wells in Wilson Creek Basal Belly River, Lower Basal Belly River and Ferrier Cardium. (Average Type curve shown). 1 Wilson Creek horizontal well and 1 medium oil well currently planned in 2019

In addition, there is drilling potential in Drayton Valley, Brazeau and Killam

Waterfloods have been implemented, expanded, and/or optimized throughout Central Alberta, including Wilson Creek, Killam and Chigwell



# Oil Marketing



## Diversification

Oil production sourced from three core areas with distinct pricing benchmarks and egress provides opportunity to balance future investments targeting maximum corporate revenue

Oil prices have recovered significantly from December 2018 lows

Lloydminster heavy oil prices = CAD WCS – \$5.00/bbl

Central Alberta light oil prices = CAD MSW \* 97%

SE Saskatchewan light oil prices = CAD LSB



# Hedging

Product	Term (inclusive)	Contract	Volume bbl/d	Currency	Sold Call \$/bbl	Bought Put \$/bbl	Sold Put \$/bbl	Sold Swap \$/bbl
WTI	Jan 19 – Dec 19	3-way collar	600	USD/CAD	U66.00	C62.00	C52.00	
WTI	Jan 19 – Dec 19	3-way collar	600	USD/CAD	U72.00	C65.00	C55.00	
WTI	Jan 19 – Dec 19	3-way collar	1,200	CAD	C100.00	C65.00	C55.00	
WTI	Jan 19 – Dec 19	collar	100	CAD	C103.00	C65.00		
WTI	Jan 20 – Dec 20	collar	700	CAD	C94.00	C65.00		
WCS diff	Apr 19 – Dec 19	Physical collar	1,000	USD	(26.00)	(15.00)		
WTI	Mar 19 – Jul 19	swap	400	CAD	<div style="border: 1px solid black; padding: 5px;">                     **Contracts included as net debt with Steppe acquisition on September 18, 2018 under average forward curve WTI price of CAD \$88.17/bbl for 2019                 </div>			C61.20**
WTI	Jul 19	swap	200	CAD				C67.30**
WTI	Aug 19 – Dec 19	swap	400	CAD				C67.30**

## Revenue Insurance

Gear employs a program of entering regular methodical contracts targeting the protection of approximately 50% of corporate production, net of royalties



# Gear Team

Management	Role	Prior Experience
Ingram Gillmore	President & CEO, Director	VP Engineering – ARC Resources, Talisman
Yvan Chretien	VP Land	VP Land – ARC Resource, CNRL
Bryan Dozzi	VP Engineering	Engineering Manager – Gear, Rock Energy
David Hwang	VP Finance & CFO	Controller – ARC Resources, EnCana
Jason Kaluski	VP Operations	Manager Operations – Questerre, ARC Resources
Dustin Ressler	VP Exploration	Manager Geology – Gear, CNRL
Independent Directors		Current/Prior Experience
Don T. Gray	Chairman	Prior founder, President & CEO, Peyto Exploration & Development Corp.
Harry English		Prior Senior Partner, Deloitte LLP
Kevin Olson		President, Kyklopes Capital Management Ltd.
Scott Robinson		Prior EVP Operations and COO, Peyto Exploration & Development Corp.
Bindu Wyma		Prior VP Development North America, Talisman Energy

Insider Ownership 8% Basic, 10% Diluted



# Research

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Coverage Firm	Analyst
AltaCorp Capital Inc.	TBD
Beacon Securities Limited	Lyndon Dunkley
Cormark Securities Inc.	Garett Ursu
GMP FirstEnergy	Bob Fitzmartyn
Haywood Securities Inc.	Christopher Jones
National Bank Financial Inc.	John Hunt
Peters & Co. Ltd.	Dan Grager



# Advisories

*The information contained in this presentation does not purport to be all-inclusive or to contain all information that prospective investors may require. Additional information relating to Gear Energy Ltd. ("Gear" or the "Corporation") is available on Gear's profile on SEDAR at [www.sedar.com](http://www.sedar.com) and readers should read such information prior to making an investment decision. Prospective investors are also encouraged to conduct their own analysis and reviews of the Corporation and of the information contained in this presentation. Without limitation, prospective investors should consider the advice of their financial, legal, accounting, tax and other advisors and such other factors they consider appropriate in investigating and analyzing the Corporation.*

**Forward Looking Information:** *Certain statements included in this presentation constitute forward looking statements or forward looking information under applicable securities legislation. Such forward looking statements or information are provided for the purpose of providing information about management's current expectations and plans relating to the future. Readers are cautioned that reliance on such information may not be appropriate for other purposes. Forward looking information in this presentation includes, but is not limited to, information with respect to: the expectation that strong capital efficiencies will enable production stability and future growth at current prices; details of Gear's strategy for future operations and growth; expected future drilling locations and inventory; forecast production in 2019 (including expected commodity weightings); forecast of net debt in 2019; forecast net debt to funds from operations in 2019; forecast percentage of 2019 funds from operations to be invested; expected total costs per boe in 2019; expectation that total costs will continue to improve upon resumption of growth; expectation that Gear's 2019 capital plan provides a solid foundation for future growth; the intent to target a strategic balance between low-risk production stability, maximizing revenue, and continued improvement of the balance sheet, while preparing for future growth within a stable oil pricing environment; forecast 2019 royalties, operating and transportation costs per boe, general and administrative costs per boe, interest costs per boe; estimated 2019 capital budget and details of such budget; expectation of minimal egress issues in the second and third quarters of 2019; forecast production per debt adjusted share in 2019; forecast funds from operations and funds from operations per debt adjusted share in 2019; intent to target a strategic balance between production stability, maximizing revenue, and further improvement of the balance sheet, while preparing for future growth within a stable oil pricing environment; expected sensitivities in funds from operations and net debt to changes in commodity prices; expected economics associated with certain drilling programs; expected future growth areas; expected drilling potential in certain other formations or zones; expectations of commodity prices and differentials; expectations of how Gear will transport and market its production; and expectations of the hedging program and amount of production expected to be hedged.*

*Forward looking statements or information are based on a number of factors and assumptions which have been used to develop such statements and information but which may prove to be incorrect. Although Gear believes that the expectations reflected in such forward looking statements or information are reasonable, undue reliance should not be placed on forward looking statements because Gear can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified in this presentation, assumptions have been made regarding, among other things: the impact of increasing competition; the general stability of the economic and political environments in which Gear operates; the timely receipt of any required regulatory approvals; the ability of Gear to obtain qualified staff, equipment and services in a timely and cost efficient manner; the ability of the operator of the projects which Gear has an interest in to operate the field in a safe, efficient and effective manner; field production rates and decline rates; the ability to replace and expand oil reserves through acquisition, development or exploration; the timing and costs of pipeline, storage and facility construction and expansion and the ability of Gear to secure adequate product transportation; future oil prices; the differentials between heavy and light oil pricing; currency, exchange and interest rates; the regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which Gear operates; the ability to secure financing on terms acceptable to Gear; the performance of existing and future wells to be as expected, the ability of Gear to successfully market its oil and natural gas products, and the expected continued availability of credit under Gear's credit facilities. In addition, to the extent that any forward-looking information presented herein constitutes future-oriented financial information or a financial outlook such information has been approved by management on July 8, 2019 and has been presented to provide management's expectations used for budgeting and planning purposes based on the assumptions presented herein and such information may not be appropriate for other purposes. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which have been used. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties.*



# Advisories

*Other risks include risks associated with oil and gas exploration, development, exploitation, production, marketing and transportation, loss of markets and other economic and industry conditions, ability to transport production and access markets, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other producers, inability to retain drilling services, incorrect assessment of value of acquisitions and failure to realize the benefits therefrom, delays resulting from or inability to obtain required regulatory approvals, the lack of availability of qualified personnel or management, stock market volatility and ability to access sufficient capital from internal and external sources and economic or industry condition changes. Actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits that Gear will derive therefrom. Additional information on these and other factors that could affect Gear are included in reports on file with Canadian securities regulatory authorities that may be accessed through the SEDAR website ([www.sedar.com](http://www.sedar.com)) or at Gear's website [www.gearenergy.com](http://www.gearenergy.com). The forward-looking statements contained in this presentation are made as of the date hereof and Gear undertakes no obligations to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.*

**Non-GAAP Measures:** *In this presentation, management uses certain key performance indicators and industry benchmarks such as funds from operations, operating netbacks, total costs, net debt, net debt to funds flow from operations and debt adjusted shares to analyze financial and operating performance. These performance indicators and benchmarks as presented 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. Funds from operations is a non-GAAP measure defined as cash flows from operating activities before changes in non-cash operating working capital and decommissioning liabilities settled. Gear evaluates its financial performance primarily on funds from operations and considers it a key measure as it demonstrates its ability to generate the funds from operations necessary to fund its capital program and decommissioning liabilities and repay debt. Operating netbacks are calculated based on the amount of revenues received on a per unit of production basis after royalties and operating costs. Management considers operating netback to be a key measure of operating performance and profitability. Total costs are calculated by adding interest expense, general and administrative expense, royalties and operating costs together on a per unit basis of production. Management considers total costs to be a key measure of all the costs associated with producing each unit of production. Net debt is a non-GAAP measure defined as debt less current working capital items, excluding risk management contracts and the current portion of decommissioning liabilities. Gear uses net debt as a key indicator of its leverage and strength of its balance sheet. Net debt is directly tied to Gear's funds from operations and capital investment. Net debt to funds from operations is calculated by taking the exit net debt for a period divided by the funds from operations for the previous 12 month period. Management considers net debt to funds from operations a key measure as it demonstrates the Corporation's ability to pay off its debt and take on new debt, if necessary. Management presents both production and funds flow from operations on a debt adjusted share basis. Debt adjusted shares are calculated by the weighted average shares plus the share equivalent on Gear's average net debt over the period, assuming that the debt were to be extinguished with a share issuance based on the weighted average share price in the period. Management considers debt adjusted shares a useful measure as it enables oil and gas companies to be put on an equal, enterprise value-based footing when calculating per share numbers. For additional information on the use of these measures including reconciliations to the most directly comparable GAAP measures, please see Gear's most recent Management's Discussion and Analysis on Gear's profile at [www.sedar.com](http://www.sedar.com).*

**Drilling Locations:** *This presentation discloses Gear's expectations of future drilling locations. While certain of these estimated drilling locations may be consistent with "booked" drilling locations identified in Gear's most recent independent reserves report (the "Sproule Report") as prepared by Sproule Associates Limited ("Sproule") effective December 31, 2018, as having associated proved and/or probable reserves, other locations are considered "unbooked" as they have no associated proved and/or probable reserves in Gear's most recent independent reserves report or any associated resources other than reserves. All drilling locations have been presented on a net basis. Unbooked locations are internal estimates based on Gear's prospective acreage and an assumption as to the number of wells that can be drilled per section based on industry practice and internal review. Unbooked locations have been identified by management as an estimation of our multi-year drilling activities based on evaluation of applicable geologic, seismic, engineering, production, pricing assumptions and reserves information.*



# Advisories

*There is no certainty that Gear will drill all drilling locations identified herein and if drilled there is no certainty that such locations will result in additional oil and gas reserves, resources or production. The drilling locations on which Gear actually drill wells will ultimately depend upon the availability of capital, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors. While the majority of Gear's unbooked locations are extensions or infills of the drilling patterns already recognized by Gear's independent evaluator, other unbooked drilling locations are farther away from existing wells where management has less information about the characteristics of the reservoir and therefore there is more uncertainty whether wells will be drilled in such locations and if drilled there is more uncertainty that such wells will result in additional oil and gas reserves, resources or production.*

**Oil and Gas Metrics:** *This presentation contains a number of oil and gas metrics, including capital efficiency, peak IP 365, internal rate of return or "IRR", pay-out-period or "POP", and estimated ultimate recovery or "EUR", which do not have standardized meanings or standard methods of calculation and therefore such measures may not be comparable to similar measures used by other companies. Such metrics have been included herein to provide readers with additional measures to evaluate the Corporation's performance; however, such measures are not reliable indicators of the future performance of the Corporation and future performance may not compare to the performance in previous periods. Capital efficiency is based on the total capital invested in a period divided by the average daily production additions (over the period indicated) resulting from such activity. IP 365 is the expected or actual initial production rate for the first 365 days of production of a well. Internal rate of return is calculated by taking the expected capital costs to drill, complete and equip wells and balancing them against the future net revenue expected using various commodity price forecasts and management estimates of operating costs, royalties, production rates and reserves. The production and reserves estimates are based on a combination of actual area average results and independently assessed values from the independent engineers. POP is the estimated period to fully recover all capital spent for drilling, completion and tie-in of a well. EUR is the estimate of all resources expected to be recovered from a well based on the type curve presented. The capital efficiencies, initial rates of production, internal rates of return, pay-out-periods and EURs associated with the wells or assets have been provided herein to give an indication of management's assumptions used for budgeting, planning and forecasting purposes. The capital efficiencies, initial rates of production and internal rates of return associated with the wells or assets will most likely be different than projected. Any references in this presentation to capital efficiencies, initial rates of production and internal rates of return associated with the wells or assets are useful in confirming the presence of hydrocarbons, and for understanding assumptions used for budgeting and planning purposes, however, such rates are not determinative of the rates at which such wells will continue production and decline thereafter and are not necessarily indicative of long term performance or long term economics of the relevant well or fields or of ultimate recovery of hydrocarbons. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production or performance for Gear.*

**Well Economics and Type Curves:** *The economics presented are based on the type curves presented for each of the areas. Such type curves have been prepared internally by a qualified reserves evaluator in accordance with the Canadian Oil and Gas Handbook. The well economics and type curves presented in respect of Lloydminster Multi-lateral unlined and Single leg lined wells are sourced from an average of all the current P+P locations booked by Sproule in the Sproule Report. The well economics and type curve presented in respect of SE Saskatchewan two-mile wells are reflective of the average P+P Sproule bookings in the Sproule Report in the core areas where we recognize future inventory. The shape of the type curves is based on internal analysis of analogue well results utilizing modern completion technology similar to how Gear intends to develop the area. The well economics and type curve presented in respect of Central Alberta are sourced from an average of all P+P locations booked by Sproule in the Sproule Report. Such type curves and well economics are useful in understanding management's assumptions of well performance in making investment decisions in relation to development drilling in the various areas and for determining the success of the performance of development wells; however, such type curves and well economics are not necessarily determinative of the production rates and performance of existing and future wells.*



# Advisories

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**Analogous Information:** *Certain information in this presentation may constitute "analogous information" as defined in National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities with respect to certain drilling results and plans of other companies with operations that are in geographical proximity to Gear's assets. Management of Gear believes the information may be relevant to help determine the expected results that Gear may achieve within Gear's lands and such information has been presented to help demonstrate the basis for Gear's business plans and strategies with respect to its assets. There is no certainty that the results of the analogous information or inferred thereby will be achieved by Gear.*

*Certain natural gas volumes have been converted to barrels of oil equivalent ("boe") based on a conversion ratio of one bbl to six mcf is based on an energy equivalency conversion method primarily applicable at the burner tip and does not necessarily represent value equivalency at the well head. Given that the value ratio based on the current price of oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.*

*Definitions: Boe = barrel of oil equivalent (6:1), Boe/d = Boe per day, Mmcf/d = MM cubic feet per day, WI = working interest, MM = million, CAGR = compound annual growth rate, DA = debt adjusted, EV = enterprise value*



# APPENDIX: Economic Assumptions

Economics using flat WTI oil prices at US\$50, 60 and 70 per barrel, fx of 0.75 \$/\$, WCS differential of 35%, MSW differential of 18.5% and LSB differential of 14%, all in relation to WTI. Price discounts to benchmarks as per oil marketing slide. Productivity estimates are un-risked

Core Areas	Lloydminster MLU Multi-lateral unlined	Lloydminster SLL Single leg lined	SE Saskatchewan Two mile wells	Central Alberta
Wells	Average of various leg multiples from 2 to 6, representing blend of remaining inventory	Based on half section single lateral well with slotted liner	Based on recent trend towards drilling 2-mile wells in Torquay	Average of three different Belly River formations and adjacent Cardium production
Production and Reserves	Blended average of independent engineer P+P bookings	Blended average of independent engineer P+P bookings	Based on independent engineer P+P bookings and internal estimates	Blended average of independent engineer P+P bookings
Royalties	Dominantly Crown with Alberta 5% (from 1.5 to 12 years) or Saskatchewan 2.5% for the first 38 mbbls	Dominantly Crown with Alberta 5% (from 1.5 to 12 years) or Saskatchewan 2.5% for the first 38 mbbls	Average of Crown Saskatchewan 2.5% for the first 100 mbbls and various Freehold burdens	Weighted average of Alberta Crown and area Freehold royalties

