March 18, 2022
Vol. 9 Issue 2

Monthly Update

FROM THE DESK OF INGRAM GILLMORE, PRESIDENT & CEO

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

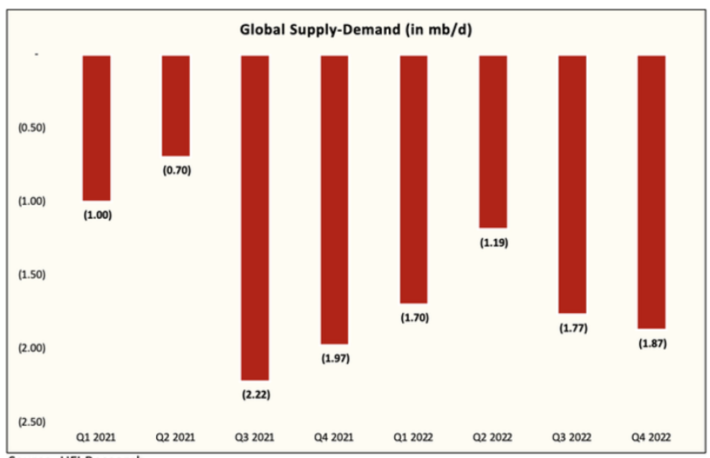
	Q1 21	Q2 21	Q3 21	Dec-21	Q4 21	2021	Jan-22	Feb-22	Q1 22	2022 TD
WTI Benchmark Price ($US/bbl)	57.84	66.07	70.56	71.69	77.19	67.57	82.98	91.63	87.31	87.31
WCS Heavy Oil Differential ($US/bbl)	(12.47)	(11.49)	(13.58)	(18.58)	(14.63)	(12.45)	(17.38)	(12.53)	(14.96)	(14.96)
MSW Light Oil Differential (US$/bbl)	(5.24)	(3.11)	(4.08)	(3.89)	(3.10)	(3.88)	(4.77)	(2.40)	(3.59)	(3.59)
Funds from Operations ($MM)	8.3	12.2	16.0	4.3	17.9	54.4	5.2	5.3	10.6	10.6
Capital and Abandonment Expenditures ($MM)	8.3	6.0	10.3	0.9	5.9	30.5	2.9	3.5	6.4	6.4
Net Debt ($MM)	42.9	33.4	27.9	15.8	15.8	15.8	13.5	11.7	11.7	11.7
Production (boe/d)	5,335	5,440	5,859	5,725	6,059	5,676	5,455	5,772	5,605	5,605

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

What a year it has been so far. WTI oil prices have continued their multi-year trend of exceptional volatility, and while lately the trend has mostly been upwards, there have been multiple bumps along the way. *(Source BNN Bloomberg)*

The recent news has been dominantly revolving around the unnecessary war in the Ukraine. However, even prior to that terrible event, there have been multiple warning signs that a supply/demand imbalance in the oil markets was on the way. Some of the key observations I have been reading include:

- US oil production has been flat to down since December of 2021, with most 2022 growth predictions coming far short of the peak production seen in 2019.
- Although OPEC + Russian crude exports are above 2021 levels they are still materially off the levels seen in 2019 and 2018. (And this is before the impact of any sanctions on Russia).
- With the pandemic ending, economies opening, and pent-up travel demand increasing, many analysts are predicting a much higher increase in demand through 2022 than what the IEA, EIA or OPEC are predicting.
- Although higher prices typically catalyze concerns of demand destruction, even with recent increases, energy costs (US gasoline in particular) are at only a fraction of the historical percentage of personal consumption.
- Even before the war, there was a persistent supply/demand deficit in the oil market that many were predicting would continue throughout 2022.

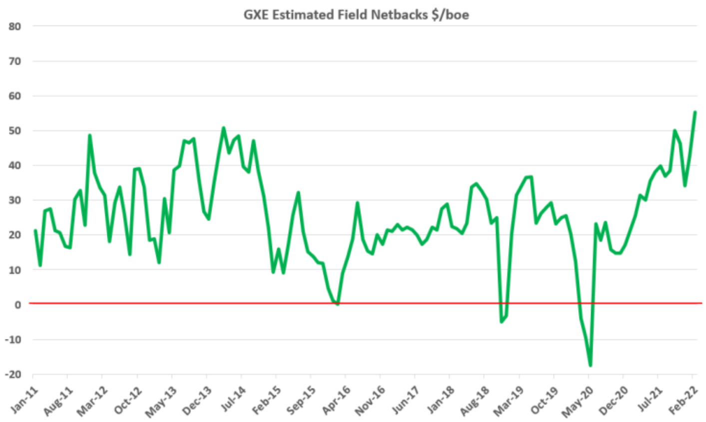


Source: HFI Research

All in all, it seems to be that while we should expect continued volatility, hopefully this time there is more of a bias to the upside.

Research courtesy of HFI Research.
https://seekingalpha.com/author/hfir

A little closer to home, in February the US WTI oil price averaged $91.63 per barrel. That price helped Gear to deliver an estimated field netback of CAD $55.27 per boe in February, the highest that Gear has ever achieved (so far).



Additionally, as was mentioned in the January shareholder update, Gear built an inventory of approximately 10,000 barrels of excess saleable oil through that month. That same oil remained in inventory through February as well. The current intention is to sell that oil in March and to exit the first quarter with normal operating levels of inventory. With the current forecast for March WTI at over US$105 per barrel with similar differentials to February, the decision to delay the sale of that inventory will likely be a good one.

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.