JOURNEY ENERGY INC.

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

	Note	**September 30, 2022**	December 31, 2021
ASSETS			
CURRENT			
Cash		**41,253**	15,359
Restricted cash		**318**	318
Accounts receivable		**23,407**	20,180
Prepaid expenses and deposits		**3,260**	1,049
Total current assets		**68,238**	36,906
Deposit on acquisition	21	**25,000**	-
Property, plant and equipment	3	**315,115**	313,879
Exploration and evaluation assets	4	**5,273**	6,426
Total assets		**413,626**	357,211
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities		**37,020**	20,441
Term-debt	6	**23,817**	23,464
Other liabilities	5	**2,117**	739
Lease obligations	9	**163**	239
Decommissioning obligations	8	**5,114**	2,943
Total current liabilities		**68,231**	47,826
Term-debt	6	**41,278**	40,392
Lease obligations	9	**1,594**	822
Other loan		**419**	156
Other liabilities	5	**2,898**	3,727
Decommissioning obligations	8	**131,331**	180,012
Total liabilities		**245,751**	272,935
EQUITY			
Share capital	10	**331,532**	305,716
Contributed Surplus		**110,410**	109,336
Warrants	11	**3,073**	3,809
Deficit		**(277,140)**	(334,585)
Total equity		**167,875**	84,276
Total liabilities and equity		**413,626**	357,211
Commitments	18		
Subsequent events	21		

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

For the three and nine months ended September 30, 2022 and 2021

(unaudited) (in thousands of Canadian dollars, except per share data)

	Note	Three months ended September 30, **2022**	Three months ended September 30, 2021	Nine months ended September 30, **2022**	Nine months ended September 30, 2021
REVENUE					
Petroleum and natural gas sales	17(c)	**54,265**	33,083	**168,052**	84,179
Processing and other income		**3,352**	4,103	**7,598**	8,130
Royalties		**(11,278)**	(5,446)	**(33,467)**	(11,756)
Net revenue		**46,339**	31,740	**142,183**	80,553
EXPENSES					
Operating		**20,024**	14,065	**52,142**	38,075
Transportation		**639**	396	**1,571**	1,097
General and administrative		**1,101**	958	**6,681**	2,463
Share based compensation	12	**262**	228	**1,168**	567
Exploration and evaluation	4	**423**	318	**1,925**	591
Impairment (reversal) of oil and gas assets	3	**-**	(84,957)	**-**	(84,957)
Depletion and depreciation	3	**5,019**	4,108	**16,090**	14,343
Transaction costs	2	**79**	341	**223**	359
Finance	13	**3,313**	4,040	**9,749**	14,426
Total expenses (recovery)		**30,860**	(60,503)	**89,549**	(13,036)
NET INCOME BEFORE TAXES		**15,479**	92,243	**52,634**	93,589
Deferred income tax recovery	14	**-**	-	**(4,811)**	-
NET INCOME AND COMPREHENSIVE INCOME		**15,479**	92,243	**57,445**	93,589
NET INCOME PER SHARE	15				
Basic		**0.29**	2.02	**1.12**	2.10
Diluted		**0.26**	1.79	**0.99**	1.89

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, 2022		305,716	109,336	3,809	(334,585)	84,276
Comprehensive income		-	-	-	57,445	57,445
Equity issued, net tax and issue costs	10	10,307	-	-	-	10,307
Equity issued, corporate acquisition		10,920	-	-	-	10,920
Warrants exercised		4,318		(736)		3,582
Exercise of stock options		271	(94)	-	-	177
Share based compensation	12	-	1,168	-	-	1,168
Balance, September 30, 2022		**331,532**	**110,410**	**3,073**	**(277,140)**	**167,875**

	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	-	567	-	-	567
Settlement of RSU’s and PSU’s	22	(23)	-	-	(1)
Balance, September 30, 2021	304,945	109,874	3,809	(340,130)	78,498

JOURNEY ENERGY INC.

Condensed Consolidated Interim Statement of Cash Flows *(unaudited)*
For the three and nine months ended September 30, 2022 and 2021
(in thousands of Canadian dollars)

	Note	Three months ended September 30, 2022	Three months ended September 30, 2021	Nine months ended September 30, 2022	Nine months ended September 30, 2021
CASH FLOW FROM THE FOLLOWING ACTIVITIES:					
OPERATING					
Net income and comprehensive income		**15,479**	92,243	**57,445**	93,589
Adjustments for:					
Other income	8	**(226)**	(2,421)	**(435)**	(2,421)
Deferred tax recovery	8	**-**	-	**(4,811)**	-
Share based compensation	12	**262**	228	**1,168**	567
Depletion and depreciation	3	**5,019**	4,108	**16,090**	14,343
Change in fair value of other liability	5	**190**	190	**557**	2,324
Accretion of decommissioning obligations	8	**1,044**	788	**3,007**	2,501
Accretion of lease obligations	9	**34**	30	**89**	94
Accretion of term-debt	6	**278**	483	**839**	1,280
Deferred financing charge	6	**133**	619	**400**	2,344
Capitalized interest		**-**	87	**-**	2,870
Exploration and evaluation expense	4	**423**	318	**1,925**	591
Impairment reversal of oil and gas assets	3	**-**	(84,957)	**-**	(84,957)
Decommissioning costs incurred	8	**(1,002)**	(926)	**(2,091)**	(1,755)
Changes in non-cash working capital	17(a)	**11,788**	481	**7,094**	(6,447)
Cash flow provided by operating activities		**33,422**	11,271	**81,277**	24,923
FINANCING					
Common share issued, net of issue costs	10	**3,582**	-	**14,631**	-
Advances from other loans		**9**	156	**263**	156
Repayment of term-debt		**-**	(10,000)	**-**	(20,750)
Lease obligation payments	9	**(84)**	(89)	**(247)**	(269)
Repayment of other liability	5	**-**	-	**(750)**	-
Exercise of stock options		**-**	-	**177**	-
Settlement of restricted share units		**-**	-	**-**	(1)
Cash flow (used in) provided by financing activities		**3,507**	(9,933)	**14,074**	(20,864)
INVESTING					
Additions to property, plant and equipment	3	**(11,848)**	(559)	**(34,677)**	(1,141)
Additions to exploration and evaluation assets	4	**(311)**	(82)	**(930)**	(273)
Acquisition of property, plant and equipment and exploration and evaluation assets		**(2,719)**	(1)	**(7,671)**	(32)
Corporate acquisition		**-**	(2,530)	**(7,760)**	(2,530)
Disposition of property, plant and equipment and exploration and evaluation assets		**2,641**	40	**3,000**	47
Changes in non-cash working capital	17(a)	**(26,731)**	362	**(21,419)**	859
Cash flow used in investing activities		**(38,968)**	(2,770)	**(69,457)**	(3,070)
NET INCREASE TO CASH		**(2,039)**	(1,432)	**25,894**	989
CASH, BEGINNING OF PERIOD		**43,292**	9,011	**15,359**	6,590
CASH, END OF PERIOD		**41,253**	7,579	**41,253**	7,579
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

a) Statement of compliance

These condensed consolidated interim financial statements as at September 30, 2022 (the "Financial Statements") are unaudited and have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), applicable to the preparation of interim financial statements, including IAS 34 Interim Financial Reporting. Certain disclosures included in the notes to the annual financial statements have been condensed in the following interim note disclosures or have been disclosed on an annual basis only. Accordingly, these Financial Statements should be read in conjunction with the audited consolidated annual financial statements for the year ended December 31, 2021 (the "2021 Annual Financial Statements").

The Company's Board of Directors approved these Financial Statements on October 31, 2022.

b) Basis of measurement

Unless otherwise indicated, all references to dollar amounts in these Financial Statements and related notes are in thousands of Canadian dollars ("$"), which is the functional and presentation currency of the Company and its subsidiaries.

The Financial Statements have been prepared on a historical cost basis, except for certain financial instruments which are recorded at fair value as detailed in the accounting policies disclosed in note 16 of these Financial Statements.

c) Significant estimates and judgements

The timely preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ materially from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are reviewed and for any future years affected. Significant judgements, estimates and assumptions made by management in these Financial Statements are consistent with those outlined in note 2 of the 2021 Annual Financial Statements.

2. ACQUISITION

On April 1, 2022 Journey acquired all of the issued and outstanding shares of a private company for total consideration of $18,920. The consideration was comprised of $8,000 in cash and 1,750

Journey common shares valued at $6.24 per share on the closing day. The acquisition was accounted for as a business combination under IFRS 3. This acquisition contributed $9,087 to revenue and $4,643 to net income before tax for the post acquisition period. Had the acquisition closed on January 1, 2022 the effect on revenue would have been $13,556 and for net income before tax would have been $6,927 for the nine month period in 2022. The amounts below are based on Management's preliminary estimates of fair value at the time of preparation of these financial statements based on the best available information. Amendments may be made to these amounts as the values subject to estimation are finalized. The following table summarizes the net assets acquired and the total consideration paid.

Preliminary fair value of net assets acquired	**$**
Cash	**240**
Working capital	**(466)**
Petroleum and natural gas properties	**26,430**
Deferred tax liability	**(4,811)**
Decommissioning obligations	**(2,473)**
Net assets acquired	**18,920**
Consideration:	
Cash	**8,000**
Share consideration	**10,920**
Total consideration	**18,920**

3. PROPERTY, PLANT AND EQUIPMENT

	Petroleum and natural gas assets	Right of use assets	Electricity	Other assets	Total
Balance, January 1, 2021	1,308,701	3,840	6,802	4,340	1,323,683
Additions	2,359	38	204	70	2,671
Changes in decommissioning obligations	(25,849)	-	-	-	(25,849)
Acquisitions	12,307	-	-	-	12,307
Dispositions	(40)	(15)	-	-	(55)
Transfer (to) exploration and evaluation	(101)	-	-	-	(101)
Balance, December 31, 2021	1,297,377	3,863	7,006	4,410	1,312,656
Additions	32,169	854	2,508	-	35,531
Acquisitions	34,883	-	-	-	34,883
Dispositions	(3,000)	-	-	-	(3,000)
Changes in decommissioning obligations	(50,246)	-	-	-	(50,246)
Transfer from exploration and evaluation	158	-	-	-	158
Balance, September 30, 2022	**1,311,341**	**4,717**	**9,514**	**4,410**	**1,329,982**

	Petroleum and natural gas assets	Right of use assets	Electricity	Other assets	Total
Accumulated depletion, depreciation and impairment losses					
Balance, January 1, 2021	(1,054,249)	(2,566)	(87)	(4,187)	(1,061,089)
Provision for the period	(21,900)	(359)	(340)	(46)	(22,645)
Impairment reversal	84,957	-	-	-	84,957
Balance, December 31, 2021	(991,192)	(2,925)	(427)	(4,233)	(998,777)
Provision for the period	(15,557)	(242)	(255)	(36)	(16,090)
Balance, September 30, 2022	**(1,006,749)**	**(3,167)**	**(682)**	**(4,269)**	**(1,014,867)**

Carry amounts	Petroleum and natural gas assets	Right of use assets	Electricity	Other assets	Total
January 1, 2021	254,452	1,274	6,715	153	262,594
December 31, 2021	306,185	938	6,579	177	313,879
September 30, 2022	**304,592**	**1,550**	**8,832**	**141**	**315,115**

Future development costs for oil and natural gas reserves of $139,124 (December 31, 2021 - $164,307) were included in the depletion calculation. Journey had various minor acquisitions and dispositions in the period ended September 30, 2022 in Skiff CGU, Crystal CGU, Pembina CGU and Gilby CGU for total net expenditure of $4,671.

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, 2022 it was determined that a test for impairment or impairment reversal was not required.

4. EXPLORATION AND EVALUATION ASSETS

Balance, January 1, 2021	7,629
Additions	334
Dispositions	(7)
Acquisitions	405
Lease expiries and expense	(1,636)
Transfer from property, plant and equipment	101
Impairment	(400)
Balance, December 31, 2021	6,426
Additions	930
Transfer to property, plant and equipment	(158)
Lease expiries	(1,925)
Balance, September 30, 2022	**5,273**

5. OTHER LIABILITIES

Other liabilities are comprised of:

(i) Contingent Liability

As a result of the October 30, 2020 debt restructuring, Journey is contingently liable to pay a maximum of $5,750 over a three year period starting in 2021, 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 Liabilities”. 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 remaining of up to $5,750 less any previous repayments. This debt does not bears any interest. As consideration for consenting to the acquisition that closed on October 31, 2022, the remaining future payments of $5,000 will all become due on January 31, 2023 regardless of any oil price thresholds (Note 21).

On January 31, 2022, the first payment of $750 was made. At September 30, 2022 the Company estimated the fair value of the remaining undiscounted liability of $5,000 (December 31, 2021 - $5,750), to be $4,274 (December 31, 2021 - $4,466). The change in fair value of this liability was recorded in the statement of comprehensive income as finance expense.

(ii) Flow-through shares

On March 18, 2022, 2,852 thousand flow-through shares were issued pursuant to a private placement for gross proceeds of $12,121, representing $4.25 per share. Journey incurred share issue costs of $829 on the issuance. A deferred liability of $742 was recognized for the premium on the flow through shares. The liability will be de-recognized through income tax expense as the Company incurs the qualifying expenditures.

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

	$
Fair value, January 1, 2021	1,943
Increase in fair value for period	2,523
Fair value at December 31, 2021	4,466
Repayment	(750)
Increase in fair value for period	557
Deferred liability for flow-through share issuance	742
Fair value at September 30, 2022	**5,015**
Other liabilities expected to be settled within one year	**(2,117)**
Other liabilities expected to be settled beyond one year	**2,898**

6. TERM-DEBT

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

	September 30, 2022	December 31, 2021
Tranche:		
1 - matures October 31, 2023	**24,700**	24,700
2 - matures March 31, 2023 (i)	**23,817**	23,817
3 - matures October 31, 2024	**13,580**	13,580
4 - matures October 31, 2024	**5,483**	5,483
Unamortized financing costs	**(2,485)**	(3,724)
Total	**65,095**	63,856
Current portion of term-debt	**(23,817)**	(23,464)
Long term portion of term-debt	**41,278**	40,392

(i) On October 31, 2022 concurrent with closing of an acquisition (Note 21), the maturity date of this tranche was amended from September 30, 2022 to March 31, 2023.

The continuity of the remaining four tranches of term-debt for the current period is as follows:

	Tranche 1	**Tranche 2**	**Tranche 3**	**Tranche 4**	**Total**
Balance January 1, 2022	25,108	23,464	9,801	5,483	63,856
Amortization of deferred finance costs	19	26	355	-	**400**
Accretion expense	(176)	327	688	-	**839**
Balance, September 30, 2022	**24,951**	**23,817**	**10,844**	**5,483**	**65,095**

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, 2022. Journey anticipates compliance with the LMR threshold throughout 2022 and 2023.

7. BANK DEBT

Journey currently has a demand overdraft facility of $1,500 with a chartered bank of which there was no amount drawn as at September 30, 2022. 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 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, 2022 to be $191,656 (December 31, 2021 - $176,460) the majority of which will be incurred at various times between 2023 and 2058. The present value of the future liability at September 30, 2022 has been discounted using an inflation adjusted interest rate of 1.4% (December 31, 2021 – minus 0.1%), which is comprised of a risk-free discount rate of 3.0% less an estimated inflation rate of 1.7%. As at September 30, 2022, no funds have been specifically set aside to settle these obligations. Management currently expect future expenditures to be funded from cash flows from operations. Changes to decommissioning obligations during the respective periods below were as follows:

	September 30, 2022	December 31, 2021
Balance, beginning of period	**182,955**	206,179
Obligations acquired	**3,255**	4,662
Revaluation of obligations acquired	**10,686**	9,333
Obligations disposed	**(945)**	-
Obligations settled	**(2,091)**	(2,433)
Obligations settled through government grants[1]	**(435)**	(2,879)
Incurred on development activity during the period	**431**	-
Revisions to estimates	**2,160**	(23,450)
Changes in discount rates	**(62,578)**	(11,732)
Accretion	**3,007**	3,275
Balance, end of period	**136,445**	182,955
Current provision	**5,114**	2,943
Non-current provision	**131,331**	180,012

1. Funding earned through the Alberta Government Site Rehabilitation Program is recognized as "Other Income" in the Condensed Consolidated Interim Statement of Comprehensive Income during the nine months ended September 30, 2022 and September 30, 2021.

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, 2021	231	1,040	1,271
Additions	11	27	38
Lease termination	(14)	(2)	(16)
Lease payments	-	(355)	(355)
Accretion	11	112	123
Balance, December 31, 2021	239	822	1,061
Additions	(27)	881	854
Lease payments	-	(247)	(247)
Accretion	(49)	138	89
Balance, September 30, 2022	**163**	**1,594**	**1,757**

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, 2022 was $2,226 (December 31, 2021 - $1,303).

10. SHARE CAPITAL

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

	Shares	$
Balance, January 1, 2021	44,001	300,758
Issued on corporate acquisition	3,500	4,165
Issued on settlement of PSU's and RSU's	559	793
Balance, December 31, 2021	**48,060**	**305,716**
Flow-through shares issued net of deferred tax (note 5(ii))	2,852	11,379
Share issue costs	-	(1,072)
Issued on corporate acquisition (note 2)	1,750	10,920
Issued on warrant exercise (note 11)	1,137	4,318
Issued on exercise of stock options	60	271
Balance, September 30, 2022	**53,859**	**331,532**

11. WARRANTS

	Warrants	$
Balance, January 1, 2021	6,137	3,809
Balance, December 31, 2021	6,137	3,809
Warrant exercise	(1,137)	(736)
Balance September 30, 2022	**5,000**	**3,073**

(i) September 29, 2022 1,137 warrants were exercised for common shares on a one for one basis with an exercise price of $3.15 per warrant.

(ii) 5,000 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"), 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, 2021	596	729	-
Issued	1,000	365	365
Settled	(358)	(264)	-
Forfeited	(109)	(182)	-
Balance at December 31, 2021	1,129	648	365
Issued	28	-	-
Forfeited	(4)	-	-
Balance at September 30, 2022	**1,153**	**648**	**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, 2021	1,145	2.05	1,145
Expired	(915)	1.99	(915)
Forfeited	(150)	2.11	(150)
Balance at December 31, 2021	80	2.65	80
Exercised	(60)	2.94	(60)
Balance at September 30, 2022	**20**	**1.75**	**20**

Share based compensation expense is comprised of the following:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	**2022**	2021
Stock options	**-**	3	**-**	5
PPSU, SPSU and RSU	**262**	225	**1,168**	562
Share based compensation expense	**262**	228	**1,168**	567

13. FINANCE EXPENSE

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	**2022**	2021
Interest and bank fees	**1,634**	1,930	**4,857**	5,883
Deferred financing charge	**133**	619	**400**	2,344
Accretion of decommissioning obligations	**1,044**	788	**3,007**	2,501
Accretion of lease obligations	**34**	30	**89**	94
Accretion of term-debt	**278**	483	**839**	1,280
Change in fair value of other liability	**190**	190	**557**	2,324
Total finance expense	**3,313**	4,040	**9,749**	14,426

14. DEFERRED INCOME TAX

Differences between the statutory and effective rates for the three and nine month periods ended September 30, 2022 and 2021 are accounted for as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	**2022**	2021
Net income before taxes	**15,479**	92,243	**52,634**	93,589
Statutory tax rate	**23.0%**	23.0%	**23.0%**	23.0%
Expected income tax expense	**3,560**	21,215	**12,106**	21,525
Increase (decrease) resulting from:				
Share based compensation and other	**91**	86	**310**	168
Change in unrecognized deferred tax asset	**(3,651)**	(21,301)	**(17,227)**	(21,693)
Deferred income tax recovery	**-**	-	**(4,811)**	-

15. 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,	
	2022	2021	**2022**	2021
Net income	**15,479**	92,243	**57,445**	93,589
Weighted average shares outstanding - basic	**52,735**	45,661	**51,317**	44,552
Weighted average shares outstanding - diluted	**59,563**	51,437	**58,064**	49,623
Net income per share – basic	**$ 0.29**	$ 2.02	**$ 1.12**	$ 2.10
Net income per share – diluted	**$ 0.26**	$ 1.79	**$ 0.99**	$ 1.89

The net income per basic share is calculated by dividing the net income by the weighted average number of common shares outstanding during the respective periods. For the nine month period ended September 30, 2022 the dilutive impact of RSU's, PPSU's, SPSU's, warrants and stock options was an additional 6,747 to the weighted average common shares (September 30, 2021 – 5,071). For the three month period ended September 30, 2022 the dilutive impact of RSU's, PPSU's, SPSU's, warrants and stock options was an additional 6,828 to the weighted average common shares (September 30, 2021 – 5,776).

16. FINANCIAL INSTRUMENTS

(a) 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 credit risk relates to:

	Nine months ended September 30,	
	2022	2021
Accounts receivable	**23,407**	14,178

For the period ended September 30, 2022, Journey determined that $2,242 (2021 - $2,142) of receivables from third parties were uncollectable and provided for them in the provision for uncollectable accounts. At September 30, 2022, Journey estimated its provision for uncollectable accounts to be $2,408 (2021 - $2,263). Accounts receivable balances outstanding greater than ninety days at September 30, 2022 were $3,230 (2021 – $2,694).

(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. 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, 2022 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 four tranches of term-debt outstanding with its major shareholder, Alberta Investment Management Corporation ("AIMCo"). 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, 2022:

	Total	< 1 year	1-3 years	4-5 years
Accounts payable and accrued liabilities	**37,020**	37,020	-	-
Term debt – principal amount	**67,580**	23,817	43,763	-
Interest on term debt	**10,442**	3,825	6,617	-
Contingent bank payment	**5,000**	5,000	-	-
Natural gas transportation	**2,261**	788	1,155	318
Operating leases	**5,106**	1,016	2,675	1,415
Total financial liabilities	**127,409**	71,466	54,210	1,733

17. SUPPLEMENTAL INFORMATION

a) *Changes in non-cash working capital*

	Three months ended September 30,		Nine months ended September 30,	
Sources (uses) of funds:	**2022**	2021	**2022**	2021
Accounts receivable	**3,792**	(2,634)	**(3,227)**	(5,211)
Prepaid expenses and deposits	**(24,698)**	39	**(27,211)**	(1,465)
Accounts payable and accrued liabilities	**5,963**	2,917	**16,579**	567
Working capital acquired	**-**	521	**(466)**	521
	(14,943)	843	**(14,325)**	(5,588)
Related to:				
Operating activities	**11,788**	481	**7,094**	(6,447)
Investing activities	**(26,731)**	362	**(21,419)**	859
	(14,943)	843	**(14,325)**	(5,588)

b) *Supplementary cash flow information*

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	**2022**	2021
Interest paid	**-**	167	**3,248**	4,136

c) *Petroleum and natural gas sales by product type*

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	**2022**	2021
Crude oil	**34,337**	21,613	**105,469**	55,018
Natural gas	**14,335**	8,489	**45,860**	21,841
Natural gas liquids	**5,593**	2,981	**16,723**	7,320
Petroleum and natural gas sales	**54,265**	33,083	**168,052**	84,179

18. 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	**2,261**	788	1,155	318
Lease commitments	**5,106**	1,016	2,675	1,415
Total	**7,367**	1,804	3,830	1,733

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

a) Compensation

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

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	**2022**	2021
Salaries and fees	**405**	212	**1,140**	813
Short-term employee benefits	**36**	3	**84**	29
Share based payments (i)	**132**	266	**440**	468
Total	**573**	481	**1,664**	1,310

(i) These amounts represent the amortization of share-based compensation associated with the Company's share based compensation plans.
(ii) As at September 30, 2022 there were eleven (September 30, 2021 – seven) individuals that were considered key management personnel.

b) *Other*

During 2022 Journey received a payment of $18 from a related party for re-imbursement of costs incurred in a joint capital development project.

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

20. 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 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; 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, or dispose of non-core assets.

The company's primary source of funds are cash provided by operating activities. As of September 30, 2022 Journey had $41,253 of unrestricted cash on hand. Management believes that the Company is well 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. These capital spending plans remain flexible with the ability to reduce spending should prices decline or accelerate spending as prices increase.

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. The budget is updated quarterly for the Board to reflect acquisition and divestiture activity, changes in commodity prices, and the success of the drilling program. Given the volatile commodity price environment resulting from the COVID-19 pandemic and current global events, the budget is intended to be flexible and is re-evaluated at each regularly scheduled board meeting (see also Note 16(iv)).

21. SUBSEQUENT EVENTS

On October 31, 2022 Journey closed the previously announced acquisition for the purchase of petroleum and natural gas assets currently producing approximately 4,000 barrels of oil equivalent per day (72% oil and natural gas liquids) primarily in the Medicine Hat, Kaybob, Ferrier, and Ante Creek areas of Alberta for a total purchase price of $140 million, prior to closing adjustments. The net acquisition cost was financed through a $45 million vendor-take-back loan; the issuance of 3 million Journey shares at a deemed price of $4.72/share to the vendor; and the balance was from available cash in the bank. In conjunction with the acquisition, Journey's term debt holder, AIMCo, has agreed to extend the maturity of the $23.8 million of term debt to March 31, 2023. This tranche was originally set to mature at September 30, 2022. Also, as consideration for consenting to the acquisition, the future payments of $5,000 for the contingent bank debt will all become due on January 31, 2023. Previously $2,250 was due on January 31, 2023 and $2,750 was due on January 31, 2024.