Monthly Update

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FROM THE DESK OF INGRAM GILLMORE, PRESIDENT & CEO

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

Capital * ($k CAD)	Q1 19	Q2 19	Q3 19	Q4 19	**2019**	20-Mar	Q1 20	20-Apr	20-May	Q2 20 QTD	**2020 YTD**
Drill & Complete	6,112	1,818	9,253	9,071	**26,253**	1,686	7,907	310	-1	309	**8,216**
Facilities	2,676	1,658	3,505	3,967	**11,806**	593	3,037	-235	39	-196	**2,840**
Land & Seismic	671	31	19	89	**810**	4	131	6	37	43	**174**
A&D	-1,038	-163	115	109	**-977**	0	3	0	0	0	**3**
Other	-207	-173	-977	-523	**-1,880**	-39	26	-7	-37	-44	**-18**
TOTAL	**8,214**	**3,172**	**11,914**	**12,712**	**36,012**	**2,245**	**11,104**	**74**	**38**	**112**	**11,216**

Production (boe/d) *											
Sales	**6,877**	**7,161**	**6,922**	**6,888**	**6,962**	**6,677**	**6,744**	**3,472**	**1,319**	**2,378**	**4,992**
Field	6,649	6,979	6,864	6,917	6,853	6,633	6,688	4,279	1,343	2,787	5,122

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

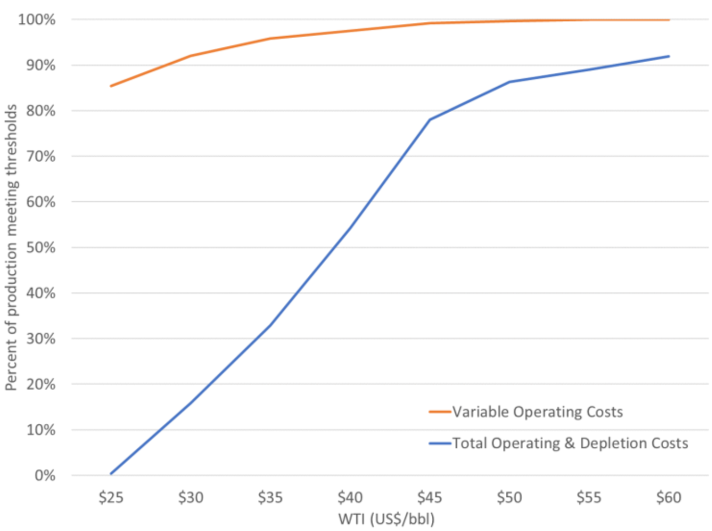
On April 16, 2020, Gear issued a press release; *Gear Energy Provides Revised Outlook for the Second Quarter*. Within that release we outlined that production would be proactively adjusted downward to maximize funds from operations. Estimates for April and May were approximately 3,600 boe/d and 800 boe/d, respectively. Actuals were approximately 3,500 boe/d and 1,300 boe/d with variances as a result of third party volumes and timing. Due to the low pricing experienced through April and May and the relative strength of the hedging program, any variation in produced volumes would have minimal impact on the financial results.

Fortunately, WTI oil prices have started showing signs of life, bouncing back from the historic negative prices experienced in late April to now intermittently breaking above US$40/bbl. That is a price not seen since COVID-19 hit the radar screens with ferocity back in early March. The increasing prices bring renewed focus to clarifying the thresholds required to incentivize bringing production back online.

At Gear, there are at least two goal posts that need to be considered when looking at restarting production, one short-range, and one longer-range. The short-range goal is to maximize current net operating income so as to not erode any of the hedging gains, thus maximizing the resulting funds from operations. This can be achieved by ensuring that oil prices match or are in excess of the variable cost of operations before producing a well. At extremely low prices it is more a target of reducing net operating losses to as small amounts as possible.

The longer-range goal for production restarting is to target, at a minimum, a return of the capital that was invested to achieve that production in the first place. A simplistic version of achieving this goal is to include the fixed operating costs and the depletion costs into the pricing thresholds.

At Gear we have a model that plots out these two goals versus oil prices and provides us a range of guidance on how much production we should consider restarting. The detailed model includes every Gear well, their individual cost structures and their associated area depletion costs. Area estimates for realized pricing are modelled with various differential percentages as per the forward curve from June to Dec 2020, and fixed exchange rates. The resulting thresholds for restarts are very wide, with today's approximate US$40/bbl WTI indicating that between 55% and 98% of Gear's production could be on production and delivering some kind of positive value.



With only 20% of Gear's production actually on during the month of May, it is quite encouraging that recent pricing looks strong enough for us to consider approaching normal operations once again. Stay tuned for more details on future production as we continue to monitor price levels and stability.

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.