JOURNEY
ENERGY INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS – 2018

The following Management's Discussion and Analysis ("MD&A") was prepared on March 11, 2019 and is management's assessment of Journey Energy Inc.'s ("Journey" or the "the Company") financial and operating results for the three and twelve months ended December 31, 2018 and 2017. This MD&A should be read in conjunction with the audited consolidated financial statements of the Company for the twelve months ended December 31, 2018 and 2017 along with the notes related thereto.

Additional information on the audited consolidated financial statements, this MD&A and other factors that could affect the Company's operations and financial results are included in Management's Report to shareholders included with the financial statements. Furthermore, the forward-looking statements contained in this MD&A are made as of the date of this MD&A and the Company does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws. The Company's forward-looking statements are expressly qualified in their entirety by this cautionary statement.

Journey prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Forward-Looking Information

This MD&A contains forward-looking statements. More particularly, this MD&A contains statements concerning anticipated: (i) timing and completion of the acquisitions, expectations and assumptions concerning timing of receipt of required regulatory approvals and the satisfaction of other conditions to the completion of the acquisitions, (ii) potential development opportunities and drilling locations associated with the acquisitions, expectations and assumptions concerning the success of future drilling and development activities, the performance of existing wells, the performance of new wells, the successful application of technology and the geological characteristics of the acquisitions, (iii) oil and natural gas production growth during 2018 (iv) debt and bank facilities, (v) capital expenditures, (vi) primary and secondary recovery potentials and implementation thereof, (vii) decline rates, (viii) funds from operations, (ix) operating and funds flow netbacks, (x) operating expenses, (xi) general and administrative expenses, and (xii) realization of anticipated benefits of acquisitions.

The forward-looking statements are based on certain key expectations and assumptions made by Journey, including expectations and assumptions concerning the performance of existing wells and success obtained in drilling new wells, anticipated expenses, funds flow and capital expenditures, the application of regulatory and royalty regimes, prevailing commodity prices and economic conditions, development and completion activities, the performance of new wells, the successful implementation of waterflood programs, the availability of and performance of facilities and pipelines, the geological characteristics of Journey's properties, the successful application of drilling, completion and seismic technology, prevailing weather conditions, exchange rates, licensing requirements, the impact of completed facilities on operating costs and the availability, costs of capital, labour and services, and the creditworthiness of industry partners.

Although Journey believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because Journey can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, risks associated with the oil and gas industry in general (e.g., operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses, and health, safety and environmental risks), commodity price and exchange rate fluctuations and constraint in the availability of services, adverse weather or break-up conditions, and uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures. Certain of these risks are set out in more detail in this MD&A under the heading 'Risk Factors'.

The following table outlines Journey's updated forward-looking information included in, and as of the date of this MD&A and has been updated from previous forward-looking information. The disclosure below is intended to provide the reader with the key assumptions that the forward looking information is based upon and the relevant risk factors that would be considered key in preventing Journey from achieving these results. This table also represents Journey's outlook for the balance of 2019:

2019 Annual Guidance	Key Assumptions	Relevant Risk Factors
Production volumes for 2019 between 9,200 and 9,600 boe/d	Completion of the budgeted drilling program and no significant 3rd party facility or pipeline outages.	Well performance; 3rd party outages; drilling success; and acquisitions & divestitures
2019 Funds Flow from operations of $33 - $37 million	Dependent on: Journey achieving average production of oil, NGL and natural gas as per guidance; realizing forecasted average commodity prices of: USD $58.50/bbl WTI; AECO natural gas prices of $1.90/mcf; and using an average US/CAN exchange rate of $0.76	WTI oil prices; Edmonton par differentials; adequate transportation of oil; AECO gas prices; Journey well performance, downtime and drilling success
2019 exploration and development capital spending program of $30 million	The E&D program will focus mainly on drilling 11 (11.0 net) wells, and certain exploitation projects.	Achieving the projected funds flow from operations; maintaining the existing banking credit facility
Net debt of between $128 - $132 million by the end of 2019	Mainly dependent on commodity prices achieving forecast amounts	Commodity prices
Operating (net of recoveries) and transportation costs per boe in the low $14/boe range	Achieving projected production volumes; no significant changes to cost structures; and no significant operational issues or unplanned workovers or turnarounds	Projected production volumes not achieved; third party oil processing capacities; operating cost increases due to inflation and/or improvement in industry conditions
Cash financing costs (interest and bank fees) costs of approximately $2.00/boe	Bank prime rates and renewal fees remaining at current levels. No significant inflation above current levels	Bank prime rate increases beyond small increments
General & administrative costs of approximately $2.65/boe (net of capitalized G&A and recoveries)	No significant changes to currently projected activity levels	G&A is reasonably predictable as they are mainly fixed costs such as rent and salaries

Non-GAAP Measures

In this MD&A, we refer to financial measures that do not have any standardized meaning as prescribed by General Accepted Accounting Principles ("GAAP"). These non-GAAP financial measures are line items, headings or subtotals in addition to those required under GAAP, and financial measures disclosed in the notes to the most recently audited consolidated financial statements which are relevant to an understanding of the financial statements and are not presented elsewhere in the financial statements. These measures have been described and presented in order to provide shareholders and potential investors with additional measures for analyzing our ability to generate funds to finance our operations and information regarding our liquidity. Users are cautioned that non-GAAP financial measures presented by the Corporation may not be comparable with measures provided by other entities. Below are the non-GAAP measures that Journey uses in these MD&A.

"Funds Flow" is calculated by taking "cash flow provided by operating activities" from the financial statements and removing: changes in non-cash working capital; transaction costs; and decommissioning costs. Funds flow per share is calculated as funds flow divided by the weighted-average number of shares outstanding in the period. Because funds flow and funds flow per share are not impacted by fluctuations in non-cash working capital balances, we believe these measures are more indicative of performance than cash from operating activities. In addition, Journey excludes transaction costs from the calculation of funds flow as these expenses are generally in respect of capital acquisition transactions. The Company considers funds flow as a key performance measure as it demonstrates the Company's ability to generate funds necessary to repay debt and to fund future growth through capital investment. Journey's determination of funds flow may not be comparable to that reported by other companies. The reconciliation between cash from operating activities on the consolidated financial statements, and funds flow can be found in the table below. Journey also presents funds flow per share where per share amounts are calculated using the weighted average shares outstanding consistent with the calculation of net income (loss) per share, which per share amount is calculated under IFRS and is more fully described in the notes to the audited consolidated financial statements.

This MD&A uses the term "**netback(s)**". The Company uses netbacks to help evaluate its performance; leverage; liquidity; comparisons with peers; as well as to assess potential acquisitions and divestitures. Management considers netbacks as a key performance measure as it demonstrates the Company's profitability relative to current commodity prices. They are also used by Management in operational and capital allocation decision. Netbacks are comprised of three main operating subtotals: operating, funds flow and net income (loss). Operating netback is calculated as the average sales price of Journey's commodities (excluding financial hedging gains and losses) less royalties, transportation costs and operating expenses. Funds flow netback starts with the operating netback and deducts general and administrative costs, interest expense and then adds or deducts any realized gains or losses on derivative contracts. To calculate the net income (loss) netback, Journey takes the funds flow netback and adds or deducts all non-cash expenses which includes: unrealized gains/losses on derivative contracts; share-based compensation expense; depletion; depreciation; accretion; gains and losses on dispositions of assets; impairments; exploration and evaluation expenses; asset impairments and reversals; and deferred income taxes. There is no GAAP measure that is reasonably comparable to netbacks.

"**Net operating expense(s)**" are calculated by taking the operating expenses in the statement of profit and loss and subtracting the income related to Journey's field activities, which is reflected in the statement of profit and loss as "other income". The activities that generate this income include: processing income from jointly or wholly owned gas plants and oil batteries; oil treating income; transporting third party gas and oil through gathering and sales pipelines; and water disposal fees. Journey considers this income to be ancillary to its main operations as the various operations generating this income also process Journey's own production volumes. They are not considered to be separate profit centers and insignificant internal resources are devoted to generating this income. Therefore, for purposes of these MD&A, Journey considers it more appropriate to show this income as a cost recovery and therefore nets these amounts with field operating expenses.

The reconciliation of funds flow from operations to the GAAP measured cash flow provided by operating activities is presented in the following table:

	Three months ended December 31,			Twelve months ended December 31,		
	2018	2017	% Change	**2018**	2017	% Change
Cash flow provided by operating activities	**(4,638)**	11,309	(141)	**15,415**	36,798	(58)
Add (deduct):						
Changes in non-cash working capital	**4,384**	(1,727)	354	**1,396**	(7,127)	120
Transaction costs	**23**	14	64	**194**	628	(69)
Decommissioning costs incurred	**189**	233	(19)	**1,288**	827	56
Funds Flow	**(42)**	9,829	(100)	**18,293**	31,126	(41)

Net debt is used to assess efficiency, liquidity and general financial strength of the Company. In addition, it is used as a comparison tool to assess financial strength in relation to Journey's peers. Net debt as at the end of each year-end is as follows:

	December 31, 2018	December 31, 2017	% Change
Principal amount of bank indebtedness, less cash in bank	**76,509**	61,773	24
Principal amount of promissory notes	**52,000**	30,000	73
Accounts payable and accrued liabilities	**16,878**	28,290	40
Deferred lease obligation	**326**	388	(16)
Deduct:			
Accounts receivable	**(9,220)**	(16,111)	(43)
Prepaid expenses	**(1,858)**	(1,319)	41
Net debt	**134,635**	103,021	31

Abbreviations and BOE Advisory

bbl	Barrel
bbls	Barrels
bbl/d	Barrels per day
boe	Barrels of oil equivalent
boe/d	Barrels of oil equivalent per day
CAD	Canadian dollars
gj	Gigajoules
Mbbls	Thousand barrels
MMBtu	Million British thermal units
NGL's	Natural gas liquids
Mcf	Thousand cubic feet
Mcf/d	Thousand cubic feet per day
Mboe	Thousand boe
USD	United States dollars
WCS	Western Canada Select oil price
WTI	West Texas Intermediate oil price

Where amounts are expressed in a barrel of oil equivalent ("boe"), or barrel of oil equivalent per day ("boe/d"), natural gas volumes have been converted to barrels of oil equivalent at six (6) thousand cubic feet ("Mcf") to one (1) barrel. Use of the term "boe" may be misleading particularly if used in isolation. The boe conversion ratio of 6 Mcf to 1 barrel ("Bbl") of oil or natural gas liquids is based on an energy equivalency conversion methodology primarily applicable at the burner tip, and does not represent a value equivalency at the wellhead. This conversion conforms to the Canadian Securities Regulators' National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities*.

Amounts

All dollar amounts quoted are in thousands of Canadian dollars unless otherwise noted. All share data is quoted in thousands of shares, except per share data or as specifically otherwise noted.

HIGHLIGHTS FROM THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2018

Financial

Attributable primarily to the significantly widened Alberta differentials in oil prices, Journey's Funds Flow was slightly negative at $42 in the fourth quarter of 2018 bringing the year to date amount to $18,293. This translates into $0.46 per basic share and $0.45 per diluted share. Journey had a net loss of $16,180 in the fourth quarter or $0.41 per basic and diluted share and a loss of $37,447 for the year ended December 31 ($0.94 per basic and diluted share). Journey exited 2018 with net debt of $134,635. At the end of the quarter, Journey was drawn approximately $75,500 on its $100,000 syndicated bank facility.

Capital program

During the fourth quarter, the Company conserved cash by limiting spending on capital projects to only necessary expenditures. $1,125 was spent in the quarter primarily on facility work and a small accretive acquisition. For the entire year net capital spending was $26,644 including 9.0 net wells being drilled. During 2018 the Company disposed of three minor non-core properties yielding proceeds of $5,294. These properties cumulatively had less than 150 boe/d of production associated with them and consequently there was limited impact on average production volumes.

Production

Production volumes decreased slightly in the fourth quarter to 9,921 boe/d from 10,227 boe/d in the third quarter and 10,521 boe/d in the fourth quarter of 2017. No new wells were drilled in the fourth quarter and the Company tried to minimize oil production volumes with certain wells being shut-in during December as the unusually low realized oil prices yielded little or no cash flow from our highest operating cost oil properties.

Outlook

Throughout the first eight months of 2018 oil prices experienced an upward trend until September when the combination of declining WTI prices and widening Alberta differentials took their toll throughout the fourth quarter. Realized oil prices dropped in September by $10/bbl from August and then continued their descent to a realized price of $10.78/bbl CAD in December. Oil prices then responded positively in late December as the Alberta Government initiative to restrict oil production had a positive impact on the oil differentials. As a result, Journey's realized oil prices started 2019 significantly higher than what was realized in December. Natural gas prices have seen some price strengthening in January and February with extraordinarily cold weather in the eastern part of North America. Regardless, Journey is being cautious with its capital spending as it exited 2018 with higher net debt levels than anticipated at the beginning of the year. For 2019 forecasting purposes, Journey is using an average WTI price of $58.50 USD and $1.65/mcf CAD for AECO natural gas, which includes the impact of our market diversification strategy. Improving the balance sheet continues to be of paramount importance to Management. Journey will continue to explore all avenues to reduce debt levels including asset sales and minimizing capital spending. For 2019 we anticipate operating expenses (net of recoveries) to be in the $13.75/boe range, while transportation costs are expected to average in the $0.50/boe range. Capital spending is currently budgeted at $30 million with a forecast eleven net wells being drilled throughout the year. With this level of spending we anticipate production levels to average between 9,200-9,600 boe/d.

DETAILED FINANCIAL REVIEW

PRODUCTION REVENUE AND VOLUMES

Daily Sales Volumes

Daily sales volumes decreased 6% to 9,921 boe/d for the fourth quarter of 2018 from 10,521 boe/d in the fourth quarter of 2017. The decrease was mainly attributable to natural declines as no new wells were drilled in the fourth quarter. In addition, Journey shut-in certain oil volumes on a temporary basis in late November and December given that the realized oil prices collapsed to below $10/bbl. NGL volumes decreased by 25% in the fourth quarter of 2018 as an adjustment from a gas plant operator was made during this period. For the twelve month periods, daily sales volumes increased 1% to 10,075 boe/d for 2018 from 9,962 boe/d in 2018.

	Three months ended December 31,			Twelve months ended December 31,		
	2018	**2017**	% Change	**2018**	**2017**	% Change
Natural gas (Mcf/d)	**31,996**	**34,349**	(7)	**32,083**	**32,413**	(1)
Crude oil (Bbl/d)	**3,971**	**3,971**	-	**4,067**	**3,914**	4
Natural gas liquids (Bbl/d)	**617**	**825**	(25)	**661**	**646**	2
Barrels of oil equivalent (boe/d)	**9,921**	**10,521**	(6)	**10,075**	**9,962**	1

Daily BOE production for the twelve months ended December 31, 2018 and 2017 are shown by Journey's operating properties as follows:

	Three months ended December 31,			Twelve months ended December 31,		
Area	**2018**	**2017**	% Change	**2018**	2017	% Change
Cherhill	**994**	925	7	**982**	852	15
Countess	**2,289**	2,896	(21)	**2,431**	2,997	(19)
Crystal	**1,119**	1,512	(26)	**1,246**	1,352	(8)
Matziwin	**1,903**	1,159	64	**1,637**	1,219	34
Gilby	**1,636**	2,059	(21)	**1,790**	1,551	15
Alberta other	**1,980**	1,970	1	**1,989**	1,991	-
Total	**9,921**	10,521	(6)	**10,075**	9,962	1

The successful drilling results in Matziwin was instrumental in increasing the production in that area. 2 (2.0 net) wells were drilled in January and 3 (3.0 net) were drilled in June.

Aggregate Sales Volumes

Aggregate production volumes decreased 6% during the fourth quarter of 2018 to 912,712 boe as compared to 967,918 boe for the fourth quarter of 2017. For the twelve month comparative periods, aggregate production volumes increased by 1% from 3,636,193 boe in 2017 to 3,677,446 boe in 2018.

	Three months ended December 31,			Twelve months ended December 31,		
	2018	2017	% Change	**2018**	2017	% Change
Natural gas (Mcf)	**2,943,670**	3,160,152	(7)	**11,710,330**	11,830,756	(1)
Crude oil (Bbl)	**365,340**	365,304	-	**1,484,484**	1,428,789	4
Natural gas liquids (Bbl)	**56,760**	75,922	(25)	**241,240**	235,611	2
Barrels of oil equivalent (boe)	**912,712**	967,918	(6)	**3,677,446**	3,636,193	1

For the fourth quarter, natural gas production contributed 54% (2017 – 54%) of total volumes, oil volumes were 40% (2017 – 38%) and NGL's were 6% (2017 – 8%). Of the total volumes for the twelve months ended December 31, 2018 natural gas production contributed 53% which was similar to the 54% in 2017; oil was 40% as compared to 39% in 2017 and NGL's were 7% for 2018 (2017 – 6%).

Volumetric Product Mix

	Three months ended December 31,			Twelve months ended December 31,		
% of Aggregate Production	**2018**	2017	% Change	**2018**	2017	% Change
Natural gas	**54**	54	-	**53**	54	(2)
Crude oil	**40**	38	5	**40**	39	3
Natural gas liquids	**6**	8	(25)	**7**	7	-
Total	**100**	100		**100**	100	

Benchmark Indices

	Three months ended December 31,			Twelve months ended December 31,		
	2018	2017	% Change	**2018**	2017	% Change
Crude Oil						
WTI (US$/Bbl)	**58.81**	55.40	6	**64.76**	50.95	27
Edmonton light (CDN$/Bbl)	**48.27**	65.67	(27)	**68.82**	61.85	11
WCS (CDN$/Bbl)	**36.01**	54.26	(34)	**52.34**	50.24	4
Natural Gas						
NYMEX (US $/Mmbtu)	**3.74**	2.92	28	**3.07**	3.02	2
AECO - Daily (CDN$/Mcf)	**1.62**	1.72	(6)	**1.54**	2.20	(30)
Foreign Exchange						
Canadian to US dollar	**0.7569**	0.7865	(4)	**0.7719**	0.7712	-
US to Canadian dollar	**1.3214**	1.2715	4	**1.2961**	1.2979	-

WTI oil prices increased 6% in the fourth quarter of 2018 to average $58.81 USD/bbl as compared to $55.40 USD/bbl in the fourth quarter of 2017. The Canadian dollar declined 4% against the US dollar during the fourth quarter of 2018 which had a slightly positive effect on realized Canadian oil prices. Changes to the Canadian dollar vis a vis the US dollar are based on many factors including the strength of the Canadian economy, Canadian and US interest rates, the political environment and exports. The positive impacts of WTI increasing and the Canadian dollar decreasing were outweighed by the Alberta oil egress issues that plagued the Canadian oil and gas industry in the fourth quarter. The differentials between WTI and Canadian oil prices severely widened during the third and fourth quarters. These differentials increased in the third quarter to average approximately $11.59/bbl USD and widened again to average $22.26/bbl USD in the fourth quarter. As a comparison, in 2017 the differentials averaged $3.29/bbl

USD for the entire year. The impact of the increasing differentials was mitigated in December as the Alberta Governments imposed production restrictions on oil producers in the province and was set to start on January 1, 2019. The result was that the differentials declined to their more normalized $3-$4/bbl level later in December and continuing into 2019 so far to date. For 2019, Management is projecting the following for its budgeting purposes: WTI to average 58.50 USD/bbl; the CAD$ to average $0.76; and the WTI/Canadian Light oil differentials to average $5.50 USD/bbl.

United States natural gas prices are usually referenced to the New York Mercantile Exchange Henry Hub in Louisiana (NYMEX), while in Canada the generally recognized benchmark is the AECO hub in Alberta. Gas prices are influenced by a variety of factors such as: weather patterns; LNG imports and exports; supplies in western Alberta; pipeline capacity for Alberta exports; demand in eastern Canada and the United States, relative storage levels in North America and alternative fuel sources. AECO benchmark pricing was 6% lower at $1.62/mcf in the fourth quarter of 2018 as compared to $1.72/mcf during the same period in 2017. The combination of the restricted ability to export Alberta natural gas, and the competition with U.S. natural gas being imported into Eastern Canada and the North East United States continues to take its toll on Alberta natural gas prices. The 2018/19 winter started off relatively warm but starting in late December Eastern Canada and the US has experienced a very cold winter. Despite the winter being colder than normal in both the U.S. and Canada, and storage levels being significantly below the five year average, the belief that there is ample production response to any significant storage draws continues to keep natural gas prices depressed. To alleviate some of the low price exposure at AECO, Journey moved approximately 50% of the Company's natural gas production to a blend of four pricing points at Nymex, Dawn, Malin and Chicago starting in June of 2018. This change in marketing strategy had the effect of increasing Journey's realized natural gas prices beyond the historic 4-5% premium over AECO. In the fourth quarter of 2018 Journey's realized natural gas prices were 48% above the AECO benchmark price. This increase in realized prices was caused by significant increases in US pricing.

Realized Prices

Commodity prices realized by Journey were as follows:

a) Realized prices excluding hedging gains and losses:

	Three months ended December 31,			Twelve months ended December 31,		
	2018	2017	% Change	**2018**	2017	% Change
Natural gas ($/Mcf)	**2.39**	1.49	60	**1.75**	1.98	(12)
Crude oil ($/Bbl)	**31.53**	59.90	(47)	**57.09**	54.37	5
Natural gas liquids ($/Bbl)	**32.44**	41.83	(22)	**40.49**	34.54	17
Total ($/boe)	**22.34**	31.32	(29)	**31.28**	30.27	3

The 60% increase in realized natural gas prices helped mitigate the significant decline in oil and NGL pricing in the fourth quarter. Realized oil prices suffered from the significant widening of the differentials between WTI and both WCS and Canadian Light oil prices. Approximately 40% of Journey's sales volumes receive a price similar to WCS. WCS prices fell to a low of $14.56/bbl CAD in November and averaged $36.01/bbl in the fourth quarter of 2018. Canadian light sweet prices averaged $48.27/bbl in the fourth quarter. These dramatically lower prices contributed significantly to the 33% drop in PN&G revenue in 2018 as compared to the fourth quarter of 2017. Overall, Journey realized a corporate price of $22.34 during the fourth quarter which was 29% lower than the $31.32 per boe realized in the fourth quarter of 2017. For the twelve months ended December 31, 2018 Journey's average realized commodity prices increased by 3% to $31.28/boe from $30.27/boe in 2017. For the twelve months ended December 31, 2017 realized natural gas prices have 12% lower than 2017 prices averaging $1.75/mcf as compared to $1.98/mcf in 2017. Oil prices were 5% higher throughout the twelve months of 2018 as compared to $54.37/bbl in 2017. NGL prices were 17% higher in 2018 than in 2017 as they averaged $40.49/bbl as compared to $34.54/bbl.

b) Realized prices <u>including</u> hedging gains and losses:

Journey has a combination of oil and natural gas hedges as detailed in the Risk Management section below. Taking into account the impact of Journey's hedging, the realized prices were as follows:

	Three months ended December 31,			Twelve months ended December 31,		
	2018	2017	% Change	**2018**	2017	% Change
Natural gas ($/Mcf)	**2.51**	2.32	8	**1.97**	2.40	(18)
Crude oil ($/Bbl)	**28.57**	55.85	(49)	**47.48**	52.49	(10)
Natural gas liquids ($/Bbl)	**32.44**	41.83	(22)	**40.49**	34.54	17
Total ($/boe)	**21.56**	31.94	(32)	**28.10**	30.67	(8)

Taking into account hedging, natural gas prices were 5% higher than Journey's realized prices in the fourth quarter while oil prices were 9% lower than the core realized price. For the year, natural gas prices were 13% higher than Journey's realized price while oil was 17% lower.

RISK MANAGEMENT ACTIVITIES

At December 31, 2018, the Company had the following derivative contracts in place:

The loss (gain) on derivative contracts for the periods ended December 31, are as follows:

	Three months ended December 31,			Twelve months ended December 31,		
$ 000's	**2018**	2017	% Change	**2018**	2017	% Change
Realized	**709**	(600)	(218)	**11,693**	(1,420)	(923)
Unrealized	**(15,453)**	4,581	(437)	**(3,386)**	(10,581)	(68)
Total	**(14,744)**	3,981	(470)	**8,307**	(12,001)	(169)

	Three months ended December 31,			Twelve months ended December 31,		
$/boe	**2018**	2017	% Change	**2018**	2017	% Change
Realized	**0.78**	(0.62)	(226)	**3.18**	(0.39)	(915)
Unrealized	**(16.93)**	4.73	(458)	**(0.92)**	(2.91)	(68)
Total	**(16.15)**	4.11	(493)	**2.26**	(3.30)	(168)

The change in the value of these contracts for the quarter ended December 31, 2018 resulted in a realized loss of $709 and an unrealized loss of $15,453. For the twelve months ended December 31, there was a total loss of $8,307, which was comprised of a realized loss of $11,693 and an unrealized (or mark to market) gain of $3,386. The realized gain in the fourth quarter as well as the year to date in 2017 was primarily attributable to natural gas prices dropping below the hedged floor amounts. During the fourth quarter of 2018, Journey liquidated all of its first half, 2019 oil hedges and realized net proceeds of $702. Journey has the following hedges remaining as at December 31, 2018:

Crude Oil:

Type	Volume bbls/d	Pricing point	Strike $ per bbl (CDN)	Term	Fair value
Call	1,500	WTI NYMEX	USD$73.00	January 1, 2019 to June 30, 2019	1,190
collar	500	WTI NYMEX	CDN$77.00-84.15	July 1, 2019 to December 31, 2019	39
Total derivative contracts fair value liability					**1,229**

The fair value of Journey's unrealized commodity contracts are based upon Level 2 inputs, having been provided by the financial intermediary with whom the transactions were completed and tested by management for reasonableness based on current prices and market data. The fair value of financial derivatives are recurring measurements and are determined using third-party models and valuation methodologies that utilize observable market data, including forward commodity prices and interest rates to estimate the current fair value of financial derivatives. Journey characterizes inputs used in determining fair value using a hierarchy that prioritizes inputs depending on the degree to which they are observable. The three levels are as follows:

a) Level 1 – inputs represent quoted prices in active markets for identical assets or liabilities. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
b) Level 2 – inputs other than quoted prices included in Level 1 that are observable, either directly or indirectly as of the reporting date. Level 2 valuations are based on inputs which can be observed or corroborated in the marketplace from sources such as New York Mercantile exchange or the Natural Gas Exchange.
c) Level 3 – inputs are less observable, unavailable or where the observable data does not support the majority of the instruments fair value.

Journey enters into commodity based derivative contracts to actively manage the risks associated with price volatility and thereby partially protect funds flows, which are used to fund its capital program. The risk associated with using these derivative contracts include: commodity prices moving materially in favour of the counter-party and the credit risk associated with the collection of settlements from price movements in Journey's favour. Journey mitigates these risks by entering into risk management contracts for oil, natural gas and foreign exchange.

PETROLEUM AND NATURAL GAS ("P&NG") SALES

During the fourth quarter of 2018, aggregate P&NG sales decreased 33% to $20,390 as compared to $30,311 for the same period in 2017. The decrease in revenues is explained by the decrease in average commodity prices by 29% quarter to quarter, as well as the decrease in production volumes increased by 6%. For the twelve months ended December 31, aggregate P&NG sales increased 5% to $115,041 in 2018 from $110,085 in 2017. For the twelve month period in 2018, the increase in P&NG sales was primarily the result of a 5% increase in average commodity prices, but there was also a 1% increase in sales volumes. Realized prices increased for natural gas by 60%; decreased for oil by 47% and decreased for NGL's by 22% between the comparative quarters. For the twelve month periods, prices decreased for natural gas (12%), and increased for both oil (5%) and NGL's (17%).

	Three months ended December 31,			Twelve months ended December 31,		
	2018	2017	% Change	**2018**	2017	% Change
Natural gas	**7,031**	5,253	34	**20,521**	24,268	(15)
Crude oil	**11,518**	21,882	(47)	**84,754**	77,680	9
Natural gas liquids	**1,841**	3,176	(42)	**9,766**	8,137	20
P&NG sales	**20,390**	30,311	(33)	**115,041**	110,085	5

P&NG Sales (% Contribution)	Three months ended December 31, **2018**	2017	% Change	Twelve months ended December 31, **2018**	2017	% Change
Natural gas	**34**	17	100	**18**	22	(18)
Crude oil	**57**	72	(21)	**74**	71	4
Natural gas liquids	**9**	11	(18)	**8**	7	14
Total	**100**	100		**100**	100	

ROYALTIES

For the fourth quarter of 2018 total royalties were $2,697 as compared to $4,335 for the same period in 2017. On a per boe basis, the royalty rate decreased to $2.95 in 2018 as compared to $4.48 in 2017. As a percentage of revenue, the rate for the fourth quarter of 2018 was 13.2% or 8% lower than the 14.3% realized in 2017. The decrease in total royalties and percentage of revenues is primarily explained by the 47% lower oil prices. While realized natural gas prices were 60% higher in the fourth quarter, this had little impact on the royalty rates as Journey's crown rate is based not on the realized price but rather on a par price which was much lower.

For the twelve months ended December 31, royalties were $15,386 in 2018 as compared to $14,084 for the same period in 2017. On a per boe basis, the royalty rate increased 8% to $4.18 in 2018 as compared to $3.87 from last year. As a percentage of revenue, the rate for 2018 was 13.4% or 5% higher than the 12.8% realized in 2017. The increases in rates for the full year were primarily attributable to price increases for both oil and NGL's.

Journey is anticipating a corporate royalty rate (as a percentage of PNG sales) of between 13% and 14% for 2019 based on the Company's internal forecast of oil and natural gas prices and the anticipated productivity of its wells. However, this could change significantly as Crown royalty rates are dependent on a combination of realized commodity prices and specific well production volumes.

$ 000's	Three months ended December 31, **2018**	2017	% Change	Twelve months ended December 31, **2018**	2017	% Change
Crown	**1,335**	2,134	(37)	**8,244**	6,236	32
Freehold/gross over-riding	**1,362**	2,201	(38)	**7,142**	7,848	(9)
Total royalties	**2,697**	4,335	(38)	**15,386**	14,084	9
Royalties (as a % of P&NG sales)	**13.2**	14.3	(8)	**13.4**	12.8	5

$ / boe	Three months ended December 31, **2018**	2017	% Change	Twelve months ended December 31, **2018**	2017	% Change
Crown	**1.46**	2.21	(34)	**2.24**	1.71	31
Freehold/gross over-riding	**1.49**	2.27	(34)	**1.94**	2.16	(10)
Total royalties	**2.95**	4.48	(34)	**4.18**	3.87	8

NET OPERATING EXPENSES

Net operating expenses were $11,837 or $12.97 per boe for the fourth quarter of 2018 as compared to $12,087, or $12.49 per boe in 2017. For the year ended December 31, net operating expenses were $49,574 or $13.48 per boe in 2018 as compared to $48,751, or $13.41 per boe in 2017. Operating costs (before recoveries) increased by 3% to $12,656 in the fourth quarter of 2018 from $12,275 in 2017. For the comparable twelve month periods the gross expense increased by 3% from $51,493 in 2017 to $52,984 in 2018. For 2019, Journey expects the net operating expense per boe to average in the $13.75 range.

	Three months ended December 31,			Twelve months ended December 31,		
	2018	2017	% Change	**2018**	2017	% Change
Operating expense per the financial statements	**12,656**	12,275	3	**52,984**	51,493	3
Less: expense recoveries	**(819)**	(188)	336	**(3,410)**	(2,742)	24
Net operating expenses	**11,837**	12,087	(2)	**49,574**	48,751	2
Net expense ($ per boe)	**12.97**	12.49	4	**13.48**	13.41	1
Net expense (% of P&NG sales)	**58.1**	39.9	46	**43.1**	44.3	(3)

TRANSPORTATION

Transportation expenses were $498 for the fourth quarter of 2018, and represented 2.4% of P&NG sales for the period as compared to $332 and 1.1% for 2017. The cost per boe averaged $0.55 in the fourth quarter, which was 62% higher than the same period in 2017. The increase in costs for the fourth quarter was primarily attributable to increased rates and lower volumes per load. For the twelve months ended December 31, transportation expenses were $1,864 for 2017 or 18% higher than $1,577 for the comparable period in 2017. Aggregate costs were higher for the twelve month period in 2018 primarily due to higher produced volumes (4% higher oil volumes for the year to date). For the twelve months ended December 31, the per boe basis costs were $0.51 in 2018 or 19% higher than the $0.43 incurred in 2017. Journey is currently expecting the per boe rates for 2019 to be in the $0.47-$0.50 range. Transportation costs include: clean oil trucking, trucking of natural gas liquids, and transportation associated with the usage of third party natural gas sales lines used before custody transfer. Transportation costs are dependent on a variety of factors such as: the type of production facilities; the method of transportation; the distances covered; quantities shipped, as well as ownership of the transportation facilities.

	Three months ended December 31,			Twelve months ended December 31,		
	2018	2017	% Change	**2018**	2017	% Change
Transportation expense	**498**	332	50	**1,864**	1,577	18
Expense ($ per boe)	**0.55**	0.34	62	**0.51**	0.43	19
Expense (% of P&NG sales)	**2.4**	1.1	118	**1.6**	1.4	14

GENERAL AND ADMINISTRATIVE (G&A) EXPENSE

During the fourth quarter of 2018, net G&A expense after recoveries, was 15% lower at $2,269 than the same quarter in 2017 at $2,659. For the twelve months ended December 31, 2018 net G&A expense was 6% lower at $9,718 as compared to $10,322 in 2017. On a per boe basis, Journey realized net G&A of $2.49 for the fourth quarter of 2018, or 9% lower than the $2.75 realized in 2017. This decrease in the per boe rate was mainly attributable to new cost savings measures implemented in the fourth quarter which included staff reductions and elimination or revisions to software programs utilized in Journey's operations. For the twelve months ended December 31, net G&A was $2.64 in 2018 or 7% lower than $2.84 in 2017. For 2018 Journey expects its G&A to be approximately $2.65 per boe based on currently forecast G&A costs and production levels.

	Three months ended December 31,			Twelve months ended December 31,		
	2018	2017	% Change	**2018**	2017	% Change
Gross expense	**3,103**	3,593	(14)	**13,156**	13,653	(4)
Less:						
Overhead recoveries	**(482)**	(607)	(21)	**(2,167)**	(2,151)	1
Capitalized G&A	**(352)**	(327)	8	**(1,271)**	(1,180)	8
Net expense per financial statements	**2,269**	2,659	(15)	**9,718**	10,322	(6)
Expense ($ per boe)						
Gross expense	**3.41**	3.72	(8)	**3.58**	3.75	(5)
Net expense	**2.49**	2.75	(9)	**2.64**	2.84	(7)

FINANCE EXPENSE

Finance expense is comprised of interest on bank debt, amortization of financing fees, accretion on decommissioning obligations, accretion of the promissory notes and other bank charges. The cash expenses for interest and bank fees for the fourth quarter of 2018 increased by 45% to $2,422 from $1,669 in 2017. For the fourth quarter of 2017, the average borrowings outstanding were $128,888 which was a 28% increase from $100,835 for the comparable period in 2017. The increase in interest expense was primarily attributable to the higher cost term debt outstanding as compared to 2017. An additional $22,000 of term debt was taken on in February of 2018 to facilitate the 12,700 share repurchase. On a per boe basis, cash finance expense was $2.65 in the fourth quarter of 2018 as compared to $1.72 for 2017. The decrease in production and the higher debt levels caused the per boe rates to increase by 54% quarter over quarter. The effective interest rate on the outstanding debt for the quarter was 9% higher between the comparable quarters with the current quarters' effective rate being 7.4% while the rate in 2017 was 6.8%. For the year to date the effective rate was 6.5% in 2018 while the rate in 2017 was 6.1%. The higher costing term debt and the increase in bank prime rates in 2018 are accountable for the higher rate in the current year.

For the comparable twelve month periods, cash finance expense for 2018 increased 51% to $8,513 from $5,645 in 2017. On a per boe basis, cash finance expense was $2.31 for 2018 as compared to $1.55 for 2017, representing a 49% increase.

For 2019 Journey expects the average debt outstanding to decrease as Journey plans on spending less than its funds flow and concentrates on reducing its bank borrowings in light of the additional leverage used to finance the share buyback in early February. 40% of Journey's interest bearing term debt with a fixed interest rate of 7.65%.

	Three months ended December 31,			Twelve months ended December 31,		
	2018	2017	% Change	**2018**	2017	% Change
Expense per financial statements	**3,604**	2,763	30	**13,201**	9,813	35
Add/(Deduct):						
Accretion expense (non-cash)	**(1,182)**	(1,094)	8	**(4,688)**	(4,168)	12
Bank fees and other charges (cash)	**(12)**	66	(118)	**(12)**	32	(138)
Interest related to borrowings (cash)	**2,410**	1,735	39	**8,501**	5,677	50
Average debt outstanding	**128,888**	100,835	28	**129,938**	93,469	39
Average interest rate (%)	**7.4%**	6.8%	9	**6.5%**	6.1%	7
Expense per boe						
Cash finance expense ($ per boe)	**2.65**	1.72	54	**2.31**	1.55	49
Non-cash finance expense ($/boe)	**1.30**	1.13	15	**1.27**	1.15	10
Total finance expense ($ per boe)	**3.95**	2.85	39	**3.58**	2.70	33

SHARE BASED COMPENSATION

Share based compensation expense was $1,241 for the fourth quarter of 2018 as compared to $548 in 2017. For the twelve months ending December 31, the expense was $2,868 for 2018, an increase of 5% from the $2,735 expensed in 2017. During the fourth quarter of 2018, 1,149 long term incentives were issued while 853 were settled, exercised or expired. The increase in expense was primarily attributable to the new incentives being granted during the quarter. The Company capitalized $132 of share based compensation expense to property, plant and equipment in the fourth quarter of 2018 as compared to $176 in 2017. For the twelve months ended December 31, 2018 the capitalized portion was $409 compared to $568 in 2017. The capitalization was attributable to technical staff directly related to exploration and development activities and is lower in 2018 due to reduced capital activity and a lower staff count. The fair value of all stock options is amortized over the respective long term incentives vesting period.

	Three months ended December 31,			Twelve months ended December 31,		
	2018	2017	% Change	**2018**	2017	% Change
Expense per financial statements	**1,241**	548	126	**2,868**	2,735	5
Expense ($ per boe)	**1.36**	0.57	139	**0.78**	0.75	4

DEPLETION AND DEPRECIATION ("D&D")

Aggregate D&D decreased from $9,449 in the fourth quarter of 2017 to $8,423 in 2018. The decrease of 11% primarily reflects the 6% decrease in production volumes in 2018 as compared to 2017 but also reflects the net property, plant and equipment impairments of $39,599 in the fourth quarter of 2017. The impairments decreased the depletion base significantly coming into 2018 and therefore caused a lower depletion rate for the year. For the quarter, and on a per boe basis, D&D was $9.23 for 2018 as compared to $9.76 in 2017, representing a 5% decrease.

For the twelve months ending December 31, aggregate D&D decreased 5% from $34,853 in 2017 to $33,193 in 2018. On a per boe basis D&D was $9.03 in 2018, a 6% decrease from $9.58 in 2017.

	Three months ended December 31,			Twelve months ended December 31,		
	2018	2017	% Change	**2018**	2017	% Change
Depletion and depreciation ($)	**8,423**	9,449	(11)	**33,193**	34,853	(5)
Expense ($ per boe)	**9.23**	9.76	(5)	**9.03**	9.58	(6)

IMPAIRMENTS & REVERSALS

At December 31, 2018 the Company made an assessment of whether there were indicators of impairment. The assessment factored in reserves, change in commodity prices year over year, interest rates, health of the sector and the general economy, well performance and near term development plans. It was determined that indicators were present for the Herronton CGU only and as a result it was tested. It was determined that the carrying amount of the Herronton CGU had not exceeded its recoverable amount and therefore there was no impairment. Recoverable amount was calculated as the fair value of the assets less cost of disposal. The fair value less costs to dispose was determined with a discounted cash flow approach based on the year-end proved plus probable reserves and using an average of three reserve engineer's forecast commodity prices. Journey used a risk adjusted discount rate was based on the nature of the assets held in the CGU to determine the fair value at the measurement date.

As at December 31, 2017 Journey determined there were indicators based on the combination of a sustained decline in forward natural gas pricing used by the independent reserve engineers; an increase during 2017 of Journey's natural gas production and reserves from its acquisition activity; and technical reserve revisions. It was determined that the PP&E carrying amounts of the Matziwin, Pembina, Pine Creek, Sylvan Lake, and Crystal CGUs exceeded their recoverable amount. Recoverable amount was calculated as the fair value of the assets less cost of disposal. The fair value less cost to dispose was determined with a discounted cash flow approach based on the year-end proved plus probable reserves and using an average of three reserve engineer's forecast commodity prices. Journey used a risk adjusted discount rate that varied by CGU based on the nature of the assets held in each CGU to determine the fair value at the measurement date (level 3 inputs). The impairment was attributed to property, plant and equipment and, as a result, an impairment loss of $50,328 was recorded for the year. The following table summarizes the impairments, recoverable amount and discount rate used for each CGU that was impaired during the year ended December 31, 2017.

CGU description	**Recoverable amount**	**Risk adjusted discount rate**	**Impairment**
Matziwin	50,420	10.0	13,342
Pembina	6,418	10.0	4,614
Pine Creek	6,712	14.6	6,430
Sylvan Lake	56,986	13.6	15,168
Crystal	55,908	13.8	10,774
	176,444		50,328

The impairment in these five CGUs was primarily attributable to the decline in future natural gas prices for as used in the independent reserve evaluation as well as well performance in the Sylvan and Crystal CGUs. A one percent increase in the assumed discount rate would result in an additional impairment of $16,344 for 2017 while a ten percent decrease in future planned cash flows would have increased the impairment for 2017 by $27,084.

Journey further determined that as at December 31, 2017, the Herronton and Countess CGU's recoverable amounts were greater than their carrying values and consequently an impairment reversal of $11,062 should be done.

CGU description	**Recoverable amount**	**Risk adjusted discount rate**	**Impairment reversal**
Herronton	27,194	12.0	10,634
Countess	45,814	13.8	428
	73,008		11,062

In addition, Journey recognized an impairment of its exploration and evaluation assets of $1,186 in the fourth quarter of 2018 as compared to $333 in 2017. Management determined that the fair value less costs of disposal of certain undeveloped lands had declined below Journey's carrying values. Management estimated fair value by analyzing comparable Crown mineral rights sales in each of the respective CGUs.

$ 000's	Three months ended December 31, 2018	2017	% Change	Twelve months ended December 31, 2018	2017	% Change
E&E impairment	**1,186**	333	256	**1,186**	333	256
PP&E impairment	**-**	50,328	(100)	**-**	50,328	(100)
PP&E impairment reversal	**-**	(11,062)	(100)	**-**	(11,062)	(100)
Net impairments (reversals)	**1,186**	39,599	(97)	**1,186**	39,599	(97)
$/BOE						
E&E impairment	**1.30**	0.34	282	**0.32**	0.09	256
PP&E impairment	**-**	52.00	(100)	**-**	13.84	(100)
PP&E impairment reversal	**-**	(11.43)	(100)	**-**	(3.04)	(100)
Net impairments (reversals)	**1.30**	40.91	(97)	**0.32**	10.89	(97)

EXPLORATION AND EVALUATION ("E&E") EXPENSE

E&E expense relates to a combination of expiries of mineral rights as well as costs related to undeveloped lands that have been transferred to PP&E assets by virtue of the lands becoming developed during the accounting period. During the three months ended December 31, 2018 Journey incurred an expense of $744 which was 60% lower than the $1,860 expensed in 2017. For the twelve months ended December 31, 2018 the expense was $2,057 as compared to $3,703 in 2017.

	Three months ended December 31, 2018	2017	% Change	Twelve months ended December 31, 2018	2017	% Change
E&E expense	**744**	1,860	(60)	**2,057**	3,703	(44)
$ per boe	**0.82**	1.92	(57)	**0.56**	1.02	(45)

GAIN ON DISPOSITION OF ASSETS

During the twelve months ended December 31, 2018 Journey sold six minor producing properties and some undeveloped lands. The dispositions resulted in a net gain of $4,064 for the year to date.

	Three months ended December 31, 2018	2017	% Change	Twelve months ended December 31, 2018	2017	% Change
Gain on disposition	**212**	**-**	-	**4,064**	5,596	(27)
$ per boe	**0.23**	**-**	-	**1.11**	1.54	28

DEFERRED INCOME TAX

For the fourth quarter of 2018, there was a deferred income tax expense of $19,004 as compared to an expense of $91,525 for the same period in 2017. For the twelve months ended December 31, 2018 the deferred income tax expense was $19,004 as compared to $94,638 expense for 2017. The expense for the fourth quarter of 2018, and in turn for the year to date, was attributable to the de-recognition of the income tax impact of tax pool balances carried forward to future years. The de-recognition was due to Management's assessment that it was not probable that certain successor resource tax pools, as well as certain non-successored resource tax pools and losses, would be able to be utilized in future years. This assessment was based primarily on the projected future cash flows in the reserve report prepared by Journey's independent reserve evaluators as at December 31, 2018. The change from 2017 was attributable to a reduction in projected cash flows from the new reserve report, plus or minus any Management modifications to arrive at estimated taxable incomes during the forecast period. This updated cash flow projection was then incorporated into a new tax pool assessment. Journey has available $731,395 in income tax deductible pools (before any amounts not recognized) for future utilization should the company generate sufficient taxable income. Given Journey's significant tax pools and projected capital spending profiles the Company does not expect to be cash taxable into the foreseeable future. However, a dramatic increase in commodity prices could change this outlook.

	Three months ended December 31,			Twelve months ended December 31,		
	2018	2017	% Change	**2018**	2017	% Change
Deferred tax expense (recovery)	**19,004**	91,525	(79)	**19,004**	94,638	(80)
($ per boe)	**20.82**	94.56	(78)	**5.17**	26.03	(80)

The income tax pool balances at the end of 2018 (before any de-recognition), were as follows:

Tax Pool	**Deductible rate**	**Amount**
Canadian oil & gas property expense	10% declining balance	148.444
Canadian development expenses	30% declining balance	280,305
Canadian exploration expenses	100%	45,561
Undepreciated capital costs	7-100% declining balance	177,529
Financing costs	5 year straight line	444
Non-capital losses	100%	79,112
Total		731,395

Should commodity prices and/or reserves increase substantially in the future such that these tax pools are projected to then be utilized, a reversal of the aforementioned deferred tax asset impairment could be recorded.

NETBACKS

The operating netback of $5.87 per boe for the fourth quarter of 2018 decreased by 58% from $14.01 for the same period in 2017. The decrease in the fourth quarter 2018 operating netback was mainly attributable to the 47% decrease in oil prices, which was a significant contributor to a 29% decrease in average corporate commodity prices. For the twelve months in 2018 the operating netback was 4% higher at $13.11 per boe as the average commodity prices were 3% higher than in 2017. This increase was more than enough to offset the increases in cash operating expenses in royalties, operating and transportation expenses.

The funds flow netback per boe for the fourth quarter of 2018 was negligible as oil prices declined from widening differentials to historic lows. The realized hedging losses were $0.78/boe. Journey achieved 9% lower G&A costs through head office cost efficiencies, but the cash financing expense was higher by 54% to $2.65 per boe as the additional debt incurred at the beginning of the year for the large share buyback increased the aggregate borrowing costs. For the twelve month periods, the funds flow netback was 42% lower at $4.98 in 2018 compared to $8.56 in 2017.

In the non-cash category there were three significant items that impacted net earnings for the fourth quarter. As oil prices declined, Journey's hedges were positively impacted with declining oil prices and yielded a $16.93/boe mark-to-market contribution to earnings. In addition, there was a $20.82 deferred tax expense as it was determined that additional tax pools would likely not be utilized by Journey based on future cash flow projections. This resulted in a $17.74 net loss in the fourth quarter of 2018 as compared to a loss of $143.43 in 2017.

For the twelve months year to date in 2018 Journey realized a loss of $10.18 per boe compared to a loss of $36.58 per boe in 2017. The funds flow netback was 42% lower in 2018 at $4.98/boe. After this, the non-cash components of the net loss in 2018 were consistent with 2017 with the exception of deferred taxes, wherein an expense of $5.17 per boe was realized in 2018 as compared to $26.03/boe in 2017.

	Three months ended December 31,			Twelve months ended December 31,		
($ per BOE)	**2018**	2017	% Change	**2018**	2017	% Change
Realized price	**22.34**	31.32	(29)	**31.28**	30.27	3
Royalties	**(2.95)**	(4.48)	(34)	**(4.18)**	(3.87)	8
Operating expenses	**(12.97)**	(12.49)	4	**(13.48)**	(13.41)	1
Transportation expenses	**(0.55)**	(0.34)	62	**(0.51)**	(0.43)	19
Operating	**5.87**	14.01	(58)	**13.11**	12.56	4
General and administrative	**(2.49)**	(2.75)	(9)	**(2.64)**	(2.84)	(7)
Finance expense - cash	**(2.65)**	(1.72)	54	**(2.31)**	(1.55)	49
Realized gain (loss) on derivative contracts	**(0.78)**	0.62	(226)	**(3.18)**	0.39	(915)
Funds flow	**(0.05)**	10.16	(100)	**4.98**	8.56	(42)
Transaction costs	**(0.02)**	(0.01)	100	**(0.06)**	(0.17)	(65)
Unrealized gain (loss) on derivative contracts	**16.93**	(4.73)	(458)	**0.92**	2.91	(68)
Share based compensation	**(1.36)**	(0.57)	139	**(0.78)**	(0.75)	4
Depletion and depreciation	**(9.23)**	(9.76)	(5)	**(9.03)**	(9.58)	(6)
Finance expense - accretion	**(1.30)**	(1.13)	15	**(1.27)**	(1.15)	10
Recoveries (impairments)	**(1.30)**	(40.91)	(97)	**(0.32)**	(10.89)	(97)
Loss (gain) on dispositions	**0.23**	-	-	**1.11**	1.54	(28)
Exploration & evaluation expense	**(0.82)**	(1.92)	(57)	**(0.56)**	(1.02)	(45)
Deferred tax expense	**(20.82)**	(94.56)	(78)	**(5.17)**	(26.03)	(80)
Net loss	**(17.74)**	(143.43)	(88)	**(10.18)**	(36.58)	(72)

FUNDS FLOW, CASH FLOW AND NET LOSS

Funds flow from operations during the fourth quarter of 2018 was slightly negative at $42. This negative funds flow was directly the result of a severe decline in oil prices to $31.53/bbl. With oil production representing 40% of corporate production in the quarter and no appreciable change in cash operating expenses, the revenue decline took its toll on both funds flow and net earnings. For the twelve months ended December 31, funds flow from operations decreased 41% from $31,126 in 2017, which was already a difficult commodity pricing environment, to $18,293 in 2018. The decline in commodity prices resulted in a 33% decrease in corporate PN&G revenues in the fourth quarter, while for the year to date PN&G revenues increased marginally by 5%.

Cash flow provided by operating activities ("Cash Flow") is the GAAP financial statement measure which represents how much cash was generated by Journey's business operations. Cash flow was $(4,638) for the fourth quarter of 2018 versus $11,309 in the same quarter of 2017. For the year to date, cash flow was $15,415 or 58% lower than the $36,798 in 2017.

There was a loss of $16,180 in the fourth quarter of 2018 as compared to a loss of $138,841 in 2017. The loss in 2018 was caused by lower revenues and a large deferred tax expense, but was partially mitigated by a $15,543 positive change in unrealized hedging gains/losses. For the twelve month periods, the net loss was $37,447 in 2018 as compared with a loss of $133,021 in 2017. The reduction in impairments of PP&E assets and deferred tax assets from 2017 to 2018 were significant contributors to the large reduction in the loss year over year.

During the fourth quarter of 2018, Journey realized a net loss per basic and diluted share of $0.41 compared to $2.72 in 2017. The net loss per share for the twelve months of 2018 was $0.94 for both basic and diluted shares. This compares to a net loss per share of $2.69 (basic and diluted) for the twelve months ended December 31, 2017.

Fourth quarter funds flow per share in 2017 was $0.19 per basic and $0.19 per diluted share which was identical to the $0.19 per basic and diluted share amounts for the fourth quarter of 2017. For the twelve months ended December 31, funds flow per share in 2017 was $0.63 per basic and $0.62 per diluted share in 2017.

	Three months ended December 31,			Twelve months ended December 31,		
Per share data	**2018**	2017	% Change	2018	**2017**	% Change
Net income (loss)	**(16,180)**	(138,841)	(88)	**(37,447)**	(133,021)	(72)
Basic ($/share)	**(0.41)**	(2.72)	(85)	**(0.94)**	(2.69)	(65)
Diluted ($/share)	**(0.41)**	(2.72)	(85)	**(0.94)**	(2.69)	(65)
Funds flow	**(42)**	9,829	(100)	**18,293**	31,126	(41)
Basic ($/share)	**-**	0.19	(100)	**0.46**	0.63	(27)
Diluted ($/share)	**-**	0.19	(100)	**0.45**	0.62	(27)
Cash flow from operations	**(4,638)**	11,309	(141)	**15,415**	36,798	(58)

CAPITAL EXPENDITURES

Journey spent $984 on capital expenditures (before acquisitions/dispositions) during the fourth quarter of 2018 representing a decrease of 90% from $9,835 in 2017. The fourth quarter, 2018 capital program was scaled back to maintenance capital which reflected the significant uncertainty in oil prices. A small acquisition in the fourth quarter representing approximately 16 boe/d brought the total capital spend in the quarter to $1,125.

Total net cash capital expenditures for 2018 were $26,644 as compared to $65,628 in 2017. Throughout 2018, the majority of the capital was spent drilling and completing 9 (9.0 net) wells. The land acquisitions were primarily related to increasing the Gilby Duvernay land position, which was ultimately farmed out to an industry partner at the end of August. Journey also disposed of six minor properties in 2018 with minimal impact to production which yielded $5,294 in proceeds.

	Three months ended December 31,			Twelve months ended December 31,		
	2018	2017	% Change	**2018**	2017	% Change
Cash expenditures:						
Land acquisitions and lease rentals	**51**	102	(50)	**3,972**	1,001	297
Geological and geophysical	**6**	21	(71)	**205**	1,117	(82)
Drilling and completions	**(616)**	6,225	(110)	**16,303**	19,859	(18)
Well equipment and facilities	**1,196**	3,152	(62)	**9,986**	9,081	10
Capitalized general and administrative	**352**	327	8	**1,271**	1,180	8
Exploration and development expenditures	**989**	9,827	(90)	**31,737**	32,238	(2)
Other expenditures	**(5)**	8	(163)	**37**	84	(56)
Total capital expenditures	**984**	9,835	(90)	**31,774**	32,322	(2)
PP&E acquisitions	**141**	1,492	(91)	**164**	37,014	(100)
PP&E dispositions	**-**	-	-	**(5,122)**	(6,633)	(23)
Acquisition of E&E assets	**-**	1	(100)	**(172)**	2,925	(106)
Net capital expenditures	**1,125**	11,328	(90)	**26,644**	65,628	(59)
Other cash expenditures:						
Decommissioning costs	**189**	233	(19)	**1,288**	827	(56)
Total capital expenditures	**1,314**	11,561	(89)	**27,932**	66,455	(58)

Journey did not drill any wells in the fourth quarter of 2018 as the uncertainty over where oil prices were headed dominated our capital plans and cash conservation was key. For the entire year the Company drilled 9 (9.0 net) wells including 5 in Matziwin, 3 in Skiff, and 1 stratigraphic well in the Gilby Duvernay. The stratigraphic well was drilled to aid in the continuation of certain lands as well as gain valuable technical knowledge to contribute to the Duvernay joint venture that was entered into in August.

	Three months ended December 31,				Twelve months ended December 31,			
	2018		2017		**2018**		2017	
Wells drilled	**Gross**	**Net**	Gross	Net	**Gross**	**Net**	Gross	Net
Development wells	**-**	**-**	2	2.0	**8**	**8.0**	12	11.5
Stratigraphic wells	**-**	**-**	-	-	**1**	**1.0**	-	-
Total wells	**-**	**-**	2	2.0	**9**	**9.0**	12	11.5
Success rate (%)	**-**	**-**	100	100	**100**	**100**	83	83

LIQUIDITY AND CAPITAL RESOURCES

Corporate working capital liquidity is maintained by drawing from the unutilized facility as needed and then repaying it periodically through production revenues. As new reserves are added and as the financing needs of the Company are expanded, Journey may apply for interim reviews of the credit facility with a view to upgrading it. The funding sources for Journey's net cash capital expenditures were as follows:

Capital Program Funding	Three months ended December 31, **2018**	2017	% Change	Twelve months ended December 31, **2018**	2017	% Change
Funds flow from operations	**(42)**	9,829	(100)	**18,293**	31,126	(41)
Transaction costs	**(23)**	(14)	64	**(194)**	(628)	(69)
Decommissioning costs	**(189)**	(233)	(19)	**(1,288)**	(827)	56
Change in non-cash working capital	**(7,728)**	998	(874)	**(5,114)**	5,131	(200)
Increase in bank debt	**2,509**	6,950	(64)	**6,509**	17,537	(63)
Decrease (increase) in cash in bank	**7,045**	(8,227)	186	**8,227**	(6,643)	224
Increase in promissory notes	**-**	-	-	**22,000**	-	-
Normal course issuer bid	**-**	70	(100)	**(21,336)**	(2,160)	888
Option/warrant exercises	**12**	-	-	**12**	-	-
Settlement of RSU's	**(459)**	(278)	65	**(465)**	(289)	61
Issuance of share capital	**-**	2,233	(100)	**-**	22,381	(100)
Net capital expenditures	**1,125**	11,328	(90)	**26,644**	65,628	(59)

For the three months ended December 31, 2018, the Company funded its $1,125 in net capital expenditures primarily from accounts payable; funds flow from operations; issuance of shares; and with available cash in the bank.

As at December 31, 2018 the principal amount of the bank debt outstanding was $75,500, representing approximately 76% of the total available credit facilities of $100,000. In January of 2018, the Company concluded the acquisition of 12,700 shares from a significant shareholder at a cost of $21,336. To finance the acquisition, Journey obtained a new term debt loan from the Alberta Management Investment Company in the principal amount of $22,000. Because of this increased leverage from the share repurchase, Journey re-evaluated its capital spending plans for 2018 and reduced it from a planned level of $40 million to $27 million (net of dispositions). In addition, and with the intent of reducing leverage, Journey continues to evaluate the possibility of disposing of non-core assets. Journey plans to continue evaluating small accretive acquisitions that will enhance existing core areas in terms of drilling prospects and infrastructure control. The Company intends to fund its 2019 capital program through a combination of funds flow from operations as well as the available bank credit lines. Journey currently expects these resources to be sufficient to fund its capital program which is focused on maintaining production at current levels.

Available borrowings on the bank credit facility are limited by the borrowing base, which is established by the banks. The amount of available credit is based primarily upon the value of petroleum and natural gas assets. The most recent formal evaluation by our external engineers determined these reserve values as at December 31, 2018. The credit facility is also subject to a semi-annual borrowing base review in October of each year. The annual review is currently under way and will be completed by April 30, 2019.

The working capital deficiency as at December 31, 2018 was $8,587 (current assets of $12,307 minus the current liabilities of $20,894), which will be dealt with by drawing from the unutilized credit facilities as needed and then repaying it periodically through the monthly receipt of production revenues and any proceeds from the disposition of assets. A certain amount of working capital deficiency is normal in the industry and varies widely from company to company based on their specific funds flow and spending patterns.

DECOMMISSIONING LIABILITIES ("DL")

At December 31, 2018, Journey has recorded a DL of $181,849 ($175,495 at December 31, 2017) for the future abandonment and reclamation of the net interests in its PP&E assets. The estimated DL includes numerous assumptions in respect of: the actual costs to abandon wells, pipelines and facilities; and reclaim the surface access;

the time frame in which such costs will be incurred; and annual inflation factors in order to calculate the undiscounted total future liability. The future liability has then been discounted at a risk-free interest rate of 2.1 per cent at December 31, 2018 (December 31, 2017 – 2.2%).

Accretion charges of $977 and $3,919 for the three and twelve months ended December 31, 2018 ($979 and $3,721 for the same periods in 2017), respectively, have been recognized in the statements of comprehensive net income (loss) to reflect the increase in DL associated with the passage of time. Actual spending under Journey's abandonment and reclamation program for the three and twelve months ended December 31, 2017 was $188 and $1,288 ($233 and $827 for the same periods in 2017), respectively.

Abandonment and reclamation activities continue to be made in a prudent, responsible manner by Journey with the oversight of the Health, Safety and Environment Committee of the Board. Ongoing abandonment expenditures for all of Journey's assets are funded entirely out of funds flow from operating activities. Journey's Liability Management Rating is well within the Alberta Energy Regulator's requirements, such that no deposits are required or expected to be required at December 31, 2018 and at the date of this MD&A.

RELATED PARTY TRANSACTIONS

a) The Company considers its directors and executives to be key management personnel and are therefore related parties. Compensation for these individuals is comprised of the following:

	2018	2017
Salaries and severance	**1,249**	1,229
Short-term employee benefits	**575**	560
Share based payments (i)	**1,025**	1,348
Total	**2,849**	3,137

(i) These amounts represent the amortization of share based compensation associated with the Company's share based compensation plans.
(ii) As at December 31, 2018 there were nine (2017 – eleven) individuals that were considered key management personnel.
(iii) At December 31, 2018 there is a $2,185 commitment (2017 - $2,614) relating to a change of control or termination of employment for key management personnel.

b) Through the normal course of its operations Journey uses the services of Questor Technology ("Questor"). Questor is considered a related party as the president of Journey is related to the president of Questor. During the three and twelve month periods ended December 31, 2018 Journey paid Questor $48 and $74 respectively (2017 – nil). The services were provided at market rates and were in relation to rentals of field equipment.

The related party transactions above were recorded at the above disclosed exchange amounts. Management believes the amount agreed upon between the parties is reflective of comparable fair market value transactions.

CONTRACTUAL OBLIGATIONS

In addition to the commitments listed below, the Company has various indemnifications in place in the ordinary course of business, none of which, as assessed by management, are expected to have a significant impact on the Company's unaudited interim condensed consolidated financial statements.

(a) Transportation and office lease costs

The Company has committed to firm-service contracts for the transportation of its natural gas. In addition, the Company has committed to future minimum payments under an operating lease that covers the rental of office space and a proportionate share of operating costs. The amounts in the table below are the minimum cash obligations that the Company must pay under the terms of the contracts:

	Total	2019	2019 - 2020	2021 - 2022	Thereafter
Natural gas transportation	**1,217**	756	430	31	-
Operating leases	**9,863**	1,969	3,825	3,756	313
Total	**11,080**	2,725	4,255	3,787	313

(b) Indemnifications

Under the terms of certain agreements and the Company's by-laws, Journey indemnifies individuals who have acted at the Company's request to be a director and/or officer, to the extent permitted by law, against any and all damages, liabilities, costs, charges or expenses suffered by or incurred by the individual as a result of their service. The Company currently has no outstanding claims having a potentially material adverse effect on the Company as a whole.

OFF BALANCE SHEET FINANCINGS

There were no off balance sheet financings during the period.

SHARE CAPITAL

The following table provides a summary of the outstanding common shares and other equity instruments as at:

(000's)	March 11, 2019	December 31, 2018	December 31, 2017
Common shares outstanding	**39,227**	**39,218**	51,240
Options, warrants, restricted share units and performance share units	**6,760**	**6,789**	7,130
Fully diluted shares	**45,987**	**46,007**	58,370
Weighted average common shares			
Basic	**N/A**	**39,819**	49,390
Diluted	**N/A**	**39,819**	49,390

During 2018 Journey purchased 12,700 shares from a significant shareholder and cancelled them. 6 shares were issued upon the settlement of long term incentives that vested. Also in 2018 1,143 RSU's and PSU's were issued; 7 stock options were exercised ($1.73 strike price); 697 RSU's and PSU's vested; 412 stock options were voluntarily surrendered fro no proceeds ($5.26 strike price); 976 share purchase warrants expired unexercised ($6.98 strike price); 639 performance warrants expired unexercised (average strike price of $8.11); and 967 stock options expired unexercised (average strike price of $6.00). The performance share units included in the fully diluted number in the above table assumes a multiplier of one (1) times for their potential conversion into common shares upon vesting.

SELECTED QUARTERLY INFORMATION

Below is a summarized quarterly information for the eight most recently completed quarters:

	Dec. 31, 2018	Sep 30, 2018	Jun 30, 2018	Mar. 31, 2018
Production (boe/d)	9,921	10,227	10,036	10,117
Average prices realized ($/boe, excluding hedging)	22.34	36.17	34.69	31.78
Petroleum and natural gas sales	20,390	34,032	31,685	28,934
Net income (loss)	(16,180)	202	(12,325)	(9,144)
Basic – per share ($/share)	(0.41)	0.01	(0.32)	(0.21)
Diluted – per share ($/share)	(0.41)	0.01	(0.32)	(0.21)
Funds flow	(42)	7,890	5,305	5,140
Basic – per share ($/share)	-	0.20	0.14	0.12
Diluted – per share ($/share)	-	0.20	0.13	0.12
Cash flow from operations	(4,638)	10,631	26	9,396
Total assets	380,724	405,989	409,094	413,802
Net capital expenditures	1,125	9,647	7,499	8,373
Long term financial liabilities	304,062	214,354	225,331	224,600
Net debt	134,635	132,851	130,606	128,215
Dividends paid	-	-	-	-

	Dec. 31, 2017	Sep 30, 2017	Jun 30, 2017	Mar 31, 2017
Production (boe/d)	10,521	10,088	10,194	9,027
Average prices realized ($/boe)	31.32	25.29	31.92	32.85
Petroleum and natural gas sales	30,311	23,471	29,613	26,690
Net income (loss)	(138,841)	(6,059)	7,959	3,920
Basic – per share ($/share)	(2.72)	(0.12)	0.16	0.09
Diluted – per share ($/share)	(2.72)	(0.12)	0.16	0.09
Funds flow from operations	9,829	4,843	9,708	6,746
Basic – per share ($/share	0.19	0.10	0.19	0.15
Diluted – per share ($/share)	0.19	0.09	0.19	0.15
Cash flow from operations	11,309	16,502	5,166	5,166
Total assets	416,983	532,161	554,933	489,473
Net capital expenditures	11,328	9,408	34,477	10,415
Long term financial liabilities	201,759	195,070	211,038	179,315
Net debt	103,021	103,385	96,554	77,416
Dividends paid	-	-	-	-

Petroleum and natural gas sales are impacted by production levels and volatile commodity pricing. Production levels are impacted by decline rates and the Company's capital program. Commodity prices are affected by both domestic and international factors that are beyond the Company's control. Petroleum and natural gas sales are impacted by production levels and the volatility of commodity pricing. In addition, royalties are affected by the underlying commodity pricing.

Significant factors and trends that have affected the Company's results during the above periods are outlined below:

- During the fourth quarter of 2018 production volumes averaged 9,921 (54% natural gas). Realized prices decreased 38% to average $22.34/boe. This decline was led by the decrease in oil prices by 54% from the third quarter resulting from historic WTI/Canadian par differentials. Realized natural gas prices helped offset some of the negative oil price impact with a 48% increase from the third quarter and mainly attributable to the price diversification strategy Journey employed into the US markets. Capital spending was maintenance only as Journey spent $1,126. Due to the uncertainty surrounding oil price direction, Journey did not drill any new wells in the fourth quarter. The Alberta Government imposed production restrictions on producers that will become effective on January 1, 2019. Small producer such as Journey were not impacted by these curtailments, however, the differentials responded positively late in December and shrank to $4/bbl from the $22/bbl experienced earlier in the month and in November. These did not impact Journey's production Journey entered into a farm out with an industry partner to develop its 140 sections of Duvernay, oil- prospective lands. Drilling by this partner commenced with two wells spud in December.

- In the third quarter of 2018 Journey had production volumes of 10,227 boe/d (52% natural gas). Realized prices improved to an average of $36.17/boe in the third quarter compared to $34.69 in the second quarter. The increase in average prices were led primarily by a 45% increase in realized natural gas prices, while oil prices and NGL prices declined 3% and 17% respectively. Natural gas prices are adjusting to seasonal averages in the third quarter but continue to be challenged by egress issues despite the previous cold winter and storage being lower than the five year average. Capital spending was primarily devoted to the drilling of 3 (3.0 net) wells in Skiff during the quarter. One well was placed on production during the third quarter and two will carry over into the fourth quarter. $9,986 was spent on exploration and development while the Company had net dispositions of $342 in the quarter. Hedging losses were the largest drag on both funds flow and net income as they amounted to $4,903 of realized losses and $2,314 of unrealized gains for a net hedging loss of $2,589 during the quarter.
- In the second quarter of 2018 Journey had production volumes of 10,036 boe/d (53% natural gas). Realized prices improved to an average of $34.69/boe led primarily with a 22% increase in realized oil prices from the first quarter. Natural gas prices continue to be challenged as corporate realized prices of $1.11/mcf were 42% lower than the first quarter despite a cold winter and storage being lower than the five year average. Capital spending was primarily devoted to the drilling of 4 (4.0 net) wells in the quarter. All of these wells will be placed on-production in the third quarter. $10,283 was spent on exploration and development while the Company had net dispositions of $2,801 of minor, non-core assets in the quarter. Hedging losses were a drag on both funds flow and net income as they amounted to $3,976 of realized losses and $8,298 of unrealized losses in the quarter.
- On February 2, 2018 Journey bought 12,700 of its common shares from a significant shareholder for cancellation for a cost of $21,336 ($1.68 per share). The repurchase was funded with the issuance of $22,000 of term debt. In the first quarter of 2018 production averaged 10,117 boe/d (53% natural gas) compared to 10,521 boe/d (54% natural gas). Realized prices before hedging averaged $31.78/boe as compared to $31.32/boe in the fourth quarter of 2017. Journey spent $8,373 in capital during the quarter which included land acquisitions and drilling 2 (2.0 net) wells in the Matziwin area.
- During the fourth quarter of 2017 production volumes were 10,521 boe/d (54% natural gas) compared to third quarter volumes of 10,088 (55% natural gas). Journey spent $11,328 in the quarter which included drilling 2 (2.0 net) wells. All three were placed on production at various times during the quarter. Average commodity prices were higher in the fourth quarter at $31.32/boe as compared to $25.29/boe in the third quarter. Natural gas prices continued to stay low and averaged $1.49/mcf during the quarter as compared to $1.32/mcf in the third quarter. Funds flow was $9,829 in the fourth quarter as compared to $4,843 in the third quarter. During the fourth quarter the Company de-recognized $104,115 in deferred tax assets as the decline in forward-looking natural gas prices caused Management to re-evaluate the probability of using their large tax pool position. In addition, Journey had net impairments of $39,599 for PP&E and E&E assets in the quarter attributable to the lower natural gas prices in the independent reserve engineers report at December 31, 2017.
- During the third quarter of 2017 production volumes were 10,088 boe/d compared to third quarter volumes of 10,194. Two newly drilled wells were placed on production in the quarter and this was enough to stabilize the declines on existing corporate production. Average commodity prices were lower than in the third quarter at $25.29/boe as compared to $31.92/boe. Natural gas prices took a sharp downward turn in the quarter and averaged only $1.32/mcf (excluding hedging gains) from $2.70/mcf in the third quarter. Funds

flow was $4,843 in the fourth quarter as compared to $9,707 in the third quarter. Journey drilled 5 (5.0 net) wells in the quarter with net cash capital spending at $9,408.
- In the second quarter of 2017 daily production increased 13% to 10,194 boe/d from the first quarter. A significant portion of this increase to production came from the acquisition of 2,000 boe/d (72% gas) on April 28. Average commodity prices were relatively flat from the first quarter as Journey realized $31.92 per boe as compared to $32.85 in the first quarter. Drilling was limited to 1 (1.0 net) well in the quarter as the Company chose to pay down the debt incurred on the acquisition. Funds flow was $9,707 in the third quarter as compared to $6,747 in the first quarter.
- Realized commodity prices were stable at $32.85 per boe compared to $33.46 per boe in the first quarter of 2017. Attributable to this stability, the Company drilled 4 (3.0 net) wells during the quarter. In addition, Journey took advantage of the uncertain oil and gas dispositions market to increase its interest in the Gilby and Crystal areas with $2,759 in acquisitions. The Company entered into an agreement to acquire 2,000 boe/d of long life shallow decline natural gas assets contiguous with one of Journey's core areas. The infrastructure included with this acquisition gives Journey a significant processing and transportation footprint in Gilby and Niton. The operating netback continued to improve to $14.84 per boe or a 39% increase from the fourth quarter. Production volumes were 6% higher in the quarter as the volumes from new wells drilled in the quarter came on-line.

SELECTED ANNUAL INFORMATION

	December 31, 2018	December 31, 2017	December 31, 2016
Petroleum and natural gas sales	**115,042**	110,085	87,239
Net income (loss)	**(37,447)**	(133,021)	52,593
Basic – per share ($/share)	**(0.94)**	(2.69)	1.21
Diluted – per share ($/share)	**(0.94)**	(2.69)	1.21
Total assets	**380,724**	416,983	484,016
Total non-current liabilities	**228,604**	177,046	255,905
Dividends paid	**-**	-	6,465

Journey's aggregate P&NG sales in 2018 of $115,042 were 5% higher than $110,085 in 2017. This increase was partially attributable to a 1% increase in production volumes, but there was also a 3% increase in average commodity prices with a small increase of 3% in oil revenues. The net loss of $133,021 in 2017 was reduced to a loss of $37,447 in 2018. The reduction was primarily the reduction in the deferred income tax impairment expense of $94,638 in 2017 to $19,004 in 2018. Total assets in 2018 decreased due to depletion and amortization expense being greater than asset additions during the year. The increase in total non-current liabilities during 2018 was significantly attributable to the increase in promissory notes, of which the funds were used to repurchase shares during the year, but was also attributable to an increase in decommissioning liabilities due to a reduction in the discount rates used.

CHANGES IN ACCOUNTING POLICIES

On January 13, 2016, the IASB issued IFRS 16, "*Leases*" ("IFRS 16"), which requires entities to recognize lease assets and lease obligations on the balance sheet. IFRS 16 removes the classification of leases as either operating leases or finance leases for the lessee, effectively, treating all leases as finance leases. Short-term leases of less than 12 months and leases of low value assets are exempt from the requirements and can continue to be treated as operating leases. Lessors will continue with the dual classification and that classification will determine how and when lease revenue will be recognized and what assets will be recorded. IFRS 16 is effective for years beginning on or after January 1, 2019.

Journey adopted the standard on the effective date of January, 1, 2019 and has selected the modified retrospective approach. We have also elected to exempt short-term leases and leases of low value assets.
We have conducted an examination of our lease contracts that are significant in nature and therefore not exempt. On adoption, the Company will recognize lease liabilities in relation to leases under principles of the new standard measured at the present value of the remaining lease payments discounted using the interest rate implicit in the lease or the Company's incremental borrowing rate as of January 1, 2019.

Adoption of the new standard will result in the recognition of additional lease liabilities and right of use ("ROU") assets of approximately $10,709 and $9,187, respectively. Management has identified ROU assets and lease liabilities primarily related to office space. The impact on the consolidated statement of earnings will be lower general and administrative expenses, higher finance expenses due to interest recognized on the lease obligations and higher depreciation expense related to the ROU assets.

CRITICAL ACCOUNTING ESTIMATES

A summary of the significant accounting policies used by Journey can be found in Note 3 of the December 31, 2018 audited consolidated financial statements. Note 4 of the Company's audited consolidated financial statements for the year ended December 31, 2018 discloses the areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Company's financial statements.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be material. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can materially differ from these estimates.

In the process of applying the Company's accounting policies, management has made the following judgments, estimates, and assumptions which have the most significant effect on the amounts recognized in the financial statements:

Accounts receivable

Accounts receivable are recorded at the estimated recoverable amount which involves an estimate of uncollectible amounts. The Company regularly assesses the counter party's financial strength and provides an estimate of uncollectable amounts based on several factors which include aging, the party's credit worthiness and the nature of the receivable.

The Company may be exposed to third party credit risk through its contractual arrangements with its current or future joint venture partners, marketers of its petroleum and natural gas production and other parties. In the event such entities fail to meet their contractual obligations to the Company, such failures may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Poor credit conditions in the industry and of joint venture partners may impact a joint venture partner's willingness to participate in the Company's ongoing capital program, potentially delaying the program and the results of such program until the Company finds a suitable alternative partner. Substantially all of the accounts receivable are with its marketers and joint venture partners in the oil and gas industry and are subject to normal industry credit risks. The Company generally extends unsecured credit to these parties and therefore, the collection of accounts receivable may be affected by changes in economic or other conditions. Management believes the risk is mitigated by entering into transactions with long-standing, reputable, counterparties and partners. In many cases, the

Company has offsetting receivables and payables with its joint venture partners and makes use of these offsets to mitigate any payment risk. Wherever possible and practical, the Company requires cash calls from its partners on capital projects before they commence. Receivables related to the sale of the Company's petroleum and natural gas production are mainly from major marketing companies who have excellent credit ratings. These revenues are normally collected on the 25th day of the month following delivery.

Derivatives

The fair value of derivative contracts are based on published market prices as at the balance sheet date and may differ from what will eventually be realized. During the period of the contracts, changes in the fair value of the derivative contracts are recognized in statement of comprehensive income (loss). The actual gains and losses realized on eventual cash settlement can vary due to subsequent fluctuations in commodity prices which are determined by supply and demand factors including: weather and general economic conditions in places that Journey does not operate and therefore are largely outside of Journey's control. The counter-parties with which the Company maintains its risk management contracts are major Canadian chartered banks having investment grade rating.

Commodity price volatility from period to period can have a dramatic effect on the recorded realized and unrealized gains and comprehensive income or loss for any reporting period.

Oil and gas reserves

Oil and gas development and production properties are depreciated on a unit of production basis at a rate calculated by reference to proved and probable reserves determined in accordance with the National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* and incorporating the estimated future cost of developing and extracting those reserves. Commercial reserves are determined using estimates of oil and natural gas in place, recovery factors and future prices. Future development costs are estimated using assumptions as to the number of wells required to produce the commercial reserves, the cost of such wells and associated production facilities, and other capital costs. There are numerous uncertainties inherent in estimating oil and gas reserves. The key estimates used in the determination of funds flows from oil and natural gas reserves include the following:

i) Reserves – Assumptions that are valid at the time of reserve estimation may change significantly when new information becomes available. Changes in forward price estimates, production costs or recovery rates may change the economic status of reserves and may ultimately result in reserves being restated.
ii) Oil and natural gas prices – Forward price estimates are used in the funds flow models. Commodity prices can fluctuate for a variety of reasons including supply and demand fundamentals, inventory levels, exchange rates, weather, and economic and geopolitical factors.
iii) Discount rate – The discount rate used to calculate the net present value of funds flows is based on estimates of an approximate industry peer group weighted average cost of capital. Changes in the general economic environment could result in significant changes to this estimate.

Estimating reserves is very complex, requiring many judgments based on geological, geophysical, engineering and economic data. These estimates may change, having either a positive or negative impact on net earnings as further information becomes available and as the economic environment changes.

Purchase price allocations and calculations of depletion and depreciation, impairment and deferred income tax assets are based on estimates of oil and gas reserves. Reserves estimates are based on engineering data, estimated future prices, expected future rates of production and timing of future capital expenditures. By their nature, these estimates are subject to measurement uncertainties and interpretations and the impact on the financial statements could be material. The Company expects that over time, its reserves estimates will be revised upward or downward based on updated information such as the results of future drilling, testing and production levels and may be affected by changes in commodity prices.

Depletion and depreciation

Depletion of oil and gas properties is provided using the unit-of-production method and is based on production volumes (before royalties) in relation to total estimated proved and probable reserves as determined by internal reserve evaluations for the first three quarters of the year and then at year-end by the Company's independent engineers. Natural gas reserves and production are converted at the energy equivalent of six thousand cubic feet to one barrel of oil. Calculations for depletion of oil and gas properties including production equipment and facilities are based on total capitalized costs plus estimated future development costs of proved and probable reserves less the estimated salvage value of production equipment and facilities after the reserves are fully produced. Exploration and evaluation costs are excluded from depletion calculations.

The calculation of the unit-of-production rate of amortization could be impacted to the extent that actual production in the future is different from current forecast production. This would generally result from significant changes in any of the factors or assumptions used in estimating reserves.

These factors could include:

- Changes in proved and probable reserves.
- Changes in estimates of future development costs.
- The effect on proved and probable reserves of differences between actual production as compared to forecasts as well as commodity price assumptions.
- Unforeseen operational issues.

Exploration and evaluation ("E&E") assets

The decision to transfer assets from E&E to property, plant and equipment is based on the estimated proved and probable reserves which are in part used to determine a project's technical feasibility and commercial viability. Upon determination of economic recoverable reserves, the assets transferred include certain and determinable recorded costs drilling costs and apportionment of certain costs accumulated by property such as exploration licenses, leasehold acquisitions, seismic and evaluation costs that would be associated with the reserves. Such determination is not typically subject to trending.

Impairment/Recoveries

The recoverable amounts of Cash Generating Units ("CGU"), as defined below, and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs of disposal. These calculations require the use of estimates and assumptions including information on future commodity prices, expected production volumes, quantity of reserves, discount rates, as well as future development and operating costs. Key assumptions in the determination of funds flows from reserves include reserves as estimated by the Company's independent qualified reserve evaluators. It is possible that oil and gas price assumptions may change which may then impact the estimated life of fields and may then require a material adjustment to the carrying value of E&E assets and property, plant and equipment. The Company monitors internal and external indicators of impairment relating to its tangible and intangible assets.

The Company's significant accounting policies are disclosed in note 3 to the audited consolidated financial statements. Certain accounting policies require that management make appropriate decisions with respect to the formulation of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. These accounting policies are discussed below and are included to aid the reader in assessing the critical accounting policies and practices of the Company and the likelihood of materially different results than reported. The Company's management reviews its estimates regularly. The emergence of new information and changed circumstances may result in actual results that differ materially from current estimates.

CGU definition

The determination of CGU's requires judgment in defining the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. CGU's are determined by similar geological structure, shared infrastructure, geographical proximity, commodity type, similar exposure to market risk and materiality. The asset composition of a CGU can directly impact the recoverability of the assets included therein.

Recoverable amounts of CGUs

The recoverable amount of a CGU used in the assessment of impairment is the greater of its value-in-use ("VIU") and its fair value less costs of disposal ("FVLCOD"). VIU is determined by estimating the present value of the future net funds flows from the continued use of the CGU, and is subject to the risks associated with estimating the value of reserves. FVLCOD refers to the amount obtainable from the sale of a CGU in an arm's length transaction between knowledgeable, willing parties, less costs of disposal.

Both VIU and FVLCOD estimates include the estimated reserves values in their determination. The key assumptions and estimates of the value of oil and gas reserves and the existing and potential markets for the Company's oil and gas assets are made at the time of reserves estimation and market assessment and are subject to change as new information becomes available. Changes in international and regional factors, including supply and demand of commodities, inventory levels, drilling activity, currency exchange rates, weather, geopolitical and general economic factors, may result in significant changes to the estimated recoverable amounts of CGUs.

Decommissioning costs

Decommissioning costs will be incurred by the Company at the end of the operating life of certain facilities and properties. The ultimate decommissioning costs are uncertain and cost estimates can vary in response to many factors including changes to relevant regulatory requirements, the emergence of new restoration techniques or experience at other production sites. The expected timing and amount of expenditure can also change, for example in response to changes in reserves or changes in laws and regulations or their interpretation. In addition, the Company determines the appropriate discount rate at the end of each reporting period. The Company uses the risk-free discount rate to determine the present value of the estimated future cash outflows to settle the obligation and may change in response to numerous market factors. As a result, there could be significant adjustments to the provisions established which would affect future financial results.

Share based compensation

The fair value of both the stock options and performance warrants granted are measured using the Black-Scholes option pricing model. Measurement inputs include the Company's share price on the measurement date; the exercise price of the option; the expected volatility of the Company's shares; the expected life of the options; expected dividends; and the risk-free rate of return. The Company estimates volatility based on the historical share price in the publicly traded markets. The expected life of the options is based on historical experience and estimates of the holder's behavior. Dividends are not factored in. Management also makes an estimate of the number of options that will be forfeited and the rate is adjusted to reflect the actual number of options that actually vest. RSUs are granted to employees that vest over three years from issuance date, half on the second anniversary of issuance and half on the third anniversary of issuance. The Company also grants Performance Share Units ("PSUs") to certain employees that cliff vest on the third anniversary date of issuance. The settlement method is at the discretion of the Company and may be either in cash or shares.

Income taxes

The Company recognizes the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Various assumptions are made in assessing when temporary differences will reverse and this may impact the rate used. Assessing the recoverability of deferred income tax assets requires significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast funds flows from operations and the application of existing tax laws in each jurisdiction in which the Company operates. To the extent that future funds flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the balance sheet date could be materially impacted.

The determination of the Company's income and other tax assets and liabilities requires interpretation of complex laws and regulations often involving multiple jurisdictions. All tax filings are subject to audit and potential reassessment after the lapse of considerable time. Accordingly, the actual income tax asset or liability may differ from that estimated and recorded by management. The Company estimates its future income tax rate in calculating its future income tax asset or liability.

RISK FACTORS AND RISK MANAGEMENT

The risks in the oil and gas industry are varied and wide-ranging. The primary risks and how the Company mitigates them are as follows:

Commodity Price Risk

The Company's operating results and financial condition are dependent on prices received for the production of natural gas, NGL and oil. Commodity prices have historically been subject to wide fluctuations and have the most material impact on funds flow. These prices are determined by supply and demand factors including: weather and general economic conditions in places that Journey does not operate and therefore are largely outside of Journey's control. Prices received in Canada also reflect changes in the Canadian/US currency exchange rate. Journey's strategy to mitigate these risks focuses on the use of puts, swaps, costless collars and fixed price contracts to limit exposure to downturns in commodity prices while allowing, to the maximum extent possible, maximum exposure to commodity price increases. The Company's hedging activities are conducted pursuant to the Company's Risk Management policy approved by the Board of Directors. Revenues and the resulting funds flows fluctuate with commodity prices, which are tied directly to the US/Canadian dollar exchange rate. Commodity prices are determined on a global basis and circumstances that occur in various parts of the world are outside of the control of the Company. The Company protects itself from fluctuations in prices by maintaining an appropriate hedging strategy, diversifying its asset mix and strengthening its balance sheet in order to take advantage of low price environments by making strategic acquisitions. Journey enters into commodity price contracts to actively manage the risks associated with price volatility and thereby partially protect funds flows, which are used to fund our capital program.

The risk associated with using these derivative contracts include: commodity prices moving materially in favour of the counter-party and the credit risk associated with the collection of settlements from price movements in Journey's favour. Journey mitigates these risks by entering mainly into collar transactions that give acceptable ranges of prices and furthermore by dealing with its chartered banks as the primary counterparty.

Foreign Exchange Risk

Journey is also exposed to fluctuations in the exchange rate between the Canadian and US dollar. Most commodity prices are based on US dollar benchmarks, which result in our realized prices being influenced by the Canadian/U.S. currency exchange rates.

Credit Risk

Credit risk arises from the potential loss resulting from a counterparty failing to meet its obligations in accordance with the agreed terms. The Company may be exposed to third party credit risk through its contractual arrangements with its current or future joint venture partners, marketers of its petroleum and natural gas production and other parties. In the event such entities fail to meet their contractual obligations to the Company, such failures may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Poor credit conditions in the industry and of joint venture partners may impact a joint venture partner's willingness to participate in the Company's ongoing capital program, potentially delaying the program and the results of such program until the Company finds a suitable alternative partner. Substantially all of the accounts receivable are with its marketers and joint venture partners in the oil and gas industry and are subject to normal industry credit risks. The Company generally extends unsecured credit to these parties and therefore, the collection of accounts receivable may be affected by changes in economic or other conditions. Management believes the risk is mitigated by entering into transactions with long-standing, reputable, counterparties and partners. In many cases, the Company has offsetting receivables and payables with its joint venture partners and makes use of these offsets to mitigate any payment risk. Wherever possible, the Company requires cash calls from its partners on capital projects before they commence. On a regular basis, the Company assesses the potential for bad debts associated with these parties and provides for accordingly.

Receivables related to the sale of the Company’s petroleum and natural gas production are mainly from major marketing companies who have excellent credit ratings. These revenues are normally collected on the 25th day of the month following delivery.

The counter-parties with which the Company maintains its risk management contracts are major Canadian chartered banks having investment grade rating.

<u>Credit Facility Risk</u>

The Company currently has a revolving bank credit facility of $100,000. The facility is a 365 day revolving facility from a syndicate of lenders with a term-out date of April 30, 2019. Upon Journey’s request each year, the credit facility is renewed for another year. Should the request not be approved by the banks, the entire amount of the debt will mature and be due and payable one year from the then term out date. There is a risk that the facility may not be renewed for the same amount or under the same or similar terms to what currently exists. The credit facilities are secured by a $500,000 fixed and floating charge debenture over the petroleum and natural gas properties and all other assets of Journey. The facilities are also subject to a semi-annual review, at which time the lenders may re-determine the borrowing base. Journey is subject to certain customary non-financial covenants in its credit facility agreement. Journey is in compliance with all such covenants as at December 31, 2018. The credit facility contains customary restrictions on the disposition of assets and the granting of security, as well as on the making of distributions if there is a default under the facility.

<u>Access to Capital Markets</u>

The Company’s business plan includes the making of significant capital expenditures for the acquisition, exploration, development and production of oil and natural gas reserves in the future. As funds flow from operations may not be sufficient to fund its ongoing activities at all times, the Company may require additional financing in order to carry out its oil and gas acquisition, exploration and development activities over and above its lending facility. Failure to obtain such financing on a timely basis could cause the Company to forfeit its interest in certain properties, miss out on acquisition opportunities, and reduce or terminate operations. There can be no assurance that debt or equity financing, or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to the Company. The inability of the Company to access sufficient capital for its operations could have a material adverse effect on the Company's business financial condition, results of operations and prospects. Should circumstances affect the funds flow from operations in a detrimental way, the Company would respond by increasing debt within the Company’s self-imposed debt guideline and/or reducing capital expenditures. The Company relies on various sources of funding to support its capital expenditure program including:

- Internally generated funds flows;
- Debt may be utilized to expand capital programs when deemed appropriate; and

- Additional equity, if available and on terms acceptable to the Company, may be used to expand or support exploration and development programs and fund acquisitions.

Interest Rate Risk

Journey is exposed to interest rate fluctuations. Interest rate risk arises from changes in market interest rates that may affect the future funds flows from the Company's financial assets or liabilities. The Company's revolving demand loan facility is subject to floating rates and is therefore exposed to fluctuations in the market rates of interest.

The maturing Western Canadian Sedimentary Basin

Land and producing assets are becoming increasingly scarce and more expensive. The Company mitigates these risks by developing its core areas to gain efficiencies. In addition, the Company participates in several farm-in opportunities wherein its exposure to increasing land prices is minimized. For riskier, exploration projects, the Company will solicit partner participation to limit the downside exposure.

Increasing United States Oil and Natural Gas Supply

Over the last several years, the advent of multi-stage fracking has unlocked previously uneconomic oil and natural gas supplies that are readily available in the United States. The Marcellus, Haynesville, and Eagle Ford shale gas plays in the Eastern United States and the Bakken in North Dakota have created a supply within the major consuming regions of the United States. This has caused a reduction in demand from Western Canada and this could possibly continue for many years to come. As a result, the Company has shifted capital to oil targets on its existing lands and will continue to do so into the foreseeable future.

Operating and finding and development costs are decreasing each year

The industry has experienced decreased costs for services in the past year. Demand for all services decreased as companies had to become more efficient in the drilling activities due to low commodity prices and demanded price reductions from all service suppliers. The Company mitigates risks by entering into strategic joint ventures to reduce exposure to high costs and diversify drilling risks. The Company employs experienced and motivated staff to evaluate and generate high quality drilling prospects. In addition the Company seeks to utilize appropriate technology and responsible operating practices in operating its wells. The Company utilizes appropriate safety programs and insurance coverage to guard against potential losses. Concentrating on core areas wherein Journey has high degrees of ownership and operatorship further mitigates increasing operating costs as economies of scale are gained. Journey attempts to minimize finding risk by:

- Focusing its efforts on its core areas wherein its expertise and experiences can be properly leveraged;
- Generating as many internal projects as possible;
- Being the operator on the majority of projects;
- Identifying drilling opportunities with multi-zone prospects; and
- Making prudent use of seismic data to identify prospects – either by purchasing trade data or by shooting new seismic.

Administrative Risks

The increased transparency required by the securities regulators and constantly evolving accounting guidelines dictate significant resources be devoted to these areas. Journey maintains processes designed to comply with the required disclosures; has a strong Board of Directors and engages technical advisors to assist in meeting securities guidelines. In addition, the industry will continue to experience competitiveness with respect to finding and retaining qualified employees. Retention issues are at least partially mitigated by having all employees participate in its long term incentive program and paying competitive salaries.

Competition

The petroleum industry is competitive in all its phases. The Company competes with numerous other organizations in the search for, and the acquisition of, oil and natural gas properties and in the marketing of oil and natural gas.

The Company's competitors include oil and natural gas companies that have substantially greater financial resources, staff and facilities than those of the Company. The Company's ability to increase its reserves in the future will depend not only on its ability to explore and develop its present properties, but also on its ability to select and acquire other suitable producing properties or prospects for exploratory drilling. Competitive factors in the distribution and marketing of oil and natural gas include price and methods and reliability of delivery and storage. Competition may also be presented by alternate fuel sources.

Environmental Regulations

All phases of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of federal, provincial and local laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with oil and natural gas operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach of applicable environmental legislation may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require the Company to incur costs to remedy such discharge. Although the Company believes that it will be in material compliance with current applicable environmental regulations, no assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Regulatory Risk

There can be no assurance that government regulations including: royalties, income taxes, environmental laws and other regulatory requirements will not be changed in a manner which would adversely affect the Company or its shareholders. While Journey has no control over these regulatory risks, it monitors these changes by participating in industry organizations and wherever possible offering assistance in lobbying for any proposed changes which will benefit all stakeholders. The Alberta government has recently announced changes to its royalty structure framework effective January 1, 2017. In general, the changes appear not to be financially onerous but the Company will continue to monitor and assess as the details become known. The AER has made changes to its LLR program whereby operators are rated with respect the value of their assets versus the estimated abandonment and reclamation obligation. Operators with a rating of less than two-to-one, are required to post deposits with the AER. Journey's rating is well above this limit and does not expect to post any such deposits in the foreseeable future.

DISCLOSURE CONTROLS AND PROCEDURES

The Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have designed, or caused to be designed under their supervision, disclosure controls and procedures ("DC&P") to provide reasonable assurance that: (i) material information relating to the Company is made known to the Company's CEO and CFO by others, particularly during the period in which the annual and interim filings or other reports are being prepared , and (ii) information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time period specified in securities legislation. Such officers have evaluated, or caused to be evaluated under their supervision, the effectiveness of the Company's DC&P at December 31, 2017. Based on that evaluation, the CEO and CFO have concluded that the Company's DC&P are effective at the financial year end of the Company for the foregoing purposes.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Journey's CEO and CFO are responsible for establishing and marinating internal control over financial; reporting ("ICFR"). They have as at the financial year end December 31, 2018, designed ICFR, or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The control framework used to design the Corporations ICFR is the Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations.

Management of Journey, including the CEO and CFO, has evaluated the effectiveness of the Corporation's ICFR as at December 31, 2018. Based on that evaluation, the CEO and CFO have concluded that the ICFR are effective as of the end of the year, in all material respects.

Journey is required to comply with National Instrument 52-109 Certification of Disclosure on Issuers' Annual and Interim Filings ("NI 52-109"). NI 52-109 requires that Journey disclose in its most recent interim period any material weaknesses in Journey's internal control over financial and/or any changes in Journey's internal control over financial reporting that occurred during the period that have materially affected, or are reasonably likely to materially affect Journey's internal controls over financial reporting. Journey confirms that no material weaknesses or such changes were identified in Journey's internal controls over financial reporting during the fourth quarter of 2018

It should be noted that a control system, no matter how well conceived, can provide only reasonable, but not absolute, assurance that the objectives of the control system will be met and it should not be expected that the disclosure and internal controls and procedures will prevent all errors or fraud.

The December 31, 2018 audited consolidated financial statements are available on SEDAR at www.sedar.com as well as the Company's website at www.journeyenergy.ca.