

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

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

### Capital \*

(\$k CAD)

	Q1 18	Q2 18	Q3 18	Q4 18	2018	Q1 19	19-May	19-Jun	Q2 19	19-Jul	2019 YTD
Drill & Complete	3,624	3,451	14,936	5,596	<b>27,607</b>	6,112	-66	1,694	1,818	3,540	<b>11,470</b>
Facilities	3,742	2,742	3,490	5,137	<b>15,110</b>	2,676	485	465	1,658	1,330	<b>5,664</b>
Land & Seismic	2,766	282	39	34	<b>3,121</b>	671	9	11	31	2	<b>704</b>
A&D	390	10	65,471	301	<b>66,172</b>	-1,038	21	-158	-163	0	<b>-1,200</b>
Other	-889	-90	285	-1,285	<b>-1,979</b>	-207	114	-354	-173	105	<b>-275</b>
<b>TOTAL</b>	<b>9,633</b>	<b>6,395</b>	<b>84,220</b>	<b>9,783</b>	<b>110,032</b>	<b>8,214</b>	<b>563</b>	<b>1,658</b>	<b>3,172</b>	<b>4,977</b>	<b>16,363</b>

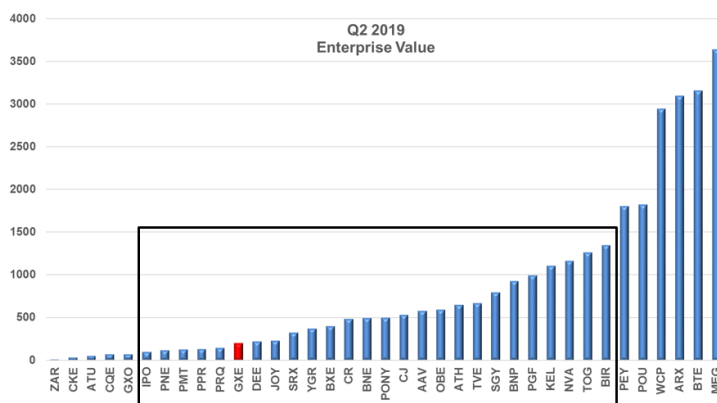
### Production (boe/d) \*

	6,522	7,025	6,747	6,847	6,786	6,877	6,859	7,035	7,161	6,780	6,985
Sales	6,522	7,025	6,747	6,847	6,786	6,877	6,859	7,035	7,161	6,780	6,985
Field	6,810	6,532	6,729	7,030	6,776	6,649	6,824	6,918	6,979	6,800	6,813

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

As most shareholders are aware, Gear regularly benchmarks its quarterly performance relative to other TSX listed domestic Canadian energy producers. The results of that analysis for the second quarter of 2019 are compiled as follows:

The peers that we review are shown in the following chart, ranked by enterprise value (the combination of market capitalization and net debt, in \$thousands). The list is then narrowed down to 25 peers, with a quarter of them being smaller, and three quarters of them being larger than Gear.

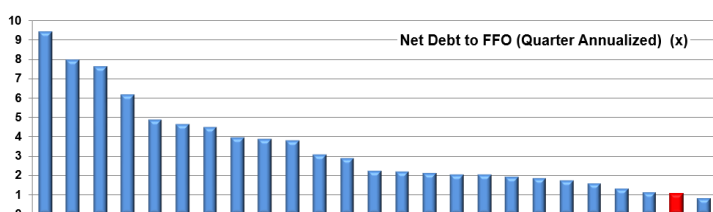


Now that all the peers have released their financial and operating results for the second quarter, it is possible to see how Gear ranks on a selection of key metrics. The next table is a list of all the key measures that we feel are important, and a summary of how Gear ranked in relation to the highlighted peer group.

Measures	Rank out of 26	Quartile
Liquid weighting %	1	1 <sup>st</sup>
Net debt to funds from operations ratio	2	1 <sup>st</sup>
Realized price	2	1 <sup>st</sup>
Funds from operations \$/boe	3	1 <sup>st</sup>
Interest expense % of revenue	4	1 <sup>st</sup>
Net debt + ARO to FFO ratio	5	1 <sup>st</sup>
TOTAL Cash Costs % of revenue	7	1 <sup>st</sup>
Operating costs % of revenue	7	1 <sup>st</sup>
Field netback % of revenue	11	2 <sup>nd</sup>
G&A costs % of revenue	12	2 <sup>nd</sup>
Hedging gains % of revenue	18	3 <sup>rd</sup>
Royalty % of revenue	22	4 <sup>th</sup>
DAFFO Trading Multiple	24	4 <sup>th</sup>
Average Daily Production	24	4 <sup>th</sup>

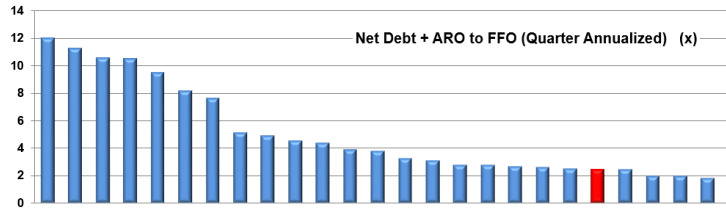
Of the 14 key metrics that we focus on, Gear ranked in the top 5 for over 40 per cent of them, and in the top quartile for the majority. Some of the most notable benchmarking charts are as follows, (with Gear in red):

With Gear's continued focus on strengthening the balance sheet, the second quarter yielded almost best in class for the ratio of net debt to annualized funds from operations.

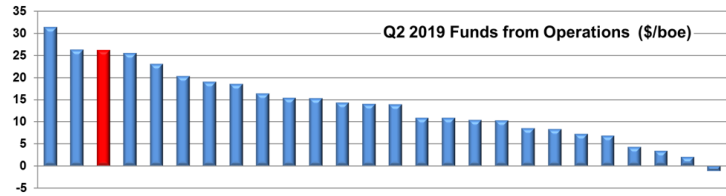


Gear also maintained a top quartile balance sheet position even when decommissioning liabilities, also known as abandonment and reclamation obligations (“ARO”), were included in the numerator.

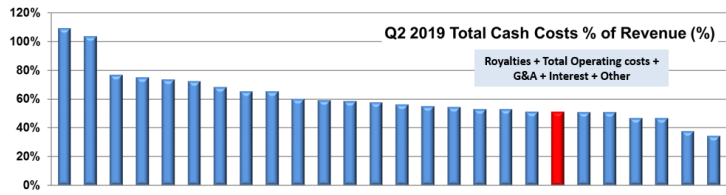
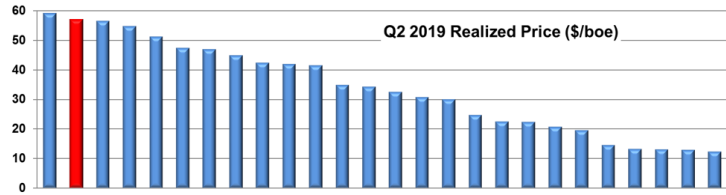
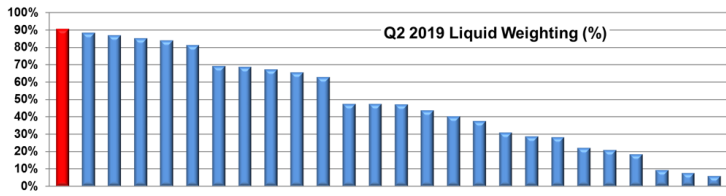
Despite continued external macro volatility, the team continues to focus on the fundamentals that truly drive the business, and this quarter was an exceptional demonstration of what Gear is capable of. Continued maintenance of these fundamentals will help support Gear’s strategy of balancing growth, balance sheet improvement, and soon the ability for share buy-backs.



The balance sheet ratios were boosted by very competitive funds from operations for the second quarter.



The top three position in funds from operations per boe was supported by a combination of high liquids weighting, strong realized prices, and low total costs as a percentage of revenue.



On a relative basis, the second quarter of 2019 was the best quarter that Gear has ever delivered, so far.

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](http://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](http://www.gearenergy.com) and at [www.sedar.com](http://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.**