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Monthly Update

FROM THE DESK OF INGRAM GILLMORE, PRESIDENT & CEO

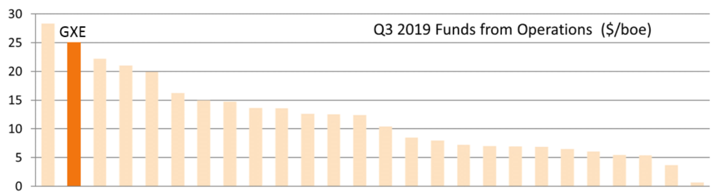
We regularly include the following data populated with estimated monthly results:

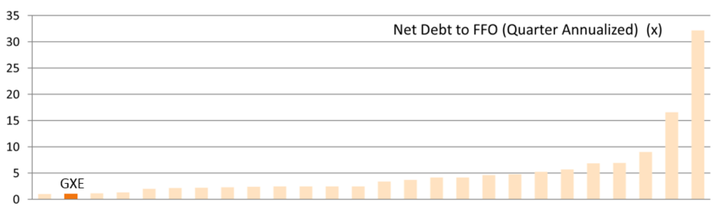
Capital * ($k CAD)	Q3 18	Q4 18	**2018**	Q1 19	Q2 19	19-Aug	19-Sep	Q3 19	19-Oct	**2019 YTD**
Drill & Complete	14,936	5,596	**27,607**	6,112	1,818	3,597	2,116	9,253	2,121	**19,303**
Facilities	3,490	5,137	**15,110**	2,676	1,658	908	1,267	3,505	1,628	**9,467**
Land & Seismic	39	34	**3,121**	671	31	12	5	19	8	**728**
A&D	65,471	301	**66,172**	-1,038	-163	0	115	115	82	**-1,004**
Other	285	-1,285	**-1,979**	-207	-173	50	-1,132	-977	-445	**-1,802**
TOTAL	**84,220**	**9,783**	**110,032**	**8,214**	**3,172**	**4,567**	**2,370**	**11,914**	**3,393**	**26,693**

Production (boe/d) *	Q3 18	Q4 18	2018	Q1 19	Q2 19	19-Aug	19-Sep	Q3 19	19-Oct	2019 YTD
Sales	**6,747**	**6,847**	**6,786**	**6,877**	**7,161**	**7,091**	**6,893**	**6,922**	**6,765**	**6,964**
Field	6,729	7,030	6,776	6,649	6,979	7,012	6,776	6,864	7,064	6,855

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

Gear's recently posted 2019 third quarter results benchmarked very well within the peer group. In particular, Gear ranked in the second best position for funds from operations ("FFO") per boe and the net debt to annualized FFO. The peer group is outlined in the current corporate presentation available at www.gearenergy.com.





One of the other themes in the new investor presentation is "torque to oil prices". The commentary being that Gear has two times FFO leverage to strengthening oil prices, which means that for every percentage increase in WTI oil prices, the current prediction is for a double percentage increase in Gear's FFO. That calculation was derived from a simple model of annualized results from the third quarter of 2019, run with various oil price sensitivities. The model uses the following constant values: 6,922 boe/d, 57% heavy oil, 30% light/medium oil, 10% gas and 3% NGL's, differentials to WTI of 22% WCS, 8% MSW and 8% LSB, exchange rate of 0.76, AECO gas price of $0.90/mcf, 12% royalties, operating costs of $17.20/boe and General & Administrative costs plus interest costs of $3.55/boe.

Using those third quarter actuals and running a sensitivity to $US WTI oil prices yields the following theoretical annualized funds from operations.

WTI ($/bbl)	55	65	75
Annual FFO ($MM)	58	80	102
Annual FFO/Share	0.26	0.36	0.46

To take the model a little further we need to add in an estimate of the capital required to theoretically maintain stable production levels. Although not yet confirmed with a detailed 2020 capital budget, a combination of 2019's estimated capital efficiency of $23,600/boe/d plus a historical multi-year average decline rate of approximately 30% would require just under $50 million of investment to maintain production at Q3 levels. If you subtract the maintenance capital from the estimated annual FFO numbers, the result is what we call Free FFO. If you go one step further and divide that Free FFO into the current $85 million Market Capitalization ($0.39 per share * 219 million shares) you get a Free FFO Yield.

WTI ($/bbl)	55	65	75
Annual FFO ($MM)	58	80	102
Maintenance Capital ($MM)	50	50	50
Free FFO	8	30	52
Free FFO Yield	9%	35%	61%

In this case, the torque to the upside is even more dramatic. The change in WTI oil prices modelled above, predict an estimated 5 to 15 times multiplier on the resulting increase in free FFO yield amounts.

It may seem like a stretch to be running models all the way up to $75/bbl, but is it really? It was only thirteen months ago that actual WTI oil prices were flirting with similar numbers.

If prices were to improve materially from current levels, the scale of strategic investment optionality for Gear would be immense. The high level case could theoretically support the ability to buy back more than half of Gear's outstanding shares, or it could result in the retirement of almost three quarters of the current net debt, or it could drive future production growth. Ultimately, our job will be to best allocate any free FFO we can generate between the these three options to maximize long-term value for Gear shareholders.

However, we do need to keep in mind that some of these options are more theoretical than others as they have real regulatory, physical or strategic restrictions that would limit the scale of any actual investment. Regardless, if we do find ourselves in a stronger price environment it is nice to know the potential scale of future capital allocation opportunities in relation to current valuations.

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.