JOURNEY ENERGY INC.

Condensed Consolidated Interim Statement of Financial Position *(unaudited)*

(in thousands of Canadian dollars)

	Note	**March 31, 2021**	December 31, 2020
ASSETS			
CURRENT			
Cash		**6,909**	6,590
Accounts receivable		**10,835**	9,285
Prepaid expenses and deposits		**2,189**	1,575
Total current assets		**19,933**	17,450
Property, plant and equipment	3	**230,535**	262,594
Exploration and evaluation assets	4	**7,766**	7,629
Total assets		**258,234**	287,673
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities		**13,850**	16,198
Term-debt	6	**19,687**	22,568
Other liability	5	**645**	-
Lease obligations	9	**228**	231
Decommissioning liabilities	8	**2,097**	2,567
Total current liabilities		**36,507**	41,564
Term-debt	6	**59,725**	59,336
Lease obligations	9	**986**	1,040
Other liability	5	**3,253**	1,943
Decommissioning liabilities	8	**175,694**	203,612
Total liabilities		**276,165**	307,495
EQUITY			
Share capital	10	**300,758**	300,758
Contributed Surplus		**109,522**	109,330
Warrants	11	**3,809**	3,809
Deficit		**(432,020)**	(433,719)
Total equity		**(17,931)**	(19,822)
Total liabilities and equity		**258,234**	287,673
Going concern	2		
Commitments	18		

See accompanying notes.

APPROVED BY THE BOARD

"Signed" **Ryan A. Shay, Director**

"Signed" **Alex G. Verge, Director**

JOURNEY ENERGY INC.

Condensed Consolidated Interim Statement of Comprehensive Income (Loss)
For the three months ended March 31, 2021 and 2020
(unaudited) (in thousands of Canadian dollars, except per share data)

	Note	Three months ended March 31, 2021	2020
REVENUE			
Petroleum and natural gas sales	17(c)	**23,575**	18,336
Processing and other income		**2,361**	829
Royalties		**(2,531)**	(2,696)
Gain (loss) on derivative contracts	16(a)	**-**	11,974
Net revenue		**23,405**	28,443
EXPENSES			
Operating		**11,000**	12,590
Transportation		**299**	452
General and administrative	16(b)(i)	**466**	3,479
Share based compensation	12	**192**	600
Exploration and evaluation	4	**66**	478
Impairment of oil and gas assets	3	**-**	60,923
Depletion and depreciation	3	**3,541**	12,221
Transaction costs		**8**	1
Finance	13	**6,134**	3,140
Total expenses		**21,706**	93,884
NET INCOME (LOSS) BEFORE TAXES		**1,699**	(65,441)
Deferred income tax	14	**-**	-
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)		**1,699**	(65,441)
NET INCOME (LOSS) PER SHARE	15		
Basic		**0.04**	(1.52)
Diluted		**0.04**	(1.52)

See accompanying notes.

JOURNEY ENERGY INC.

Condensed Consolidated Interim Statement of Changes in Equity *(unaudited)*
(in thousands of Canadian dollars)

	Note	Share Capital	Contributed Surplus	Warrants	Deficit	Total Equity
Balance, January 1, 2021		300,758	109,330	3,809	(433,719)	(19,822)
Comprehensive income		-	-	-	1,699	1,699
Share based compensation	12	-	192	-	-	192
Balance, March 31, 2021		**300,758**	**109,522**	**3,809**	**(432,020)**	**(17,931)**

	Share Capital	Contributed Surplus	Warrants	Deficit	Total Equity
Balance, January 1, 2020	300,621	107,697	736	(377,095)	31,959
Comprehensive loss	-	-	-	(65,441)	(65,441)
Share based compensation	-	600	-	-	600
Balance, March 31, 2020	300,621	108,297	736	(442,536)	(32,882)

JOURNEY ENERGY INC.

Condensed Consolidated Interim Statement of Cash Flows *(unaudited)*

For the three months ended March 31, 2021 and 2020

(in thousands of Canadian dollars)

	Note	Three months ended March 31, **2021**	2020
THE FOLLOWING ACTIVITIES:			
OPERATING			
Net income (loss) and comprehensive income (loss)		**1,699**	(65,441)
Adjustments for:			
Unrealized loss (gain) on derivative contracts	16(a)	**-**	(9,655)
Share based compensation	12	**192**	600
Depletion and depreciation	3	**3,541**	12,221
Changes in fair value of other liability	5	**1,955**	-
Accretion of decommissioning liabilities	8	**862**	544
Accretion of lease obligations	13	**33**	81
Accretion of term-debt	6	**396**	43
Deferred financing charge		**862**	63
Exploration and evaluation expense	4	**66**	478
Impairment of oil and gas assets	3	**-**	60,923
Decommissioning costs incurred	8	**(470)**	(386)
Changes in non-cash working capital	17(a)	**(4,841)**	1,911
Cash flow provided by operating activities		**4,295**	1,382
FINANCING			
Changes in bank debt	5	**-**	5,978
Repayment of term-debt		**(3,750)**	-
Lease obligation payments	9	**(90)**	(417)
Cash flow used in financing activities		**(3,840)**	5,561
INVESTING			
Additions to property, plant and equipment	3	**(364)**	(3,125)
Additions to exploration and evaluation assets	4	**(81)**	(138)
Acquisition of property, plant and equipment and exploration and evaluation assets		**(20)**	(29)
Disposition of property, plant and equipment and exploration and evaluation assets		**-**	16
Changes in non-cash working capital	17(a)	**329**	(3,667)
Cash flow used in investing activities		**(136)**	(6,943)
NET INCREASE TO CASH		**319**	-
CASH, BEGINNING OF PERIOD		**6,590**	-
CASH, END OF PERIOD		**6,909**	-
Supplementary cash flow information	17 (b)		

See accompanying notes.

Journey Energy Inc. ("Journey" or "the Company"), is a publicly traded company engaged in the exploration, development and production of crude oil and natural gas in the province of Alberta, Canada. Journey's shares trade on the Toronto Stock Exchange and the OTCQX exchange in the U.S.

These condensed consolidated interim financial statements present the results of operations for the Journey group of entities.

The registered address for Journey is 4300, 888 3rd Street SW Calgary, Alberta, Canada and the corporate head office is located at 700, 517 - 10th Avenue SW, Calgary, Alberta, Canada.

1. BASIS OF PRESENTATION

These Financial Statements, including prior year comparative information, have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting using policies consistent with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). These Financial Statements have been prepared following the same accounting policies and method of computation as the audited annual consolidated financial statements for the year ended December 31, 2020. Certain information and disclosures normally included in the notes to the audited annual consolidated statements have been condensed. Accordingly, these Financial Statements should be read in conjunction with the audited annual consolidated financial statements for the year ended December 31, 2020, which were prepared in accordance with IFRS as issued by the IASB. These Financial Statements for the period ended March 31, 2021 were authorized for issuance in accordance with a resolution of the audit committee of the Board of Directors on May 7, 2021.

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.

2. GOING CONCERN

These condensed, consolidated, interim financial statements (the "Financial Statements"), including prior year comparative information, have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

Journey has six tranches of term-debt with its major shareholder, Alberta Investment Management Corporation ("AIMCo"). Two tranches of term-debt, having a principal amount of $21,250 at March 31, 2021 have maturities in 2021 (see note 6). While the Company has concluded, and continues to make, substantial progress in improving its overall debt position, there continues to be material uncertainty surrounding commodity prices and Journey's debt and liquidity, which has been caused by the Covid-19 Pandemic (see comments below). This uncertainty also adds to the risk that the Company may not be able to make its principal repayment obligations on its term-debt that matures in 2021. The need to maintain the support of AIMCo along with the uncertainty surrounding Journey's ability to repay the term-debt as it matures casts significant doubt as to the Company's ability to continue as a going concern.

As part of the term-debt agreements, there is a Liability Management Report ("LMR") covenant threshold of 1.75. At March 31, 2021 the Company had complied with the terms of its lending agreements. Subsequent to the end of the first quarter, the Company and its lender reached an agreement to amend the LMR threshold in the term-debt agreements to 1.5. The Company has applied for funding under a recent program announced by the Federal Government to reclaim and abandon certain properties. This program, if the Company can access funds, will improve the Liability Management Rating.

No adjustments have been made to the financial statements relating to the recoverability and classification of the asset carrying amounts or the amount and classification of liabilities that may be necessary should the Company not continue as a going concern. These adjustments, if made, could be material.

COVID-19 Pandemic

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. In addition, global commodity prices declined significantly due to a dispute between major oil producing countries combined with a collapse in demand due to the impact of the COVID-19 pandemic. Governments worldwide, including those in Canada have enacted emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. However, the success of these interventions is not currently determinable. The current challenging economic climate has had, and may continue to have significant adverse impacts on the Corporation including:

- material declines in revenue and cash flows resulting from the collapse in commodity prices and production levels;
- reduced capital programs which could have further negative effects on production levels;
- declines in commodity prices, revenue and cash flows have resulted in material impairments and could result in further impairment charges;
- inability to comply with debt covenants and restrictions in lending agreements (discussed further above);
- increased risk of non-payment of accounts receivable and customer defaults;
- restructuring charges as the Company aligns its structure and personnel to the dynamic environment; and
- the current economic and commodity pricing environment further jeopardizes the Company's ability to continue as a going concern.

The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Corporation is not known at this time. Estimates and judgements made by management in the preparation of these financial statements are increasingly difficult and subject to a high degree of measurement uncertainty during this volatile period.

3. PROPERTY, PLANT AND EQUIPMENT

	Petroleum and natural gas assets	Right of use assets	Electricity	Other assets	Total
Balance, January 1, 2020	1,268,963	6,714	1,000	4,340	1,281,017
Additions	882	191	5,802	-	6,875
Changes in decommissioning obligations	38,678	-	-	-	38,678
Lease amendment	-	(3,053)	-	-	(3,053)
Dispositions of property, plant and equipment	(23)	(12)	-	-	(35)
Transfer from exploration and evaluation	201	-	-	-	201
Balance, December 31, 2020	1,308,701	3,840	6,802	4,340	1,323,683
Additions	175	-	189	-	364
Changes in decommissioning obligations	(28,780)	-	-	-	(28,780)
Transfer to exploration and evaluation	(102)	-	-	-	(102)
Balance, March 31, 2021	**1,279,994**	**3,840**	**6,991**	**4,340**	**1,295,165**

	Petroleum and natural gas assets	Right of use assets	Electricity	Other assets	Total
Accumulated depletion, depreciation and impairment losses					
Balance, January 1, 2020	(955,736)	(1,342)	-	(4,129)	(961,207)
Provision for the period	(37,590)	(1,224)	(87)	(58)	(38,959)
Impairment	(60,923)	-		-	(60,923)
Balance, December 31, 2020	(1,054,249)	(2,566)	(87)	(4,187)	(1,061,089)
Provision for the period	(3,352)	(93)	(85)	(11)	(3,541)
Balance, March 31, 2021	**(1,057,601)**	**(2,659)**	**(172)**	**(4,198)**	**(1,064,630)**

Carry amounts	Petroleum and natural gas assets	Right of use assets	Electricity	Other assets	Total
January 1, 2020	314,227	5,372	1,000	211	319,810
December 31, 2020	254,452	1,274	6,715	153	262,594
March 31, 2021	**222,393**	**1,181**	**6,819**	**142**	**230,535**

Future development costs on reserves of $149,852 (December 31, 2020 - $150,194) were included in the depletion calculation. During 2021 and 2020 the Company did not capitalize any general and administrative or share based compensation costs.

At each reporting period, the Company assesses whether there were indicators of impairment. The assessment factored in reserves; changes in forecasted commodity prices; interest rates; the health of the oil and gas industry; the status of the general economy; well performance; and near term development plans. At March 31, It was determined that impairment indicators were not present and as a result no impairment test was performed.

4. EXPLORATION AND EVALUATION ASSETS

Balance, January 1, 2020	8,664
Additions	386
Dispositions	(14)
Acquisitions	33
Lease expiries	(799)
Transfer to property, plant and equipment	(201)
Impairment	(440)
Balance, December 31, 2020	7,629
Additions	81
Acquisitions	20
Transfer from property, plant and equipment	102
Lease expiries	(66)
Balance, March 31, 2021	**7,766**

5. OTHER LIABILITY

On October 30, 2020, Journey secured a $38,000 term-debt facility to fund the purchase of its $75,000 credit facility held by its syndicate of first-lien lenders. In addition to the initial $38,000 payment to the syndicate, Journey is contingently liable to pay a maximum of $5,750 over a three year period with annual payments dependent on the achievement of specified price ranges for mixed, sweet, blended oil prices at the Edmonton, Alberta hub as reported by Natural Resources Canada. The fair value of the contingent liability is shown in the Consolidated Statement of Financial Position as "Other Liability". The payment in 2021 is capped at $750; 2022 is capped at $2,250; and in 2023 the payment is capped at the maximum total obligation of $5,750. At March 31, 2021 the Company estimated the fair value of the contingent liability to $3,898 (December 31, 2020 - $1,943). The change in fair value of this liability was recorded in the statement of comprehensive income (loss) as finance expenses.

The table below summarizes the change in fair value for the Other Liability:

	$
Recognized at inception, October 30, 2020	1,336
Increase in fair value for period	607
Fair value at December 31, 2020	1,943
Increase in fair value for period	1,955
Fair value at March 31, 2021	**3,898**
Current portion of other liability	**(645)**
Long term portion of other liability	**3,253**

6. TERM-DEBT

A summary of the Company's term-debt outstanding as at the respective period ends is as follows:

	March 31, 2021	December 31, 2020
Tranche:		
1 - matures October 31, 2023	**23,368**	23,368
2 - matures September 30, 2022	**22,946**	22,946
3 - matures June 30, 2021	**11,250**	15,000
4 - matures October 31, 2021	**10,000**	10,000
5 - matures October 31, 2024	**13,000**	13,000
6 - matures October 31, 2024	**5,350**	5,350
Unamortized financing costs	**(6,502)**	(7,760)
Total	**79,412**	81,904
Current portion of term-debt	**(19,687)**	(22,568)
Long term portion of term-debt	**59,725**	59,336

The continuity of the first two tranches of term-debt issued September 30, 2019 is as follows:

	Tranche 1	Tranche 2	**Total**
Balance, January 1, 2020	22,787	20,867	43,654
Capitalized interest	1,367	946	2,313
Accretion	(188)	365	177
Deferred issuance expenses	(43)	(43)	(86)
Amortization of deferred issuance expenses	41	24	65
Balance, December 31, 2020	23,964	22,159	46,123
Amortization of deferred issuance expenses	6	8	**14**
Accretion	(52)	97	**45**
Balance, March 31, 2021	**23,918**	**22,264**	**46,182**

On October 30, 2020, Journey secured $38,000 of term-debt from AIMCo to fund the settlement of the $75,000 credit facility with its syndicate of first-lien lenders. The $38,000 was provided in three tranches. The first was for $15,000; bears interest at 11.5% per annum; and matures on June 30, 2021. The maturity was originally set at December 31, 2020 to coincide with the disposition of assets in Countess, Alberta. The agreement for the sale of assets was terminated on March 1, 2021 and AIMCo extended the maturity to June 30, 2021. Journey repaid $3,750 of this tranche in the first quarter of 2021 and will continue to make payments as it generate funds in excess of its current needs. The second tranche is for $10,000; matures on October 31, 2021 and bears interest at 9.0% per annum. The fair value of this tranche was determined using an effective rate of 15.0%. The third tranche is for a principal amount of $13,000; matures on October 31, 2024; and bears interest of 9.0% in year one, 9.85% in year two and 12.95% for years three and four. The fair value of this tranche was determined using an effective rate of 20.0%.

A commitment fee loan of $5,350 is payable to AIMCo on October 30, 2024 and bears interest at rates which are dependent upon Edmonton mixed sweet reference oil prices. Below $65 per barrel the loan bears no interest. Between $65 and $80 per barrel, the loan bears interest at 5.0% per annum and if oil prices exceed $80 per barrel the loan bears interest at 10.0% per annum.

The continuity of the final four tranches of term-debt, which were issued on October 30, 2020 is as follows:

	Tranche 3	Tranche 4	Tranche 5	Tranche 6	Total
Principal amount of term-debt	15,000	10,000	13,000	5,350	43,350
Less: value allocated to warrants	-	(582)	(3,461)	-	(4,043)
Fair value at date of issue	15,000	9,418	9,539	5,350	**39,307**
Unamortized deferred finance costs	(2,187)	(1,458)	(1,896)	-	**(5,541)**
Amortization of deferred finance costs	1,458	243	79	-	**1,780**
Accretion expense	-	94	141	-	**235**
Balance, December 31, 2020	**14,271**	**8,297**	**7,863**	**5,350**	**35,781**
Repayment	(3,750)	-	-	-	**(3,750)**
Amortization of deferred finance costs	365	364	119	-	**848**
Accretion expense	-	140	211	-	**351**
Balance, March 31, 2021	**10,886**	**8,801**	**8,193**	**5,350**	**33,230**

All tranches of the term-debt are secured by a floating charge debenture over all of the Company's assets. There was a financial covenant that requires the Company to maintain its Liability Management Rating greater than 1.75. On April 26, 2021 AIMCo and the Company reached an agreement to amend the LMR covenant in the term-debt agreement to 1.5. In addition, there are certain standard non-financial covenants in the term-debt agreement. Journey was in compliance with all covenants as at March 31, 2021. Journey anticipates compliance with the amended LMR threshold through 2021.

7. BANK DEBT

Journey currently has a demand operating loan (overdraft) of $1,500 with chartered bank of which there was no amount drawn as at March 31, 2021. Any advances under this agreement bear interest at a rate of 2.5 percent above the banks' prime lending rate. The overdraft is secured by a general security agreement over certain tangible field facilities of the Company.

8. DECOMMISSIONING LIABILITIES

The Company's decommissioning liabilities result from ownership interests in petroleum and natural gas assets, which include: well sites, gathering systems, natural gas processing facilities and oil batteries. The Company estimates the total undiscounted, un-escalated amount of cash flows required to settle its decommissioning liabilities at March 31, 2021 to be $190,727 (December 31, 2020 - $191,909) the majority of which, will be incurred at various times between 2022 and 2056. The present value of the future liability at March 31, 2021 has been discounted using an inflation adjusted interest rate of 0.3% (December 31, 2020 – minus 0.3%), which is comprised of a risk-free discount rate of 2.0% less an assumed inflation rate of 1.7%. As at March 31, 2021, no funds have been specifically set aside to settle these obligations. The decommissioning obligations will be funded from future cash flows from operations.

Changes to decommissioning liabilities during the three month periods were as follows:

	March 31, 2021	December 31, 2020
Balance, beginning of period	**206,179**	166,478
Liabilities disposed of	**-**	(705)
Liabilities settled	**(470)**	(480)
Revisions to estimates	**(840)**	(6,340)
Changes in discount rate	**(27,940)**	45,017
Accretion	**862**	2,209
Balance, end of period	**177,791**	206,179
Current provision	**2,097**	2,567
Non-current provision	**175,694**	203,612

9. LEASE OBLIGATIONS

The present value of Journey's lease obligations was as follows at the respective period ends:

	Current	Long-term	Total
Balance, January 1, 2020	1,289	4,492	5,781
Additions	59	132	191
Lease termination	(665)	(1,369)	(2,034)
Lease modification	(589)	(924)	(1,513)
Lease payments	-	(1,428)	(1,428)
Accretion	137	137	274
Balance, December 31, 2020	231	1,040	1,271
Lease payments	(8)	(82)	(90)
Accretion	5	28	33
Balance, March 31, 2021	**228**	**986**	**1,214**

The discount rates used to determine the present value of the lease were from the stated rate stipulated in the lease. Where the lease did not specify a rate, the Company used an interest rate that approximated its incremental cost of borrowing at the inception of each lease to discount the future lease liabilities. The undiscounted lease liability at March 31, 2021 is $1,538 (December 19, 2020 - $1,628) for the leases.

10. SHARE CAPITAL

The outstanding common shares of the Company at each respective period end are as follows:

	Shares	**$**
Balance, January 1, 2020	43,087	300,621
Issued on settlement of PSU's and RSU's	914	137
Balance, December 31, 2020 and March 31, 2021	**44,001**	**300,758**

11. WARRANTS

	Warrants	**$**
Balance, January 1, 2020 (i)	1,137	736
Issued, net of deferred tax (ii)	**5,000**	**3,073**
Balance, December 31, 2020 and March 31, 2021	**6,137**	**3,809**

(i) The warrants are convertible into common shares on a one for one basis with an exercise price of $3.15 per warrant and expire on September 30, 2022.

(ii) The warrants are convertible into common shares on a one for one basis with an exercise price of $0.16 per warrant and expire on October 31, 2024.

12. SHARE BASED COMPENSATION

a) Restricted Share Units ("RSU's") and Performance Share Units ("PSU's")

During the period ended March 31, 2021 $191 (2020 – $597) was charged to share based compensation expense for RSU's and PSU's outstanding.

The following RSU's and PSU's were outstanding at the end of the respective periods:

	RSU's	PSU's
Balance at January 1, 2020	1,753	1,036
Settled	(1,044)	(297)
Forfeited	(113)	(10)
Balance at December 31, 2020	596	729
Forfeited	(13)	(27)
Balance at March 31, 2021	**583**	**702**

b) Stock option plan

All stock options awarded have a maximum term of five years and vest in equal one-third increments on each anniversary of the grant date. The following stock options were outstanding at the end of the respective periods:

	Stock options	Weighted average exercise price $	Number of options exercisable
Balance, January 1, 2020	1,161	2.05	1,134
Forfeited	(16)	2.02	(16)
Balance at December 31, 2020	1,145	2.05	1,145
Expired	(30)	1.33	(30)
Forfeited	(34)	2.06	(34)
Balance at March 31, 2021	**1,081**	**2.07**	**1,081**

Share based compensation expense is comprised of the following:

	Three months ended March 31,	
	2021	2020
Stock option expense	**1**	3
PSU and RSU expense	**191**	597
Share based compensation expense	**192**	600

13. FINANCE EXPENSE

	Three months ended March 31,	
	2021	2020
Interest and deferred financing charge	**2,888**	2,472
Accretion of decommissioning liabilities	**862**	544
Accretion of lease obligations	**33**	81
Accretion of term-debt	**396**	43
Change in fair value of other liability	**1,955**	-
Total finance expense	**6,134**	3,140

14. DEFERRED INCOME TAX

The provision for deferred income tax reflects an effective rate which differs from the expected statutory federal and provincial tax rates. Differences between the statutory and effective rates for the three month periods ended March 31, 2021 and 2020 are accounted for as follows:

	Three months ended March 31, **2021**	2020
Net income (loss) before taxes	**1,699**	(65,441)
Expected income taxes, at the statutory rate of 23.0% (2020 – 25.5%)	**391**	(16,687)
Tax effect of non-deductible and non-taxable amounts related to:		
Share based compensation expense	**48**	162
Non-deductible items	**-**	1
Change in valuation allowance of deferred tax asset	**(439)**	16,524
Deferred income tax expense	**-**	-

15. PER SHARE AMOUNTS

The following table summarizes the weighted average common shares used in calculating per share amounts:

	Three months ended March 31, **2021**	2020
Net income (loss)	**1,699**	(65,441)
Weighted average shares outstanding - basic	**44,001**	43,087
Weighted average shares outstanding - diluted	**47,974**	43,087
Net loss per share – basic	**$ 0.04**	$ (1.52)
Net loss per share – diluted	**$ 0.04**	$ (1.52)

The net income (loss) per basic share is calculated by dividing the net income (loss) by the weighted average number of common shares outstanding during the respective periods. For the three month period ended March 31, 2021 the dilutive impact of RSU's, PSU's, warrants and stock options was an additional 3,973 weighted average common shares. All potentially dilutive instruments were excluded from the per share calculation for the three month period ended March 31, 2020 as the Company reported a net loss and to include them would be anti-dilutive.

16. FINANCIAL INSTRUMENTS

(a) Derivative contracts

The gain (loss) on derivative contracts for the three month periods ended March 31, 2021 and 2020 was as follows:

	Three months ended March 31, **2021**	2020
Realized	**-**	2,319
Unrealized	**-**	9,655
	-	11,974

(b) Risks

(i) Credit risk

A substantial portion of Journey's accounts receivable is with petroleum marketing entities. Receivables from these marketers are normally collected on the 25th day of the month following the calendar month in which production has occurred. Journey has not experienced any material collection issues with its petroleum and natural gas marketers. Journey generally extends unsecured credit to these companies; therefore, the collection of accounts receivable may be affected by changes in economic or other conditions and may accordingly impact Journey's overall credit risk. Management believes the risk is mitigated by the size, reputation and diversified nature of the companies to which it extends credit.

Journey is exposed to losses in the event of non-performance by counterparties to financial risk management contracts. Journey minimizes credit risk associated with possible non-performance of these financial instruments by entering into contracts with only investment grade counterparties, limiting exposure to any one counterparty and monitoring procedures around extending credit. Journey is managing this risk within its credit limit guidelines and procedures. While Management believes Journey's credit limit guidelines and procedures are sufficient to address credit risk, they are still subject to the volatility of the general financial credit environment. Journey's maximum credit risk relates to:

	2021	2020
Accounts receivable	**10,835**	9,285

For the period ended March 31, 2021, Journey determined that $2,107 (2020 - $2,365) of receivables from third parties were uncollectable and provided for them in the provision for uncollectable accounts. At March 31, 2021, Journey estimated its provision for uncollectable accounts to be $2,245 (2020 - $2,459). Accounts receivable balances outstanding greater than ninety days at March 31, 2021 were $2,818 (2020 – $1,434).

(ii) Interest rate risk

All the Company's term loans bear interest at fixed rates with the exception of the commitment fee loan, which bears interest only if certain oil price thresholds are met (Note 7). Borrowings under bank demand operating loan are market-rate based (variable interest rates); thus exposing Journey to cash flow risk. As there were no borrowings at March 31, 2021 there is no impact.

(iii) Foreign exchange risk

The Company is exposed to the risk of changes in the Canadian/U.S. dollar exchange rate on sales of commodities that are directly correlated to U.S. dollar benchmark prices and derivative contracts denominated in U.S. dollars.

(iv) Liquidity risk

Journey is exposed to liquidity risk, which is the risk the entity may not be able to generate or obtain sufficient cash resources to meet its commitments as they become due. Journey works to mitigate this risk by management of cash and debt. Journey maintains short-term and long-term cash forecasting based on estimated production levels and estimated pricing in order to proactively enact changes to our capital spending.

The following table details Journey's financial liabilities as at March 31, 2021:

	< 1year	**1 - 2 years**	**3 – 5 years**	**Total**
Accounts payable and accrued liabilities	13,850	-	-	**13,850**
Other liability – principal	750	2,250	2,750	**5,750**
Term-debt - principal	21,250	22,946	41,718	**85,914**
Interest on term-debt	6,449	5,010	4,239	**15,698**
	42,299	30,206	48,707	**121,212**

17. SUPPLEMENTAL INFORMATION

a) *Changes in non-cash working capital*

	Three months ended March 31,	
Sources (uses) of funds:	**2021**	2020
Accounts receivable	**(1,550)**	6,947
Prepaid expenses and deposits	**(614)**	(393)
Accounts payable and accrued liabilities	**(2,348)**	(8,310)
	(4,512)	(1,756)
Related to:		
Operating activities	**(4,841)**	1,911
Investing activities	**329**	(3,667)
	(4,512)	(1,756)

b) *Supplementary cash flow information*

	Three months ended March 31,	
	2021	2020
Interest paid	**2,833**	1,232

c) *Revenue by product type*

	Three months ended March 31,	
	2021	2020
Crude oil	**14,818**	13,873
Natural gas	**6,621**	3,230
Natural gas liquids	**2,136**	1,233
Petroleum and natural gas sales	**23,575**	18,336

18. COMMITMENTS

The Company is committed to firm-service contracts for the transportation of a portion of its natural gas production. The amounts in the table below are the minimum cash obligations that the Company must pay under the terms of the contracts.

	Total	2021	2022	2023	2024	After
Natural gas transportation	**532**	177	187	82	38	48

In addition to the commitments listed above, 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 consolidated financial statements.

19. RELATED PARTY TRANSACTIONS

The Company considers its directors and executives to be key management personnel and are therefore related parties. For the three month periods ended March 31, compensation for these individuals is comprised of the following:

	2021	2020
Salaries and director fees	**300**	269
Short-term employee benefits	**13**	14
Share based payments (i)	**101**	215
Total	**414**	498

(i) These amounts represent the amortization of share based compensation associated with the Company's share based compensation plans.
(ii) As at March 31, 2021 there were nine (March 31, 2020 – nine) individuals that were considered key management personnel.

The related party transactions above were recorded at the above disclosed exchange amounts.

20. CAPITAL MANAGEMENT

Journey's capital structure is comprised of share capital, bank debt, term-debt and working capital (current assets less current liabilities, but excluding the fair value of other liability, derivative contracts and decommissioning liabilities). The Company's key objectives when managing its capital structure are to: 1) meet its financial obligations as they come due; 2) finance its internally generated capital program; and 3) maintain financial flexibility to take advantage of accretive acquisitions that arise from time to time. To accomplish this Management strives to optimize its cost of capital while at the same time managing its leverage. To manage its capital structure Journey may issue equity or term-debt, adjust discretionary capital spending, use its credit facility to execute its capital program, or dispose of non-core assets.

Journey continually monitors its capital structure and makes adjustments to it throughout the year as a result of drilling successes, general economic conditions, and the state of the petroleum industry and global events, all of which may affect commodity prices. Journey prepares an annual budget, which is approved by the Board of Directors, and is updated quarterly for acquisition and divestiture activity as needed, changes in commodity prices, and drilling successes. Given the volatile commodity price environment resulting from the COVID-19 pandemic, the budget is intended to be flexible and is re-evaluated at each regularly scheduled board meeting.