

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

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

<b>Capital *</b> (\$k CAD)	Q1 19	Q2 19	Q3 19	Q4 19	2019	Q1 20	Q2 20	20-Sep	Q3 20	20-Oct	20-Nov	Q4TD 20	2020 YTD
Drill & Complete	6,112	1,818	9,253	9,071	26,253	7,907	341	24	106	83	7	89	8,444
Facilities	2,676	1,658	3,505	3,967	11,806	3,037	-98	235	676	163	0	163	3,778
Land & Seismic	671	31	19	89	810	131	49	7	18	5	9	13	212
A&D	-1,038	-163	115	109	-977	3	0	0	0	0	0	0	3
Other	-207	-173	-977	-523	-1,880	26	-54	-3	-85	-11	-19	-30	-142
<b>TOTAL</b>	<b>8,214</b>	<b>3,172</b>	<b>11,914</b>	<b>12,712</b>	<b>36,012</b>	<b>11,104</b>	<b>238</b>	<b>264</b>	<b>716</b>	<b>239</b>	<b>-3</b>	<b>236</b>	<b>12,293</b>

  

<b>Production (boe/d) *</b>	Q1 19	Q2 19	Q3 19	Q4 19	2019	Q1 20	Q2 20	20-Sep	Q3 20	20-Oct	20-Nov	Q4TD 20	2020 YTD
Sales	6,877	7,161	6,922	6,888	6,962	6,744	2,749	6,654	5,867	5,828	5,746	5,788	5,244
Field	6,649	6,979	6,864	6,917	6,853	6,688	3,072	5,980	5,612	5,992	5,900	5,947	5,275

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

We are just over a week away from the end of the year. And what an “interesting” year it has been. Although it is certainly one of the most memorable years of my entire career, most folks in the energy sector would likely prefer to forget it ever happened.

I could write an entire letter on every challenge that appeared through 2020, but that subject is starting to get old as the media seems intent to find a new bad news story every day.

Perhaps a better way to end the year would be to focus on three noteworthy positives throughout the year.

The biggest accomplishment for Gear in 2020 was the significant debt reduction that was delivered through the year. Gear is on track to reduce net debt by 35% from Q1 2020 to Q4 2020. A substantial result considering it will be accomplished without selling any assets or raising any new equity. The only sacrifice was capital curtailment which resulted in an approximate 15% decline in production over the same period. At the end of the year Gear is on track to deliver one of the strongest balance sheets in the junior public energy space.

The second positive result delivered by the Gear team was the de-risking of two potential new core oil development areas. A new McLaren heavy oil play in Frenchman’s Butte Saskatchewan and a new medium oil play in Provost Alberta. With continued success these areas could become meaningful contributors to future production and funds flow for Gear.

The third positive achievement at Gear in 2020 was the successful expansion of secondary waterflood recovery schemes in both Killam, Alberta and Wilson Creek, Alberta. Two areas that we hope will deliver nice low decline production for many years to come.

These are just three of the noteworthy positive outcomes provided by the Gear team through this challenging year. And now with a newly approved \$20 million capital budget for 2021, here is hoping the team can do it all over again next year. (Without as much external volatility, hopefully).

From our team to yours, we wish you all the best through this holiday season and we look forward to a happy new year.

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.**