JOURNEY ENERGY INC.

Condensed Consolidated Interim Statement of Financial Position *(unaudited)*
(in thousands of Canadian dollars)

	Note	**September 30, 2021**	December 31, 2020
ASSETS			
CURRENT			
Cash		**7,579**	6,590
Restricted cash		**318**	-
Accounts receivable		**14,178**	9,285
Prepaid expenses and deposits		**3,040**	1,575
Total current assets		**25,115**	17,450
Property, plant and equipment	4	**298,919**	262,594
Exploration and evaluation assets	5	**7,434**	7,629
Total assets		**331,468**	287,673
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities		**16,765**	16,198
Term-debt	7	**27,603**	22,568
Other liability	6	**706**	-
Lease obligations	10	**219**	231
Decommissioning obligations	9	**2,600**	2,567
Total current liabilities		**47,893**	41,564
Term-debt	7	**40,045**	59,336
Lease obligations	10	**877**	1,040
Other loan		**156**	-
Other liability	6	**3,561**	1,943
Decommissioning obligations	9	**160,438**	203,612
Total liabilities		**252,970**	307,495
EQUITY			
Share capital	11	**304,945**	300,758
Contributed Surplus		**109,874**	109,330
Warrants	12	**3,809**	3,809
Deficit		**(340,130)**	(433,719)
Total equity		**78,498**	(19,822)
Total liabilities and equity		**331,468**	287,673
Commitments	19		

See accompanying notes.

APPROVED BY THE BOARD

"Signed" **Steve Smith, Director**

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

JOURNEY ENERGY INC.

Condensed Consolidated Interim Statement of Comprehensive Income (Loss)
For the three and nine months ended September 30, 2021 and 2020
(unaudited) (in thousands of Canadian dollars, except per share data)

	Note	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
REVENUE					
Petroleum and natural gas sales	18(c)	**33,083**	18,759	**84,179**	48,261
Processing and other income		**4,103**	444	**8,130**	1,901
Royalties		**(5,446)**	(1,544)	**(11,756)**	(4,913)
Gain on derivative contracts	17(a)	**-**	(551)	**-**	8,347
Net revenue		**31,740**	17,108	**80,553**	53,596
EXPENSES					
Operating		**14,065**	9,937	**38,075**	31,211
Transportation		**396**	288	**1,097**	1,026
General and administrative		**958**	1,179	**2,463**	5,129
Share based compensation	13	**228**	570	**567**	1,713
Exploration and evaluation	5	**318**	300	**591**	786
Impairment (reversal) of oil and gas assets	4	**(84,957)**	-	**(84,957)**	60,923
Depletion and depreciation	4	**4,108**	9,549	**14,343**	31,886
Transaction costs		**341**	-	**359**	2
Finance	14	**4,040**	3,322	**14,426**	9,887
Total expenses		**(60,503)**	25,145	**(13,036)**	142,563
NET INCOME (LOSS) BEFORE TAXES		**92,243**	(8,037)	**93,589**	(88,967)
Deferred income tax	15	**-**	-	**-**	-
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)		**92,243**	(8,037)	**93,589**	(88,967)
NET INCOME (LOSS) PER SHARE	16				
Basic		**2.02**	(0.19)	**2.10**	(2.06)
Diluted		**1.79**	(0.19)	**1.89**	(2.06)

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		-	-	-	93,589	93,589
Equity issued on acquisition		4,165	-	-	-	4,165
Share based compensation	13	-	567	-	-	567
Settlement of RSU's		22	(23)	-	-	(1)
Balance, September 30, 2021		**304,945**	**109,874**	**3,809**	**(340,130)**	**78,498**

	Share Capital	**Contributed Surplus**	**Warrants**	**Deficit**	**Total Equity**
Balance, January 1, 2020	300,621	107,697	736	(377,095)	31,959
Comprehensive loss	-	-	-	(88,967)	(88,967)
Share based compensation	-	1,713	-	-	1,713
Balance, September 30, 2020	300,621	109,410	736	(466,062)	(55,295)

JOURNEY ENERGY INC.

Condensed Consolidated Interim Statement of Cash Flows *(unaudited)*
For the three and nine months ended September 30, 2021 and 2020
(in thousands of Canadian dollars)

	Note	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
CASH FLOW FROM THE FOLLOWING ACTIVITIES:					
OPERATING					
Net income (loss) and comprehensive income (loss)		**92,243**	(8,037)	**93,589**	(88,967)
Adjustments for:					
Unrealized gain on derivative contracts	17(a)	**-**	1,364	**-**	(852)
Other income	9	**(2,421)**	-	**(2,421)**	-
Share based compensation	13	**228**	570	**567**	1,713
Depletion and depreciation	4	**4,108**	9,549	**14,343**	31,886
Change in fair value of other liability	6	**190**	-	**2,324**	-
Accretion of decommissioning obligations	9	**788**	564	**2,501**	1,584
Accretion of lease obligations	14	**30**	71	**94**	228
Accretion of term-debt	7	**483**	46	**1,280**	132
Deferred financing charge		**619**	(65)	**2,344**	29
Capitalized interest		**87**	-	**2,870**	2,313
Exploration and evaluation expense	5	**318**	300	**591**	786
Impairment (reversal) of oil and gas assets	4	**(84,957)**	-	**(84,957)**	60,923
Decommissioning costs incurred	9	**(926)**	(37)	**(1,755)**	(411)
Changes in non-cash working capital	18(a)	**481**	360	**(6,447)**	(639)
Cash flow provided by operating activities		**11,271**	4,685	**24,923**	8,725
FINANCING					
Changes in bank debt		**-**	(1,297)	**-**	4,100
Advances other loan		**156**	-	**156**	-
Repayment of term-debt		**(10,000)**	-	**(20,750)**	-
Lease obligation payments	10	**(89)**	(403)	**(269)**	(1,233)
Settlement of restricted share units		**-**	-	**(1)**	-
Cash flow (used in) provided by financing activities		**(9.933)**	(1,700)	**(20,864)**	2,867
INVESTING					
Additions to property, plant and equipment	4	**(559)**	(1,850)	**(1,141)**	(5,928)
Additions to exploration and evaluation assets	5	**(82)**	(83)	**(273)**	(304)
Acquisition of property, plant and equipment and exploration and evaluation assets		**(1)**	-	**(32)**	(33)
Corporate acquisition		**(2,530)**	-	**(2,530)**	-
Disposition of property, plant and equipment and exploration and evaluation assets		**40**	-	**47**	16
Changes in non-cash working capital		**362**	(46)	**859**	(4,337)
Cash flow used in investing activities		**(2,770)**	(1,979)	**(3,070)**	(10,586)
NET INCREASE (DECREASE) TO CASH		**(1,432)**	1,006	**989**	1,006
CASH, BEGINNING OF PERIOD		**9,011**	-	**6,590**	-
CASH, END OF PERIOD		**7,579**	1,006	**7,579**	1,006
Supplementary cash flow information	18 (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 September 30, 2021 were authorized for issuance in accordance with a resolution of the audit committee of the Board of Directors on November 9, 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. COVID-19 Pandemic

In March 2020, the World Health Organization declared a pandemic. 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;
- 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.

While Journey's financial health has improved significantly from March of 2020, 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. Recently, and concurrent with global announcements of vaccine rollouts, oil and natural gas prices have materially improved. This has been helpful to the industry and the Company. However, there still remains an element of uncertainty over how quickly the global economy can recover and if there are additional waves related to the pandemic. 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.

Management's current forecast cash flows for 2022 indicate Journey will generate sufficient cash flow from operations to be able to repay the next maturity of term debt on September 30, 2022 of $23,816.

3. ACQUISITION

On August 18, 2021 Journey acquired all of the issued and outstanding shares of a private company for total consideration of $7,065. The consideration was comprised of $2,900 in cash and 3,500 Journey common shares valued at $1.19 per share on the closing day. The acquisition was accounted for as a business combination under IFRS 3. This acquisition contributed $1,055 to revenue and $313 to net income before tax for the post acquisition period. Had the acquisition closed on January 1, 2021 the effect on revenue would have been $5,460 and the impact on net income before tax would have been $1,635.

Fair value of net assets acquired	**$**
Cash	**370**
Working capital	**521**
Petroleum and natural gas properties	**9,700**
Decommissioning obligations	**(3,526)**
Net assets acquired	**7,065**
Consideration:	
Cash	**2,900**
Share consideration	**4,165**
Total consideration	**7,065**

4. 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	937	-	204	-	1,141

Acquisition of property, plant and equipment	9,703	-	-	-	9,703
Disposition of property, plant and equipment	(40)	-	-	-	(40)
Changes in decommissioning obligations	(44,992)	-	-	-	(44,992)
Transfer to exploration and evaluation	(101)	-	-	-	(101)
Balance, September 30, 2021	**1,274,208**	**3,840**	**7,006**	**4,340**	**1,289,394**
	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	(13,778)	(279)	(255)	(31)	(14,343)
Impairment reversal	84,957	-	-	-	84,957
Balance, September 30, 2021	**(983,070)**	**(2,845)**	**(342)**	**(4,218)**	**(990,475)**
Carry amounts	**Petroleum and natural gas assets**	**Right of use assets**	**Electricity**	**Other assets**	**Total**
January 1, 2020	313,227	5,372	1,000	211	319,810
December 31, 2020	254,452	1,274	6,715	153	262,594
September 30, 2021	**291,138**	**995**	**6,664**	**122**	**298,919**

Future development costs for oil and natural gas reserves of $149,382 (December 31, 2020 - $150,194) were included in the depletion calculation.

At the end of each reporting period, the Company assesses whether there were indicators of impairment. The assessment factors in the following criteria: changes in reserves; changes in forecasted commodity prices from the previous reserve report; interest rates; the health of the oil and gas industry; the status of the general economy; well performance; and near term development plans.

At September 30, 2021, the Company assessed whether there were indicators of impairment or reversals of prior period impairments. It was determined that there were indicators for impairment reversals for the Matziwin, Skiff, Herronton, Gilby and Cherhill Cash Generating Units ("CGU's") and as a result, the CGU's were tested for impairment reversal. Using the assessment criteria above, Management determined that the recoverable amount for the CGU's that were tested had significantly exceeded their carrying amount and therefore impairment reversals were calculated. The recoverable amount was calculated as the fair value of the assets less costs of disposal in an assumed asset sale. The fair value less costs of disposal was determined using a discounted cash flow approach based on the September 30, 2021 internal reserve evaluation of proved plus probable reserves and using an average of three major independent reserve engineer's forecast commodity prices. Journey used an after-tax risk adjusted discount rate that was based on the nature of the assets held in the CGU to determine the fair value at the measurement date.

The table below summarizes the benchmark prices for the next thirteen years used in preparing the Company's September 30, 2021 internal reserve evaluation.

	WTI Cushing Oklahoma ($US/bbl)	MSW Light Edmonton 40 API ($CDN/bbl)	Alberta AECO-spot ($CDN/mmbtu)	Foreign Exchange ($US/$CDN)
2021	75.17	89.62	4.57	0.7950
2022	71.00	83.72	3.83	0.7983
2023	67.77	79.06	3.25	0.8000
2024	65.57	76.18	2.99	0.8000
2025	66.88	77.70	3.05	0.8000
2026	68.22	79.25	3.11	0.8000
2027	69.58	80.84	3.18	0.8000
2028	70.97	82.46	3.24	0.8000
2029	72.39	84.10	3.31	0.8000
2030	73.84	85.79	3.37	0.8000
2031	75.31	87.50	3.44	0.8000
2032	76.82	89.25	3.51	0.8000
2033	78.36	91.04	3.58	0.8000

The annual escalation rate used after 2033 is 2.0%.

CGU description	Recoverable amount	Risk adjusted discount rate	Impairment reversal
Matziwin	52,385	15.0	24,396
Gilby	42,479	15.0	38,043
Herronton	13,601	15.0	9,389
Cherhill	36,046	15.0	7,371
Skiff	42,652	15.0	5,758
	187,163		84,957

The impairment reversal in these five CGU's was primarily attributable to the increase in oil and natural gas prices as used in the internal reserve evaluation. A one percent increase in the assumed discount rate would result in a reduction of the impairment reversal by $588 for 2021 while a ten percent decrease in future planned cash flows would have decreased the impairment reversal for 2021 by $1,372.

5. 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	273
Acquisitions	29
Dispositions	(7)
Transfer from property, plant and equipment	101
Lease expiries	(591)
Balance, September 30, 2021	**7,434**

6. 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 Condensed Consolidated Interim Statement of Financial Position as “Other Liability”. Payments are capped at a maximum amount of $750 for 2021; $2,250 for 2022; and for 2023 the payment is capped at the maximum total obligation of $5,750. This debt bears no interest. At September 30, 2021 the Company estimated the fair value of the contingent liability to be $4,267 (December 31, 2020 - $1,943). The change in fair value of this liability was recorded in the statement of comprehensive income (loss) as finance expense.

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	2,324
Fair value at September 30, 2021	**4,267**
Other liability expected to be settled within one year	**(706)**
Other liability expected to be settled beyond one year	**3,561**

7. TERM-DEBT

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

	September 30, 2021	December 31, 2020
Tranche:		
1 - matures October 31, 2023	**24,700**	23,368
2 - matures September 30, 2022	**23,816**	22,946
3 - matures December 31, 2021	**4,250**	15,000
4 - matures October 31, 2021	**-**	10,000
5 - matures October 31, 2024	**13,580**	13,000
6 - matures October 31, 2024	**5,437**	5,350
Unamortized financing costs	**(4,135)**	(7,760)
Total	**67,648**	81,904
Current portion of term-debt	**(27,603)**	(22,568)
Long term portion of term-debt	**40,045**	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 finance costs	41	24	65
Balance, December 31, 2020	23,964	22,159	46,123
Capitalized interest	1,333	870	**2,203**
Amortization of deferred finance costs	19	25	**44**
Accretion	(159)	297	**138**
Balance, September 30, 2021	**25,157**	**23,351**	**48,508**

On October 30, 2020, Journey obtained $38,000 of term-debt from AIMCo to fund the settlement of the $75,000 credit facility with its syndicate of first-lien lenders. $38,000 was provided in three new tranches. Tranche 3 was for $15,000, bears interest at 11.5% per annum, and matures on December 31, 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 several times and is now set at December 31, 2021. Journey repaid $10,750 of this tranche during the nine month period ended September 30, 2021. Journey repaid the balance of this tranche subsequent to September 30 (Note22). The fourth tranche was for $10,000, matured on October 31, 2021, and bears interest at 9.0% per annum. Journey repaid this entire tranche on September 28, 2021. The fair value of this tranche was determined using an effective rate of 15.0%. The fifth 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 (tranche 6) 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 remaining 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	(10,750)	(10,000)	-	-	**(20,750)**
Capitalized interest	-	-	580	87	**667**
Amortization of deferred finance costs	729	1,215	356	-	**2,300**
Accretion expense	-	488	654	-	**1,142**
Balance, September 30, 2021	**4,250**	**-**	**9,453**	**5,437**	**19,140**

All tranches of the term-debt are secured by a floating charge debenture over all of the Company's assets. There is a financial covenant that requires the Company to maintain its Liability Management Rating greater than 1.50. In addition, there are certain standard non-financial covenants in the term-debt agreement. Journey was in compliance with all covenants as at September 30, 2021. Journey anticipates compliance with the LMR threshold throughout 2021 and 2022.

8. BANK DEBT

Journey currently has a demand operating loan (overdraft) of $1,500 with a chartered bank of which there was no amount drawn as at September 30, 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.

9. DECOMMISSIONING OBLIGATIONS

The Company's decommissioning obligations 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 obligations at September 30, 2021 to be $172,920 (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 September 30, 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 September 30, 2021, no funds have been specifically set aside to settle these obligations. Future expenditures will be funded from cash flows from operations.

Changes to decommissioning obligations during the respective periods below were as follows:

	September 30, 2021	December 31, 2020
Balance, beginning of period	**206,179**	166,478
Obligations disposed of	**-**	(705)
Obligations acquired	**10,026**	-
Obligations settled	**(1,755)**	(480)
Obligations settled through government grants[1]	**(2,421)**	-
Revisions to estimates	**(23,974)**	(6,340)
Changes in discount rates	**(27,518)**	45,017
Accretion	**2,501**	2,209
Balance, end of period	**163,038**	206,179
Current provision	**2,600**	2,567
Non-current provision	**160,438**	203,612

1. Funding earned through the Alberta Government Site Rehabilitation Program is recognized as "Other Income" in the Condensed Consolidated Interim Statement of Comprehensive Income (Loss) during the three and nine months ended September 30, 2021.

10. 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	(27)	(242)	(269)
Accretion	15	79	94
Balance, September 30, 2021	**219**	**877**	**1,096**

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 September 30, 2021 was $1,359 (December 19, 2020 - $1,628).

11. 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	**44,001**	**300,758**
Issued on corporate acquisition (Note 3)	3,500	4,165
Issued on settlement of RSU's	24	22
Balance, September 30, 2021	**47,525**	**304,945**

12. 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 September 30, 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.

13. SHARE BASED COMPENSATION

a) Restricted Share Units ("RSU's"), Peer Performance Share Units ("PPSU's") and Share Price Performance Share Units (SPSU's).

The Company periodically grants RSU's, PPSU's and SPSU's to employees and directors as part of the Company's long term incentive program. These incentives vest in one-third increments over their three year term on each of anniversary dates of the issuance. The PPSU's have a performance multiplier of between zero and 2.0. The achievement of the PPSU multiplier is based on how Journey's share price performs in relation to a select peer group. The SPSU's have a performance multiplier of between zero and 2.0 with the achievement of the multiplier being based on how Journey's share price performs in absolute terms over the vesting periods. An estimated multiplier of 1.0 was used for both the PPSU's and the SPSU's in the calculation of Journey's share based compensation expense. The fair value of Journey's shares on the grant date for the RSU's, PPSU's and SPSU's was $1.55 and $1.43 respectively per share.

Upon vesting, settlement of the RSU's, PPSU's and SPSU's is at the sole discretion of the Company in either cash or shares issued from treasury.

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

	RSU's	PPSU's	SPSU's
Balance at January 1, 2020	1,753	1,036	-
Settled	(1,044)	(297)	-
Forfeited	(113)	(10)	-
Balance at December 31, 2020	596	729	-
Issued	1,000	365	365
Settled	(28)	-	-
Forfeited	(95)	(183)	-
Balance at September 30, 2021	**1,473**	**911**	**365**

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	(480)	1.87	(480)
Forfeited	(150)	2.11	(150)
Balance at September 30, 2021	**515**	**2.20**	**515**

Share based compensation expense is comprised of the following:

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	**2021**	2020
Stock options	**3**	1	**5**	5
PPSU, SPSU and RSU	**225**	569	**562**	1,708
Share based compensation expense	**228**	570	**567**	1,713

14. FINANCE EXPENSE

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	**2021**	2020
Interest	**1,930**	2,706	**5,883**	7,914
Deferred financing charge	**619**	(65)	**2,344**	29
Accretion of decommissioning obligations	**788**	564	**2,501**	1,584
Accretion of lease obligations	**30**	71	**94**	228
Accretion of term-debt	**483**	46	**1,280**	132
Change in fair value of other liability	**190**	-	**2,324**	-
Total finance expense	**4,040**	3,322	**14,426**	9,887

15. 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 and nine month periods ended September 30, 2021 and 2020 are accounted for as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	**2021**	2020
Net income (loss) before taxes	**92,243**	(8,037)	**93,589**	(88,967)
Expected income taxes, at the statutory rate of 23.0% (2020 – 25.5%)	**21,215**	(2,050)	**21,525**	(22,687)
Increase (decrease) resulting from:				
Share based compensation expense	**65**	156	**147**	468
Non-deductible and other items	**21**	-	**21**	1
Change in unrecognized deferred tax asset	**(21,301)**	1,894	**(21,693)**	22,218
Deferred income tax expense	**-**	-	**-**	-

16. PER SHARE AMOUNTS

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

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	**2021**	2020
Net income (loss)	**92,243**	(8,037)	**93,589**	(88,967)
Weighted average shares outstanding - basic	**45,661**	43,087	**44,552**	43,087
Weighted average shares outstanding - diluted	**51,437**	43,087	**49,623**	43,087
Net loss per share – basic	**$ 2.02**	$ (0.19)	**$ 2.10**	$ (2.06)
Net loss per share – diluted	**$ 1.79**	$ (0.19)	**$ 1.89**	$ (2.06)

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 nine month period ended September 30, 2021 the dilutive impact of RSU's, PPSU's, SPSU's, warrants and stock options was an additional 5,071 to the weighted average common shares. For the three month period ended September 30, 2021 the dilutive impact of RSU's, PPSU's, SPSU's, warrants and stock options was an additional 5,776 to the weighted average common shares. All potentially dilutive instruments were excluded from the per share calculation for both three and nine month periods ended September 30, 2020 as the Company reported a net loss and to include them would be anti-dilutive.

17. FINANCIAL INSTRUMENTS

(a) Derivative contracts

The gain (loss) on derivative contracts for the three and nine month periods ended September 30, 2021 and 2020 was as follows:

	Three months ended September30,		Nine months ended September 30,	
	2021	2020	**2021**	2020
Realized	**-**	813	**-**	7,495
Unrealized	**-**	(1,364)	**-**	852
	-	(551)	**-**	8,347

(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	**14,178**	9,285

For the period ended September 30, 2021, Journey determined that $2,142 (2020 - $2,397) of receivables from third parties were uncollectable and provided for them in the provision for uncollectable accounts. At September 30, 2021, Journey estimated its provision for uncollectable accounts to be $2,263 (2020 - $2,522). Accounts receivable balances outstanding greater than ninety days at September 30, 2021 were $2,694 (2020 – $2,992).

(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 the bank demand operating loan are market-rate based (variable interest rates); thus exposing Journey to cash flow risk. As there were no borrowings under the bank demand loan at September 30, 2021 there is currently 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.

Journey has five tranches of term-debt outstanding with its major shareholder, Alberta Investment Management Corporation ("AIMCo"). One tranche of term-debt, having a principal amount of $4,250 at September 30, 2021, matures in 2021 with an additional $23.8

million due on September 30, 2022 (see note 7). The Company continues to make substantial progress in reducing its overall debt position using its cash generated from operations. Commodity prices and the general economic environment continue to be volatile, increasing the risk that cash flow from operations could decline, which could result in Journey being unable to fund upcoming debt maturities. Journey is dependent on current commodity pricing to enable it to generate cash flow necessary to fund debt repayments. The following table details Journey's financial liabilities as at September 30, 2021:

	< 1year	**1 - 3 years**	**4 – 5 years**	**Total**
Accounts payable and accrued liabilities	16,765	-	-	**16,765**
Other liability – principal	750	2,250	2,750	**5,750**
Term-debt - principal	28,066	24,700	19,017	**71,783**
Interest on term-debt	7,369	7,986	779	**16,134**
Total financial liabilities	52,950	34,936	22,546	**110,432**

18. SUPPLEMENTAL INFORMATION

a) *Changes in non-cash working capital*

	Three months ended September 30,		Nine months ended September 30,	
Sources (uses) of funds:	**2021**	2020	**2021**	2020
Accounts receivable	**(2,634)**	631	**(5,211)**	6,902
Prepaid expenses and deposits	**39**	(466)	**(1,465)**	(1,175)
Accounts payable and accrued liabilities	**2,917**	149	**567**	(10,703)
Working capital acquired	**521**	-	**521**	-
	843	314	**(5,588)**	(4,976)
Related to:				
Operating activities	**481**	360	**(6,447)**	(639)
Investing activities	**362**	(46)	**859**	(4,337)
	843	314	**(5,588)**	(4,976)

b) *Supplementary cash flow information*

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	**2021**	2020
Interest paid	**167**	942	**4,136**	3,470

c) *Revenue by product type*

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	**2021**	2020
Crude oil	**21,613**	12,425	**55,018**	32,113
Natural gas	**8,489**	5,153	**21,841**	13,137
Natural gas liquids	**2,981**	1,181	**7,320**	3,011
Petroleum and natural gas sales	**33,083**	18,759	**84,179**	48,261

19. COMMITMENTS

The Company is committed to firm-service contracts for the transportation of a portion of its natural gas production. In addition, the Company has committed to future minimum payments under various operating leases for head office, vehicles and office equipment. The amounts in the table below are the minimum cash obligations that the Company must pay under the terms of the contracts.

	Total	<1 year	1-3 years	4-5 years
Natural gas transportation	**2,003**	713	991	299
Lease commitments	**3,530**	879	1,736	915
Total	**5,533**	1,592	2,727	1,214

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.

20. RELATED PARTY TRANSACTIONS

The Company considers its directors and executives to be key management personnel and are therefore related parties. For the three and nine month periods ended September 30, compensation for these individuals is comprised of the following:

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	**2021**	2020
Salaries and fees	**212**	295	**813**	866
Short-term employee benefits	**3**	23	**29**	50
Share based payments (i)	**266**	223	**468**	663
Total	**481**	541	**1,310**	1,579

(i) These amounts represent the amortization of share-based compensation associated with the Company's share based compensation plans.
(ii) As at September 30, 2021 there were seven (September 30, 2020 – nine) individuals that were considered key management personnel.

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

21. CAPITAL MANAGEMENT

Management views the capital structure to be comprised of share capital, 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; 3) repay its borrowings at their maturity dates (or renegotiate existing debt agreements upon acceptable commercial terms); and 4) 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.

The company's primary source of funds are cash provided by operating activities. As of September 30, 2021 Journey had $7,579 of cash on hand. Management believes the Company is positioned to execute on its future strategic growth plans. Future exploration and development capital expenditures are expected to be funded primarily by cash generated from operating activities. For the nine months ended September 30, 2021 Journey repaid $20.75 million of its term debt outstanding.

Journey continually monitors its capital structure and adjusts it throughout the year as a result of general economic conditions, the state of the petroleum industry and global events, all of which may affect commodity prices. Journey prepares an annual capital 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 (see also Note 17(iv)).

22. SUBSEQUENT EVENT

On October 28, 2021 the Company repaid the remaining balance of $4,250 on tranche 4 (Note 7) the outstanding term debt that was originally set to mature on December 31, 2021.