Monthly Update

GEAR ENERGY

January 28, 2020

Vol. 6 Issue Year-end

FROM THE DESK OF INGRAM GILLMORE, PRESIDENT & CEO

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

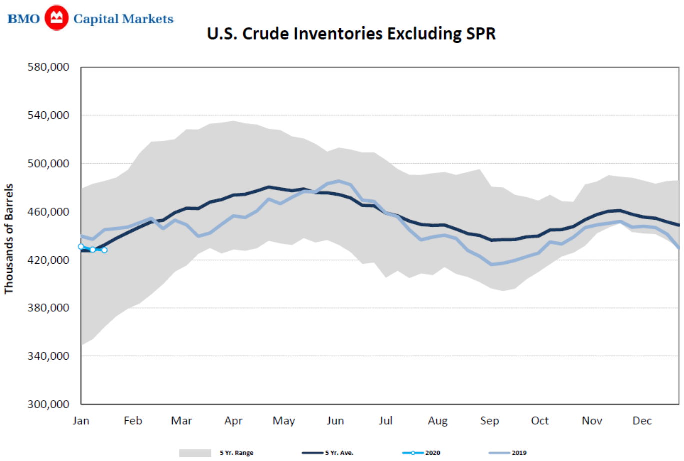
Capital * *($k CAD)*	Q4 18	**2018**	Q1 19	Q2 19	Q3 19	19-Oct	19-Nov	19-Dec	Q4 19	**2019**
Drill & Complete	5,596	**27,607**	6,112	1,818	9,253	2,121	4,343	2,607	9,071	**26,253**
Facilities	5,137	**15,110**	2,676	1,658	3,505	1,628	1,775	564	3,967	**11,806**
Land & Seismic	34	**3,121**	671	31	19	8	59	22	89	**810**
A&D	301	**66,172**	-1,038	-163	115	82	15	11	109	**-977**
Other	-1,285	**-1,979**	-207	-173	-977	-445	-138	60	-523	**-1,880**
TOTAL	**9,783**	**110,032**	**8,214**	**3,172**	**11,914**	**3,393**	**6,055**	**3,264**	**12,712**	**36,012**

Production (boe/d) *										
Sales	**6,847**	**6,786**	**6,877**	**7,161**	**6,922**	**6,765**	**7,170**	**6,739**	**6,888**	**6,962**
Field	7,030	6,776	6,649	6,979	6,864	7,064	6,949	6,739	6,917	6,853

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

This monthly update marks the conclusion of yet another dynamic year in the Canadian, and Global, energy business. As 2019 moves into the rear-view mirror, all eyes are on 2020 and what we might expect though this new year, and this new decade. So far, it appears that we are likely to continue the wild ride that has been the status quo for the last five years or so.

Eight days into the year, things looked rather promising as WTI oil prices broke through the upper side of US$65/bbl for the first time in almost a year. As a bellwether for global supply and demand fundamentals, the crude inventory balance in the United States was finally back on the underside of the five year average, and ongoing geopolitical risks were making it more and more difficult to believe that 2020 would be another year of crude over-supply.



However, the appetite for concerns about geopolitical supply risks waned quickly. Despite continued supply challenges across the globe, despite ongoing support from OPEC+ to keep the market in balance, and despite an unprecedented lack of new capital and equity to support any new North American growth, WTI prices demonstrated a hasty retreat from that positive first week.

And now, a few weeks later we have the threat of a new viral outbreak impacting sentiment and potentially energy demand. Three weeks into the year and already the volatility is moving off the charts with WTI now trading almost 20 per cent lower than it was a few short weeks ago.

The potential impacts of this new Coronavirus are completely uncertain at this point. We absolutely all hope that it is quickly contained and short lived, with as little impact on human life as possible. However, the only thing that we do know, is that the last time something like this occurred almost 20 years ago, it took a while for it to be overcome.

From an energy market perspective, it is encouraging that OPEC+ have reiterated their intention to keep markets in balance, and none of the other supply risks are going away any time soon.

Regardless of how this all unfolds, the team at Gear are no strangers to this kind of volatility and will continue to rely on the last five years of experience in working to overcome whatever challenges are presented to us. The world still needs Canadian energy to survive, and will for many years to come.

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.