Monthly Update

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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	Q4 20	2020	Mar-21	Q1 21	Apr-21	May-21	Q2 21TD	2021 TD
WTI Benchmark Price ($US/bbl)	46.17	27.85	40.93	42.66	39.40	62.36	57.84	61.70	65.16	63.43	60.08
WCS Heavy Oil Differential ($US/bbl)	-20.53	-11.47	-9.09	-9.31	-12.60	-11.42	-12.47	-11.19	-10.38	-10.79	-11.80
MSW Light Oil Differential (US$/bbl)	-7.58	-6.14	-3.51	-4.07	-5.33	-4.26	-5.24	-2.34	-3.11	-2.73	-4.23
Funds from Operations ($MM)	6.3	8.1	10.8	8.3	33.4	3.4	8.3	3.7	4.5	8.1	16.4
Capital and Abandonment Expenditures ($MM)	11.8	0.3	0.8	0.5	13.4	1.8	8.3	0.5	2.4	2.9	11.2
Net Debt ($MM)	80.3	70.2	60.5	52.9	52.9	42.9	42.9	36.5	34.4	34.4	34.4
Production (boe/d)	6,744	2,749	5,867	5,821	5,298	5,357	5,335	5,534	5,439	5,486	5,396
Note: All items are based on estimates; actuals will vary from estimates due to accruals and adjustments. Such variances may be material.											

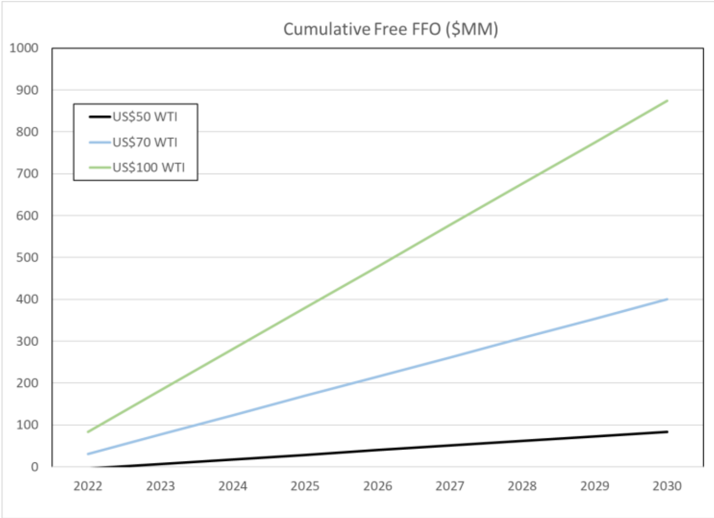
Through the recent backdrop of oil price improvements and increasing market enthusiasm, Gear has continued to deliver consistent production, while underspending funds from operations and reducing outstanding debt. All is continuing to go according to plan for 2021.

Under the bold assumption that things might continue to be positive for the energy business into 2022 and beyond, there is likely to be significant free funds from operations available to invest. For Gear, we built a simple model to try and gain perspective on the scale of these potential amounts to assist us in prioritizing the various ways we may choose to reinvest the proceeds.

The model is not a forecast. It is a simple directional indication of hypothetical potential using a set of rigid assumptions that are almost all going to be incorrect over the longer-term. We essentially start in 2022 with production of 5,700 boe/d, utilize a base decline estimate of 25% per year and a capital efficiency of $20,000/boe/d to replace production. These estimates combined, yield the conclusion that approximately $28.5 million of FFO would be required annually to keep production flat at 5,700 boe/d.

Then to layer in a sensitivity to oil prices we had to model a simple stepdown from US WTI prices to an estimate of FFO per boe. The assumptions we used were, Differentials to WTI of 20.5% for WCS and 7.0% for MSW and LSB, fx of 0.80, AECO gas of $3/mcf, 10% royalties, $18.50 per boe opex and $3.00 per boe of G&A and interest. The production split we assumed to be 56% heavy oil, 24% light oil, 5% medium oil, 11% gas and 4% NGL's.

The model starts 2022 with the forecasted year-end 2021 net debt of $15 million as disclosed in our May 5, 2021 press release. Any hedging contracts from 2022 onward were excluded from the model. The results were run at three flat price decks of US $50, $70 and $100 WTI from 2022 to 2030. The FFO in 2022 is used to fund the $28.5 million capital program (to theoretically keep production flat) and to retire the 2021 net debt. The remaining FFO in 2022 is "free FFO". That amount is carried over to the next year and added to the next year's free FFO and so on.



Over the nine-year period, this model shows the capability of delivering cumulative free FFO of anywhere between approximately $0.30 per share to over $3.30 per share, assuming current share count. If this scale of FFO generation truly came to fruition, Gear would have multiple options to reinvest in any or all of the currently contemplated strategic options of share buy-backs, dividend payments, A&D opportunities and growth.

It will be interesting to see what influence the macro market will have on the future capital allocation decisions. Will there be appetite for growth? Will there be demand for yield? It is difficult to say. However, the good news is that Gear is already well on its way to being in the strong financial position required to be able to execute on any of these future strategies in a meaningful way.

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.