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Monthly Update

FROM THE DESK OF INGRAM GILLMORE, PRESIDENT & CEO

Gear is pleased to provide the following key operational and financial information for investors:

	Q1 20	Q2 20	Q3 20	Dec-20	Q4 20	2020	Jan-21	Feb-21	2021 TD
WTI Benchmark Price ($US/bbl)	46.17	27.85	40.93	47.07	42.66	39.40	52.10	59.06	55.58
WCS Heavy Oil Differential ($US/bbl)	(20.53)	(11.47)	(9.09)	(9.75)	(9.31)	(12.60)	(12.06)	(13.93)	(13.00)
MSW Light Oil Differential (US$/bbl)	(7.58)	(6.14)	(3.51)	(4.57)	(4.07)	(5.33)	(5.78)	(5.68)	(5.73)
Funds from Operations ($MM)	6.3	8.1	10.8	2.6	8.3	33.4	2.7	2.1	4.9
Capital and Abandonment Expenditures ($MM)	11.8	0.3	0.8	0.3	0.5	13.4	3.5	3.0	6.5
Net Debt ($MM)	80.3	70.2	60.5	52.9	52.9	52.9	53.1	54.0	54.0
Production (boe/d)	6,744	2,749	5,867	5,887	5,821	5,298	5,487	5,140	5,323

Note: All items are based on estimates; actuals will vary from estimates due to accruals and adjustments. Such variances may be material.

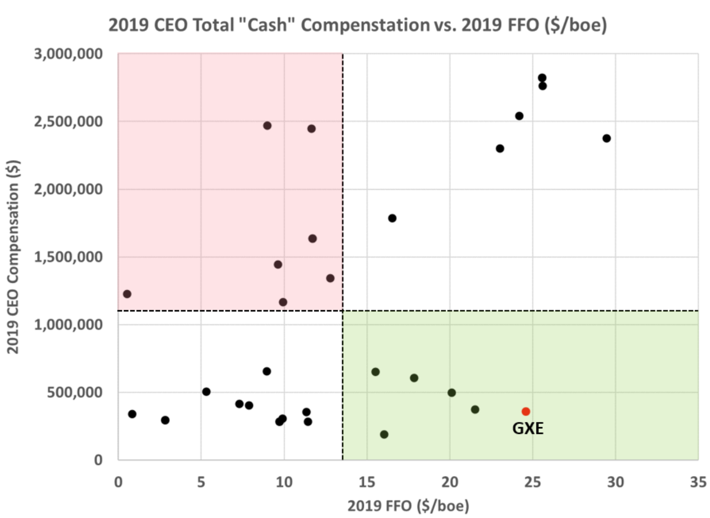
As we approach the latter half of March, we are getting very close to, or perhaps already fully into, annual Spring breakup in Canada. This year it is a somewhat welcome relief after the brutal cold snap that hit most of North America in February. Fortunately, despite the weather, Gear was able to fully complete its 10 well heavy oil drilling program in Paradise Hill and although there were some cold related production challenges in February, we were able to overcome them and return corporate volumes back to January levels by the end of the month. Now we will enter March with strong production and even stronger pricing.

The other sign that we are approaching Spring, is the onset of annual reporting season, specifically the requirements to file an Annual Information Form and a Management Information Circular. Although these documents can be somewhat burdensome to prepare, they contain a multitude of useful information that can assist Gear, and other companies in assessing value and comparing results with peers.

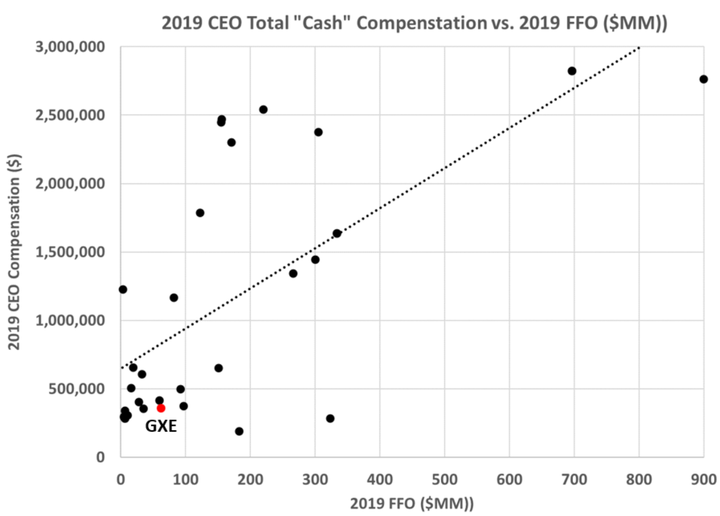
At Gear we like our benchmarking. We continue to believe that we should strive to be a standout choice for energy investors by working every day to try and outperform our peers, regardless of their commodity choice or scale. To us, the most interesting part of the information circulars, is that investors gain a rare insight into annual executive compensation. They get to see how management and directors set their goals, how they did in relation to those goals and how they chose to compensate themselves for achieving (or missing) those goals. Like every other performance measure, Investors should always be keeping an eye on these results and ensuring that they are getting good shareholder value for the funds that a company chooses to direct towards compensation.

It can be difficult to analyze at times, but we will give it a shot using the 2019 information circular data that we compiled from 28 of our public peers. (Most companies have not released their 2020 data yet). We took a simple measure of a company's performance in 2019, the annual Funds From Operations ("FFO") delivered on a dollar per boe basis for the year. Then we cross plotted this value against the total "cash" compensation for the respective CEOs. In this case the "cash" portion includes base salary, any cash performance bonus, benefits, share purchase plans, and the cash value of share rights plans (if any). In a perfect world one might expect to see a relatively linear relationship where strong FFO generation is correlated to higher CEO compensation and vice versa. As you will see in the chart below there are certainly good examples of this being the case. The areas not highlighted are representative of exactly this relationship.

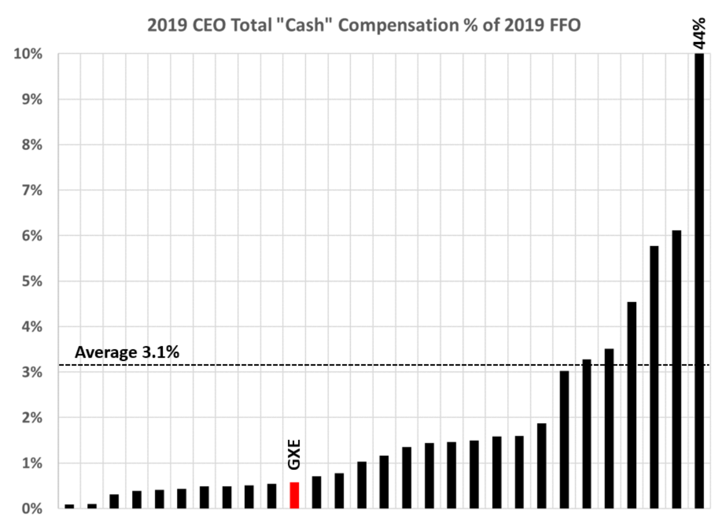
Then you have the outliers; The area where above average FFO per boe generation is being delivered with below average CEO compensation could be considered good value for investors, and alternatively the area where below average FFO per boe generation is matched with above average CEO compensation could be less desirable for investors.



However, a key variable that this chart is missing is scale. Although one could argue that a very large oil or gas producer should be able to significantly drive down per unit costs and deliver competitive FFO per boe, that is not always the case. Sometimes the focus is on delivering a higher volume at a lower margin. Therefore, another perspective on this analysis can be shown by converting the FFO per boe to straight up FFO in $ million per year. In this case, an investor should probably look at the companies that are displayed below the average trendline. Again, those companies are delivering better than average FFO proportional to the CEO total “cash” compensation.



One last way to look at this would be to rank the CEO total “cash” compensation as a percentage of the annual FFO delivered.



Regardless of which method of analysis one might prefer, the conclusion that should be noted is that Gear consistently ranks better than average each time.

The real interesting analysis will be “what does 2020 look like?”

As highlighted through multiple press releases, the Gear team made material sacrifices both in the office and in the field, including a 20% corporate rollback in compensation for the majority of 2020. These proactive actions were implemented in an effort to preserve and enhance company value through the extremely challenging environment experienced in 2020. Inclusive of these corporate costs savings measures was an estimated 40% reduction in the CEO total “cash” compensation from 2019 to 2020.

Despite these cost saving measures, from the data that has been released to date, it appears that Gear has continued to deliver top decile FFO generation per boe and very competitive FFO generation on an absolute basis compared to peers. It appears that Gear is likely to rank very strongly once all the data is available to perform this analysis again for 2020.

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 funds from operations 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 funds from operations, funds 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.