



MANAGEMENT'S DISCUSSION AND ANALYSIS – SECOND QUARTER, 2018

The following Management's Discussion and Analysis ("MD&A") was prepared on August 7, 2018 and is management's assessment of Journey Energy Inc.'s ("Journey" or the "the Company") financial and operating results for the three and six months ended June 30, 2018 and 2017. This MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements of the Company for the three and six months ended June 30, 2018 and 2017 along with the notes related thereto.

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

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

Forward-Looking Information

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

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

Although Journey believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because Journey can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, risks associated with the oil and gas industry in general (e.g., operational risks in development, exploration and

production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses, and health, safety and environmental risks), commodity price and exchange rate fluctuations and constraint in the availability of services, adverse weather or break-up conditions, and uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures. Certain of these risks are set out in more detail in this MD&A under the heading 'Risk Factors'.

The following table outlines Journey's updated forward-looking information included in, and as of the date of this MD&A and has been updated from previous forward-looking information. The disclosure below is intended to provide the reader with the key assumptions that the forward looking information is based upon and the relevant risk factors that would be considered key in preventing Journey from achieving these results. This table also represents Journey's outlook for the balance of 2018:

Forward-Looking Information	Key Assumptions	Relevant Risk Factors
Production volumes for 2018 between 10,100 and 10,300 boe/d	Completion of the budgeted drilling program and no significant 3 rd party facility or pipeline outages.	Well performance; 3 rd party outages; drilling success; and acquisitions & divestitures
2018 funds flow of between \$26 and \$29 million	Dependent on: Journey achieving average production of oil, NGL and natural gas as per guidance; realizing forecasted annual average commodity prices of: USD \$67.00/bbl WTI ; Company differentials of \$12/bbl; AECO natural gas prices of \$1.55/mcf; and an average US/CAN exchange rate of \$0.78	WTI oil prices; Edmonton par differentials; adequate transportation of oil; AECO gas prices; Journey well performance, downtime and drilling success
2018 exploration and development capital spending program of \$34 million less \$5 million of dispositions that have already closed or are pending closing.	The E&D program focusing mainly on drilling 9 net wells, waterflood projects and exploitation projects. A&D expenditures are only those completed as of this date.	Achieving the projected funds flow; maintaining the existing banking credit facility
Net debt of between \$126 and \$129 million by the end of 2018	Mainly dependent on commodity prices achieving forecast amounts	Commodity prices
Operating and transportation costs per boe of approximately \$13/boe and \$0.45/boe respectively for the balance of 2018	Achieving projected production volumes; no significant changes to cost structures; and no significant operational issues or unplanned workovers or turnarounds	Projected production volumes not achieved; third party oil processing capacities; operating cost increases due to inflation and/or improvement in industry conditions
Interest costs of approximately \$2.00/boe for the balance of 2018	Bank prime rates and renewal fees remaining at current levels. No significant inflation above current levels	Bank prime rate increases beyond small increments
General & administrative costs of approximately \$3.00/boe (net of capitalized G&A and recoveries)	No significant changes to currently projected activity levels	G&A is reasonably predictable as they are mainly fixed costs such as rent and salaries

Forward-Looking Information	Key Assumptions	Relevant Risk Factors
Income taxes – no current income tax is projected for 2018	Journey has unutilized tax pools of approximately \$727 million	Potential tax law changes; significant and sustained increase in commodity prices

Non-GAAP Measures

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

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

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

“**Net operating expenses**” are calculated by taking the operating expenses in the statement of profit and loss and subtracting the income related to Journey’s field activities, which is reflected in the statement of profit and loss as “other income”. The activities that generate this income include: processing income from jointly or wholly owned gas plants and oil batteries; oil treating income; transporting third party gas and oil through gathering and sales pipelines; and water disposal fees. Journey considers this income to be ancillary to its main operations as the various

operations generating this income also process Journey's own production volumes. They are not considered to be separate profit centers and insignificant internal resources are devoted to generating this income. Therefore, for purposes of these MD&A, Journey considers it more appropriate to show this income as a cost recovery and therefore nets these amounts with field operating expenses.

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

	Three months ended June 30,			Six months ended June 30,		
	2018	2017	% Change	2018	2017	% Change
Cash provided by operating activities	26	5,166	(99)	9,422	8,987	5
Add (deduct):						
Changes in non-cash working capital	5,189	3,892	33	282	6,399	(96)
Transaction costs	12	590	(98)	49	590	(92)
Decommissioning costs incurred	78	60	30	692	478	45
Funds flow	5,305	9,708	(45)	10,445	16,454	(37)

Net debt is used to assess efficiency, liquidity and general financial strength. Net debt as at the end of each relevant period is as follows:

	June 30, 2018	December 31, 2017	% Change	June 30, 2017	% Change
Principal amount of bank indebtedness, less cash in bank	65,932	61,773	7	69,712	(5)
Principal amount of promissory notes	52,000	30,000	73	30,000	73
Accounts payable and accrued liabilities	29,853	28,290	6	16,671	79
Deferred lease obligation	357	388	(8)	419	(15)
Deduct:					
Accounts receivable	(14,042)	(16,111)	(13)	(16,330)	(14)
Prepaid expenses and deposits	(3,494)	(1,319)	165	(3,918)	(11)
Net debt	130,606	103,021	27	96,554	35

Abbreviations and BOE Advisory

<i>bbl</i>	<i>barrel</i>
<i>bbls</i>	<i>barrels</i>
<i>boe</i>	<i>barrels of oil equivalent</i>
<i>boe/d</i>	<i>barrels of oil equivalent per day</i>
<i>gj</i>	<i>gigajoules</i>
<i>Mbbls</i>	<i>Thousand barrels</i>
<i>MMBtu</i>	<i>Million British thermal units</i>
<i>NGL's</i>	<i>Natural gas liquids</i>
<i>Mcf</i>	<i>thousand cubic feet</i>
<i>Mcf/d</i>	<i>Thousand cubic feet per day</i>
<i>Mboe</i>	<i>Thousand boe</i>

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

Amounts

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

HIGHLIGHTS FROM THE THREE AND SIX MONTHS ENDED JUNE 30, 2018

Financial

Journey realized funds flow of \$5,305 in the second quarter of 2018 bringing the year to date amount to \$10,445. This translates into \$0.14 per basic share and \$ 0.13 per diluted share for the quarter and \$0.26 per basic share and \$0.25 per diluted share for the six months ended June 30. The net loss for the second quarter were \$12,325 (\$0.32 per basic and diluted share) and \$21,469 for the six months ended June 30 (\$0.53 per basic and diluted share). Total net capital expenditures were \$7,499 during the quarter, which brings the six months year-to-date total to \$15,872. Journey exited the period with a net debt of \$130,606. At the end of the quarter, Journey was drawn \$66 million on its \$100 million syndicated bank facility.

Capital program

During the second quarter, the Company spent \$7,499 on acquisitions less divestitures. Of this amount \$6,322 was devoted to the drilling of 4 (4.0 net) wells during the quarter including 3 wells in Matziwin and 1 in Gilby during the quarter. Since all of these wells were drilled and completed late in the quarter, no production from these wells was reflected in the second quarter results.

Production

For the second quarter, production volumes decreased by 2% to 10,036 boe/day in the second quarter of 2018 from 10,194 boe/day in the same quarter of 2017. For the comparable six months, production increased to 10,076 boe/day from 9,614 boe/day. Production was consistent from quarter to quarter as Journey’s capital spending was adjusted to keep production stable while the Company reduces its leverage.

Outlook

Recently oil prices have experienced an upward trend with the price currently sitting in the high-\$60 WTI USD range. Natural gas prices remain weak and although the summer has been warm in the consuming regions of North America AECO is currently in the \$1.55/mcf range. Accordingly, the Company remains cautious about near term capital spending given that 53% of production is from natural gas. While Journey is still on track to meet its production guidance, improving the leverage on the balance sheet is of paramount importance. For the balance of the year, operating and transportation costs are expected to average in the mid-\$13 per boe range with funds flow anticipated to range between \$26 and \$29 million. Exploration and development capital expenditures are currently projected to be approximately \$34 million for the year, while net divestiture capital remains at \$5 million, for a net capital program of \$29 million.

DETAILED FINANCIAL REVIEW

PRODUCTION REVENUE AND VOLUMES

Aggregate production volumes decreased by 2% during the second quarter of 2018 to 913,259 boe as compared to 927,674 boe for the second quarter in 2017. The decrease was partially attributable to natural declines as well as a small disposition during the quarter. For the six month periods, aggregate production volumes increased by 5% from 1,740,147 boe to 1,823,810 boe.

For the quarter, natural gas production contributed 53% (2017 – 54%) of total volumes, with oil at 39% (2017 – 40%) and natural gas liquids at 8% (2017 – 6%). Of the total volumes for the six months ended June 30, natural gas production contributed 53% compared to 54% in 2017; oil was 39% as compared to 41% in 2017; and natural gas liquids were 8% compared to 6% in 2017.

Daily Sales Volumes

Total daily sales volumes decreased 2% to 10,036 boe/d for the second quarter of 2018 from 10,194 boe/d in 2017. The decrease was mainly attributable to natural declines. For the six month periods, daily sales volumes increased 5% to 10,076 boe/d for 2018 from 9,614 boe/d in 2017.

	Three months ended June 30,			Six months ended June 30,		
	2018	2017	% Change	2018	2017	% Change
Natural gas (Mcf/d)	32,092	33,146	(3)	32,134	30,878	4
Crude oil (Bbl/d)	3,953	4,028	(2)	3,968	3,983	-
Natural gas liquids (Bbl/d)	734	641	14	752	485	55
Barrels of oil equivalent	10,036	10,194	(2)	10,076	9,614	5

Aggregate Sales Volumes

	Three months ended June 30,			Six months ended June 30,		
	2018	2017	% Change	2018	2017	% Change
Natural gas (Mcf)	2,920,389	3,016,272	(3)	5,816,255	5,588,985	4
Crude oil (Bbl)	359,757	366,587	(2)	718,270	720,925	-
Natural gas liquids (Bbl)	66,775	58,376	14	136,165	87,725	55
Barrels of oil equivalent (boe)	913,264	927,674	(2)	1,823,811	1,740,147	5

Volumetric Product Mix

% of Aggregate Production	Three months ended June 30,			Six months ended June 30,		
	2018	2017	% Change	2018	2017	% Change
Natural gas	53	54	(2)	53	54	(2)
Crude oil	39	40	(3)	39	41	(5)
Natural gas liquids	8	6	33	8	5	60
Total	100	100		100	100	

Benchmark Indices

	Three months ended June 30,			Six months ended June 30,		
	2018	2017	% Change	2018	2017	% Change
Crude Oil						
WTI (US\$/Bbl)	67.88	48.15	41	65.38	50.03	31
Canadian light (CDN\$/Bbl)	77.82	61.61	26	75.69	63.23	20
Western Canada Select (CDN\$/Bbl)	62.81	49.96	26	55.79	49.68	12
Natural Gas						
NYMEX (US \$/Mmbtu)	2.83	3.14	(10)	2.84	3.10	(8)
AECO - Daily (CDN\$/Mcf)	1.20	2.78	(57)	1.63	2.74	(41)
Foreign Exchange						
Canadian to US dollar	1.291	1.345	(4)	1.278	1.334	(4)
US to Canadian dollar	0.775	0.744	4	0.783	0.750	4

United States natural gas prices are usually referenced to the New York Mercantile Exchange Henry Hub in Louisiana (NYMEX), while in Canada the generally recognized benchmark is the AECO hub in Alberta. Gas prices are influenced by a variety of factors such as: weather patterns; LNG imports and exports; supplies in western Alberta; pipeline capacity for Alberta exports; demand in eastern Canada and the United States, relative storage levels in North America and alternative fuel sources. AECO benchmark pricing was 57% lower at \$1.20/mcf in the second quarter of 2018 as compared to \$2.78/mcf during the same period in 2017. The combination of the restricted ability to export Alberta natural gas, and the competition with U.S. natural gas being imported into Eastern Canada and the North East United States continues to take its toll on Alberta natural gas prices. Despite the winter being colder than normal in both the U.S. and Canada, and storage levels being significantly below the five year average, the belief that there is ample production response to any significant storage draws continues to keep natural gas prices depressed. To alleviate some of the low price exposure at AECO, Journey has moved approximately 60% of the Company's natural gas production to a blend of four pricing points at Nymex, Dawn, Malin and Chicago. It is anticipated that this will help smooth out the large price swings that were experienced in the first half of 2018.

WTI oil prices increased 41% in the second quarter of 2018 to \$67.88 USD/bbl as compared to \$48.15 USD/bbl in the second quarter of 2017. The Canadian dollar appreciated 4% against the US dollar during the second quarter of 2018 which had a slight dampening effect on realized Canadian oil prices. Changes to the Canadian dollar vis a vis the US dollar are based on many factors. The looming trade rhetoric with the US has had a slightly negative impact on the Canadian dollar while the increasing oil prices have helped counteract this change. Canadian light oil prices gained 26% in the second quarter of 2018 as compared to 2017. However, the differentials between WTI and Canadian par increased significantly in the second quarter to average approximately \$7.61/bbl USD whereas in 2017 they were in the mid-\$3/bbl USD range. For the rest of 2018, Management is projecting the CAD\$ to remain in the current \$0.77 CDN/US range. WTI Oil prices have been varied but are currently in the \$65-\$70 USD/bbl range as mixed data over OPEC spare capacity and US production and storage continue to create volatility. Journey has increased its 2018 projection for WTI slightly to \$66 USD and has also increased its corporate differentials to average \$13/bbl for the year to reflect the current egress issues plaguing Alberta. The net impact is that Journey realized oil prices are currently anticipated to be approximately \$63.50 CDN for the year. Natural gas prices are expected to adjust seasonally. Current AECO spot prices are in the \$1.55/mcf range and Journey is maintaining its projected AECO price for 2018 at \$1.55/mcf.

Realized Prices

Commodity prices realized by Journey were as follows:

a) Realized prices excluding commodity contract gains and losses:

	Three months ended June 30,			Six months ended June 30,		
	2018	2017	% Change	2018	2017	% Change
Natural gas (\$/Mcf)	1.11	2.70	(59)	1.50	2.62	(43)
Crude oil (\$/Bbl)	70.21	53.28	32	63.86	53.77	19
Natural gas liquids (\$/Bbl)	47.76	33.50	43	44.22	33.00	34
Total (\$/boe)	34.69	31.92	9	33.24	32.36	3

Average commodity prices were 9% higher at \$34.69/boe in the second quarter of 2018 as compared to \$31.92 in 2017. Natural gas prices were 59% lower in the second quarter of 2018 at \$1.11/mcf as compared to \$2.70/mcf in 2017. This decrease was offset by a 32% increase in oil prices and a 43% increase in NGL prices. For the six months ended June 30, 2018 Journey's average realized commodity prices increased by 3% to \$33.24/boe from \$32.36/boe in 2017. Oil prices have been consistently in the \$66-\$70 range throughout the first six months of 2018 and are forecast by Management to remain in this range for the balance of the year. NGL prices have followed suit with oil prices and have been 43% higher in the second quarter of 2018 as compared to last year. For the remainder of 2018, Journey is planning for oil and gas prices to be consistent with the current future month strip levels.

b) Realized prices including commodity contract gains and losses:

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

	Three months ended June 30,			Six months ended June 30,		
	2018	2017	% Change	2018	2017	% Change
Natural gas (\$/Mcf)	1.26	2.79	(55)	1.81	2.67	(32)
Crude oil (\$/Bbl)	57.95	51.66	12	52.92	51.37	3
Natural gas liquids (\$/Bbl)	47.76	33.50	43	44.22	33.00	34
Total (\$/boe)	30.34	31.61	(4)	29.90	31.51	(5)

RISK MANAGEMENT ACTIVITIES

At June 30, 2018, the Company had the following derivative contracts in place:

Oil Contracts

Type	Volume bbls/d	Pricing point	Strike \$ per bbl (CDN)	Term	Fair value
Swap	1,500	WTI NYMEX	\$69.50	January 2, 2018 to December 31, 2018	(6,391)
Swap	1,000	WTI NYMEX	\$72.25	April 1, 2018 to September 30, 2018	(2,059)
Swap	1,000	WTI NYMEX	\$71.00	October 1, 2018 to March 31, 2019	(3,344)
Swap	500	WTI NYMEX	\$76.00	July 1, 2018 to September 30, 2018	(857)
Swap	1,000	WTI NYMEX	\$71.50	April 1, 2019 to June 30, 2019	(1,314)
Swap	500	WTI NYMEX	\$74.00	October 1, 2018 to March 31, 2019	(1,404)

Type	Volume bbls/d	Pricing point	Strike \$ per bbl (CDN)	Term	Fair value
Collar	500	WTI NYMEX	\$70.00-\$77.00	April 1, 2019 to March 31, 2020	(1,567)
Collar	500	WTI NYMEX	\$77.00-\$84.15	July 1, 2019 to December 31, 2019	(206)
Total oil derivative contracts fair value liability					(17,142)

Gas Contracts

Type	Volume GJ's/d	Pricing point	Strike \$ per GJ (CDN)	Term	Fair value
Swap	2,500	AECO 7A	2.45	July 1, 2018 to September 30, 2018	233
Swap	2,500	AECO 7A	2.62	October 1, 2018 to December 31, 2018	190
Swap	1,000	AECO 7A	2.54	July 1, 2018 to September 30, 2018	101
Swap	1,000	AECO 7A	2.66	October 1, 2018 to December 31, 2018	80
Total gas derivative contracts fair value asset					604
Aggregate commodity derivative contracts fair value liability					(16,538)

The loss (gain) on derivative contracts for the periods ended June 30, are as follows:

\$ 000's	Three months ended June 30,			Six months ended June 30,		
	2018	2017	% Change	2018	2017	% Change
Realized	3,976	293	1,257	6,081	1,471	313
Unrealized	8,298	(7,999)	(204)	14,381	(16,736)	(186)
Total	12,274	(7,706)	(259)	20,462	(15,265)	(234)

\$ 000's	Three months ended June 30,			Six months ended June 30,		
	2018	2017	% Change	2018	2017	% Change
Realized	4.35	0.32	1,259	3.33	0.85	292
Unrealized	9.09	(8.62)	(205)	7.89	(9.62)	(182)
Total	13.44	(8.31)	(262)	11.22	(8.77)	(228)

The change in the value of these contracts for the quarter ended June 30, 2018 resulted in a realized loss of \$3,976 and an unrealized loss of \$8,298. The net realized loss in the second quarter was primarily attributable to WTI oil prices increasing above Journey's floor hedged amounts for oil contracts. The loss on the oil contracts was partially mitigated by the realized gains on the natural gas contracts. Journey's hedged natural gas prices continue to be above the natural gas reference prices during the second quarter leading to realizing gains on that commodity. At June 30, 2018 the estimated fair value of all commodity hedging contracts is a net liability of \$16,538.

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

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

In the second quarter of 2018, aggregate P&NG sales increased by 7% to \$31,685 as compared to \$29,613 for the same period in 2017. While production volumes fell by 2%, the increase in revenue was largely due to a 9% increase

in realized commodity prices. For the six months ended June 30, aggregate P&NG sales increased by 8% to \$60,619 in 2018 from \$56,303 in 2017. For the six month period, the increase in P&NG sales was primarily the result of a 3% increase in average commodity prices and a 5% increase in sales volumes. Realized prices decreased for gas (59%), increased for oil (32%) and natural gas liquids (43%) over the comparative quarters. For the six month periods, prices decreased for natural gas (43%), and increased for both oil (19%) and natural gas liquids (34%).

\$	Three months ended June 30,			Six months ended June 30,		
	2018	2017	% Change	2018	2017	% Change
Natural gas	3,239	8,125	(60)	8,731	14,644	(40)
Crude oil	25,257	19,533	29	45,867	38,764	18
Natural gas liquids	3,189	1,955	63	6,021	2,895	108
P&NG sales	31,685	29,613	7	60,619	56,303	8

Sales - % Contribution	Three months ended June 30,			Six months ended June 30,		
	2018	2017	% Change	2018	2017	% Change
Natural gas	10	27	(63)	14	26	(45)
Crude oil	80	66	21	76	69	10
Natural gas liquids	10	7	53	10	5	94
Total	100	100		100	100	

ROYALTIES

For the second quarter of 2018 total royalties were \$4,128 as compared to \$3,571 for the same period in 2017. On a per boe basis, the royalty rate increased to \$4.52 in 2018 as compared to \$3.85 in 2017. As a percentage of revenue, the rate for the second quarter of 2018 increased 8% to 13.0% from 12.1% realized in 2017. The increase in the royalty percentage was primarily attributable to the 32% higher realized oil prices.

For the six months ended June 30, royalties were \$8,111 in 2018 as compared to \$6,675 for the same period in 2017. On a per boe basis, the royalty rate increased 16% to \$4.45 in 2018 as compared to \$3.84 from last year. As a percentage of revenue, the rate for the six months of 2018 was 13.4% or 13% higher than the 11.9% realized in 2017.

Journey is anticipating a corporate royalty rate of approximately 13% for the balance of 2018 based on Journey's internal forecast of oil and natural gas prices and the anticipated productivity of its wells. However, this could change significantly as Crown royalty rates are dependent on a combination of realized commodity prices and specific well production volumes.

\$	Three months ended June 30,			Six months ended June 30,		
	2018	2017	% Change	2018	2017	% Change
Crown	2,322	1,359	71	4,318	2,667	62
Freehold/gross over-riding	1,806	2,212	(18)	3,793	4,008	(5)
Total royalties	4,128	3,571	16	8,111	6,675	22
Royalties (as a % of P&NG sales)	13.0	12.1	8	13.4	11.9	13

\$ / boe	Three months ended June 30,			Six months ended June 30,		
	2018	2017	% Change	2018	2017	% Change
Crown	2.54	1.46	74	2.37	1.53	55
Freehold/gross over-riding	1.98	2.39	(17)	2.08	2.31	(10)
Total royalties	4.52	3.85	18	4.45	3.84	16

NET OPERATING EXPENSES

Net operating expenses were \$12,915 or \$14.14 per boe for the second quarter in 2018 as compared to \$11,994, or \$12.93 per boe in 2017. Gross operating costs (before recoveries) increased by 6% to \$13,682 in the second quarter and 12% to \$27,482 for the year to date. For the six months ended June 30, net operating costs were \$25,739 or \$14.11 per boe in 2018 as compared to \$23,164, or \$13.31 per boe in 2017. During the second quarter, Journey expended \$607 in respect of a combination of spill clean-up costs as well as our preventative pipeline integrity program. For the remainder of 2018, Journey expects the net operating expense per boe rate to average in the mid-\$12 range which will bring the annual guidance to approximately \$13/boe.

	Three months ended June 30,			Six months ended June 30,		
	2018	2017	Change %	2018	2017	Change %
Operating expense per the financial statements	13,682	12,849	6	27,482	24,484	12
Less: expense recoveries	(767)	(855)	(10)	(1,743)	(1,320)	32
Net operating expenses	12,915	11,994	8	25,739	23,164	11
Net expense (\$ per BOE)	14.14	12.93	9	14.11	13.31	6
Net expense (% of P&NG sales)	40.8	40.5	1	42.5	41.1	3

TRANSPORTATION

Transportation expenses were \$537 for the second quarter of 2018, and represented 1.7% of P&NG sales for the period as compared to \$508 and 1.7% for 2017. The cost per boe averaged \$0.59 in the second quarter, which was 7% higher than the same period in 2017. For the six months ended June 30, transportation expenses were \$900 for 2018 or 4% higher than \$868 for the comparable period in 2017. On a per boe basis costs were \$0.49 or 2% lower than the \$0.50 incurred in 2017. Journey is currently expecting the per boe rates for the rest of 2018 to be in the \$0.50 range. Transportation costs include: clean oil trucking, trucking of natural gas liquids, and transportation associated with the usage of third party natural gas sales lines used before custody transfer and ultimate sale of the natural gas. Transportation costs are dependent on a variety of factors such as: the type of production facilities; the method of transportation; the distances covered; quantities shipped, as well as ownership of the transportation facilities.

	Three months ended June 30,			Six months ended June 30,		
	2018	2017	Change %	2018	2017	Change %
Transportation expense	537	508	6	900	868	4
Expense (\$ per boe)	0.59	0.55	7	0.49	0.50	(2)
Expense (% of P&NG sales)	1.7	1.7	-	1.5	1.5	-

GENERAL AND ADMINISTRATIVE (G&A) EXPENSE

For the second quarter of 2018, net G&A expense after recoveries, was higher by 20% at \$2,752 as compared to \$2,300 in 2017. For the six months ended June 30, 2018 net G&A expense was 2% higher at \$5,358 as compared to \$5,231 in 2017. On a per boe basis, Journey realized net G&A of \$3.01 for the second quarter of 2018, or 21% higher than the \$2.48 realized in 2017. The increase in the per boe rate was partially attributable to the 2% decrease in production volumes in 2018. In addition, the net G&A costs were higher by \$437 than in 2017 as a result of severance costs and final employee bonus adjustments relating to the 2017 performance year. For the six months ended June 30, net G&A was \$2.94 in 2018 or 2% lower than \$3.01 in 2017. For the balance of 2018 Journey expects its G&A to be in the \$2.85 per boe range based on currently forecast G&A and production levels.

	Three months ended June 30,			Six months ended June 30,		
	2018	2017	Change %	2018	2017	Change %
Gross expense	3,572	3,105	15	7,066	6,749	5
Less:						
Overhead recoveries	(508)	(520)	(2)	(1,105)	(970)	14
Capitalized G&A	(312)	(285)	9	(603)	(548)	10
Net expense per financial statements	2,752	2,300	20	5,358	5,231	2
<u>Expense (\$ per boe)</u>						
Gross expense	3.91	3.35	17	3.88	3.88	-
Net expense	3.01	2.48	21	2.94	3.01	(2)

FINANCE EXPENSE

Net finance expense is comprised of interest on bank debt, amortization of financing fees, accretion on decommissioning obligations, accretion of the promissory notes and other bank charges. The cash expenses for interest and bank fees in the second quarter of 2018 increased by 56% to \$2,071 from \$1,238 in 2017. For the second quarter of 2018, the average interest-bearing debt outstanding was \$125,042 which was a 33% increase from \$94,096 for the comparable period in 2017. The increase in the debt outstanding was primarily due to the additional \$22,000 in term debt incurred in early February and used to fund a large share repurchase. The higher effective interest rate in the second quarter of 6.6% was mainly due to the higher costing term debt, which bears a fixed-rate of interest of 7.65% per annum. The per boe rate for interest expense increased in the second quarter due to the combination of: higher outstanding debt, higher interest rates and 2% lower production volumes. On a per boe basis, cash finance expense was \$2.27 in the second quarter of 2018 as compared to \$1.34 for 2017, representing a 69% increase period over period.

For the comparable six month period, cash finance expenses for 2018 increased 61% to \$3,986 from \$2,474 in 2017. The average interest rate on outstanding on all borrowings increased to 6.7% in the first six months of 2018 from 5.7% in 2017. On a per boe basis, cash finance expense was \$2.18 for 2018 as compared to \$1.40 for 2017, representing a 56% increase.

For the balance of 2018 Journey expects the average debt outstanding to decrease as Journey plans on spending less than its funds flow, pursues non-core dispositions and concentrates on strengthening the balance sheet.

	Three months ended June 30,			Six months ended June 30,		
	2018	2017	Change %	2018	2017	Change %
Expense per financial statements	3,238	2,299	41	6,278	4,422	42
<u>Add/(Deduct):</u>						
Accretion expense (non-cash)	(1,166)	(1,060)	10	(2,293)	(1,983)	16
Bank fees and other charges (cash)	(1)	89	(101)	1	35	(97)
Interest related to borrowings (cash)	2,071	1,328	56	3,986	2,474	61
Average debt outstanding	125,042	94,096	33	120,308	88,292	36
Average interest rate (%)	6.6	5.7	17	6.7	5.7	18
<u>Expense per boe</u>						
Cash finance expense (\$ per boe)	2.27	1.33	69	2.18	1.40	56
Non-cash finance expense (\$/boe)	1.28	1.15	11	1.26	1.14	12
Total finance expense per financial statements (\$ per boe)	3.55	2.48	43	3.44	2.54	35

SHARE BASED COMPENSATION

Share based compensation expense was \$503 for the second quarter of 2018 as compared to \$965 in 2017. For the six months ending June 30, the expense was \$1,071 for 2018, a decrease of 24% from the \$1,401 expensed in 2017. Share based compensation expense was lower as no new long term incentives were issued in 2018 to date and a portion of certain previously long term incentives that were forfeited was reversed in the quarter. During the second quarter, the Company capitalized \$91 of share based compensation expense to property, plant and equipment as compared to \$174 in 2017. For the six months ended June 30, 2018 the capitalized portion was \$183 compared to \$260 in 2017. The capitalization is attributable to technical staff that is directly related to exploration and development activities and is lower in 2018 due to reduced capital activity. The fair value of all stock options is amortized over the options' vesting period.

	Three months ended June 30,			Six months ended June 30,		
	2018	2017	% Change	2018	2017	% Change
Expense per financial statements	503	965	(48)	1,071	1,401	(24)
Expense (\$ per boe)	0.55	1.04	(47)	0.59	0.81	(27)

DEPLETION AND DEPRECIATION ("D&D")

Aggregate D&D decreased from \$8,874 in the second quarter of 2017 to \$8,385 in 2018. The 6% decrease primarily reflects the decreased production volumes realized in 2018 as compared to 2017. On a per boe basis, D&D was \$9.18 for 2018 as compared to \$9.56 in 2017, representing a 4% decrease.

For the six months ending June 30, aggregate D&D decreased marginally by 1% from \$16,647 in 2017 to \$16,559 in 2018. On a per boe basis D&D was \$9.08 in 2018, a 5% decrease from \$9.57 in 2017.

	Three months ended June 30,			Six months ended June 30,		
	2018	2017	% Change	2018	2017	% Change
Depletion and depreciation (\$)	8,385	8,874	(6)	16,559	16,647	(1)
Expense (\$ per boe)	9.18	9.56	(4)	9.08	9.57	(5)

GAIN ON DISPOSITION OF ASSETS

During the three months ended June 30, 2018 Journey sold three small non-core properties with aggregate daily production of 147 boe/d (65% natural gas). The dispositions resulted in a net gain of \$1,830 for the second quarter and \$3,657 for the year to date.

	Three months ended June 30,			Six months ended June 30,		
	2018	2017	% Change	2018	2017	% Change
Gain on disposition	1,830	6,254	(71)	3,657	5,596	(35)
\$ per boe	2.00	6.74	(70)	2.01	3.22	(38)

EXPLORATION AND EVALUATION (E&E) EXPENSE

E&E expense relates to a combination of expiries of mineral rights as well as costs related to undeveloped lands that have been transferred to PP&E assets by virtue of the lands becoming developed during the accounting period. During the three months ended June 30, 2018 Journey incurred an expense of \$1,095 which was 6% lower than the \$1,162 expensed in 2017. For the six months ended June 30, 2018 the expense was \$1,217 as compared to \$1,276 in 2017. No impairments of E&E assets were realized in 2018 to date.

	Three months ended June 30,			Six months ended June 30,		
	2018	2017	% Change	2018	2017	% Change
E&E expense	1,095	1,162	(6)	1,217	1,276	(5)
\$ per boe	1.20	1.25	(4)	0.67	0.73	(8)

TAXES

For the three and six month periods ended June 30, 2018, no deferred tax recovery was recognized in the financial statements due to Management's assessment that it was not probable that an additional tax asset generated in 2018 would be realized. Therefore the deferred tax asset of \$32,203 remains as it was on December 31, 2017. Journey will assess every quarter whether a change in the deferred tax asset is warranted. The Company has \$727,751 in undeducted tax pools that are being carried forward for future use.

	Three months ended June 30,			Six months ended June 30,		
	2018	2017	% Change	2018	2017	% Change
Deferred tax expense	-	3,351	(100)	-	5,011	(100)
Deferred tax expense (\$ per boe)	-	3.61	(100)	-	2.88	(100)

NETBACKS

The operating netback of \$15.44 per boe for the second quarter of 2018 increased by 5% from \$14.59 for the same period in 2017. For the six months ended June 30, the operating netback was \$14.19 per boe for 2018 which was a 4% decrease from \$14.71 for 2017. The increase in the operating netback for the second quarter was mainly due to the 9% increase in average commodity prices, which was more than enough to offset the 17% increase in royalties and 9% increase in operating expenses. For the year to date the operating netback decreased by 4% as the royalty expense increase of 16% overshadowed the 3% increase in commodity prices.

The funds flow netback per boe for the second quarter of 2018 was \$5.81 per boe which was 46% lower than the same quarter in 2017. The most significant contributor to the lower netback was realized hedging losses of \$4.35 per boe. The rapid increase in oil prices in the second quarter caused the Journey hedges to be out of the money throughout the quarter. In addition to the hedging losses G&A and cash finance expenses increased 21% and 69% respectively. For the six month periods, the funds flow netback decreased 39% from \$9.45 per boe in 2017 to \$5.74 in 2018. The leading causes of this decrease were hedging losses of \$3.33 per boe and an increase to cash finance expenses to \$2.18 per boe. For the balance of 2018, the funds flow netback is expected to improve as higher average commodity prices and lower hedging losses are projected for the balance of the year.

After including the non-cash items the net income netback for the second quarter of 2017 of \$8.58 per boe was reversed into a loss of \$13.50 per boe. The largest single contributor to the net loss in the second quarter was the \$9.09 per boe of unrealized losses as compared to \$8.62 in gains in the second quarter of 2017.

For the six months year to date in 2018 Journey realized a net loss of \$11.77 per boe compared to net income in 2017 of \$6.83 per boe. Similar to the second quarter data, the most significant item explaining the change from net income in 2017 to a net loss in 2018 was a \$7.89 per boe unrealized hedging loss on oil hedges.

(\$ per boe)	Three months ended June 30,			Six months ended June 30,		
	2018	2017	% Change	2018	2017	% Change
Realized price	34.69	31.92	9	33.24	32.36	3
Royalties	(4.52)	(3.85)	17	(4.45)	(3.84)	16
Operating expenses	(14.14)	(12.93)	9	(14.11)	(13.31)	6
Transportation	(0.59)	(0.55)	7	(0.49)	(0.50)	(2)
Operating	15.44	14.59	6	14.19	14.71	(4)
G&A	(3.01)	(2.48)	21	(2.94)	(3.01)	(2)
Finance expenses - cash	(2.27)	(1.33)	69	(2.18)	(1.40)	56
Realized gain (loss) on hedges	(4.35)	(0.32)	1,259	(3.33)	(0.85)	292
Funds flow	5.81	10.46	(44)	5.74	9.45	(39)
Unrealized gain (loss) on hedges	(9.09)	8.62	(205)	(7.89)	9.62	(182)
Share based compensation	(0.55)	(1.04)	(47)	(0.59)	(0.81)	(27)
Depletion and depreciation	(9.18)	(9.56)	(4)	(9.08)	(9.57)	(5)
Accretion	(1.28)	(1.15)	11	(1.26)	(1.14)	11
Gain on dispositions	2.00	6.74	(70)	2.01	3.22	(38)
Exploration & evaluation expense	(1.20)	(1.25)	(4)	(0.67)	(0.73)	(8)
Transaction costs	(0.01)	(0.63)	(98)	(0.03)	(0.33)	(91)
Deferred tax (expense) recovery	-	(3.61)	(100)	-	(2.88)	(100)
Net income (loss)	(13.50)	8.58	(257)	(11.77)	6.83	(272)

NET EARNINGS (LOSS) AND FUNDS FLOW

Funds flow from operations during the second quarter of 2018 was \$5,305, a decrease of 45% from \$9,708 realized in 2017. For the six months ended June 30, funds flow from operations decreased 37% from \$16,454 in 2017 to \$10,445 in 2018. The decrease was significantly attributable to the large increase in hedging losses from \$293 in the second quarter of 2017 to \$3,976 in 2018. However, there were significant increases in royalty expense of 16% and operating expenses of 8% which also contributed to the period change.

There was a net loss for the three months ended June 30, 2017 of \$12,325 as compared to net income of \$7,959 in 2017. The net realized and unrealized hedging losses amounted to \$12,275 in the second quarter of 2018 and for the six month period, these losses totalled \$20,463.

During the second quarter of 2018, Journey realized a net loss per share of \$0.32 (basic share and diluted). The net loss per share for the six months was \$0.53 per basic and diluted share. This compares to net income per share of \$0.16 for the three months ended June 30, 2017 and \$0.25 per share (\$0.24 diluted) for the six months ended June 30, 2017.

Second quarter funds flow per share in 2018 was \$0.14 per basic and diluted share which was 26% lower than the \$0.19 (basic and diluted) for the second quarter of 2017. For the six months ended June 30, funds flow per share in 2018 decreased 24% to \$0.26 per basic and diluted share from \$0.34 in 2017.

Per share data	Three months ended June 30,			Six months ended June 30,		
	2018	2017	Change %	2018	2017	Change %
Net income (loss)	(12,325)	7,959	(255)	(21,469)	11,879	(281)
Basic (\$/share)	(0.32)	0.16	(300)	(0.53)	0.25	(310)
Diluted (\$/share)	(0.32)	0.16	(300)	(0.53)	0.24	(321)
Funds flow	5,305	9,708	(45)	10,445	16,454	(37)
Basic (\$/share)	0.14	0.19	(26)	0.26	0.34	(24)
Diluted (\$/share)	0.13	0.19	(32)	0.25	0.34	(26)

CAPITAL EXPENDITURES

Journey spent \$10,283 on capital expenditures (before acquisitions/dispositions) during the second quarter of 2018 representing an increase of 98% from \$5,205 in 2017. Three minor non-core properties were sold in the quarter for net proceeds of \$2,801 and included associated production of approximately 147 boe/d (65% natural gas). Journey drilled 4 (4.0 net) wells during the quarter including 3 wells in Matziwin and 1 in Gilby. Since all these wells were completed late in the quarter, no production volumes from these wells were reflected in the second quarter results.

Total capital spent for the year to date in 2018 was \$15,872. Journey is currently on track to spend approximately \$27 million in net capital during the year, but this target will remain flexible as commodity prices have been varying widely throughout the year.

	Three months ended June 30,			Six months ended June 30,		
	2018	2017	Change %	2018	2017	Change %
<u>Cash expenditures:</u>						
Land and lease rentals	1,361	644	111	3,713	773	380
Geological and geophysical	1	1,047	(100)	191	1,055	(82)
Drilling and completions	6,320	1,736	264	10,942	7,120	54
Well equipment and facilities	2,289	1,493	53	5,313	3,265	63
Capitalized general and administrative	312	285	9	603	548	10
Exploration and development expenditures	10,283	5,205	98	20,762	12,761	63
Other expenditures	17	3	467	39	75	(48)
Total capital expenditures	10,300	5,208	98	20,801	12,836	62
PP&E acquisitions	23	32,894	(100)	23	35,522	(100)
PP&E dispositions	(2,778)	(6,285)	(56)	(4,780)	(6,390)	(25)
E&E acquisitions/dispositions	(46)	2,660	(102)	(172)	2,924	(106)
Net capital expenditures	7,499	34,477	(78)	15,872	44,892	(65)
<u>Non-cash expenditures:</u>						
Capitalized share based compensation	91	174	(48)	183	260	(30)
Capitalized decommissioning liability	78	60	28	692	478	45
Total cash capital expenditures	7,668	34,711	(78)	16,747	45,630	(63)

Wells drilled	Three months ended June 30,				Six months ended June 30,			
	2018		2017		2018		2017	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Development wells	4	4.0	1	1.0	6	6.0	4	4.0
Success rate (%)	100	100	100	100	100	100	100	100

DECOMMISSIONING LIABILITIES (“DL”)

At June 30, 2018, Journey has recorded a DL of \$177,159 (\$175,495 at December 31, 2017) for the future abandonment and reclamation of the net interests in its assets. The estimated DL includes numerous assumptions in respect of: the actual costs to abandon wells and facilities, and reclaim the surface access; the time frame in which such costs will be incurred; and annual inflation factors in order to calculate the undiscounted total future liability. The future liability has then been discounted at a risk-free interest rate of 2.2 per cent at June 30, 2018 (December 31, 2017 – 2.2%).

Accretion charges of \$973 for the three months ended June 30, 2018 (June 30, 2017 - \$951), respectively, have been recognized in the statements of comprehensive net income (loss) to reflect the increase in the DL associated with the passage of time. For the six month period in 2018 the accretion was \$1,934 and for the same period in 2017 it was \$1,766. Actual spending under Journey’s abandonment and reclamation program for the three months ended June 30, 2018 was \$78 (\$60 for the same period in 2017). For the year to date DL spending was \$692 in 2018 as compared to \$478 in 2017.

Abandonment and reclamation activities continue to be made in a prudent, responsible manner by Journey with the oversight of the Health, Safety and Environment Committee of the Board. Ongoing abandonment expenditures for all of Journey’s assets are funded entirely out of funds flow from operating activities. Journey’s Liability Management Rating is well within the Alberta Energy Regulator’s requirements, such that no deposits are required or expected to be required at June 30, 2018 and at the date of this MD&A.

LIQUIDITY AND CAPITAL RESOURCES

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

Capital Program Funding	Three months ended June 30,			Six months ended June 30,		
	2018	2017	% Change	2018	2017	% Change
Funds flow	5,305	9,708	(45)	10,445	16,454	(37)
Transaction costs	(12)	(590)	(98)	(49)	(590)	(92)
Decommissioning costs incurred	(78)	(60)	30	(692)	(478)	45
Change in non-cash working capital	(1,387)	(6,940)	(80)	1,352	(9,444)	114
Increase (decrease) in bank debt & bank indebtedness	(1,000)	27,000	(104)	(4,000)	19,537	(80)
Decrease (increase) in cash in bank	4,672	(1,150)	506	8,159	(704)	1,259
Issuance of promissory notes	-	-	-	22,000	-	-
Share repurchase	-	(20)	(100)	(21,336)	(20)	1,066
Settlement of RSU’s	(1)	(6)	(83)	(7)	(11)	(36)
Issuance of equity	-	6,535	(100)	-	20,148	(100)
Net cash capital expenditures	7,499	34,477	(78)	15,872	44,892	(65)

For the three months ended June 30, 2018, the Company funded its \$7,499 in net capital expenditures primarily from funds flow from operations, and the remainder with bank debt.

As at June 30, 2018 the bank debt outstanding was \$66,000, representing approximately 66% of the total available credit facilities of \$100,000. In January of 2018, the Company concluded the acquisition of 12,700 shares from its

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

Available borrowings on the bank credit facility are limited by the borrowing base, which is established by the banks. The amount of available credit is based primarily upon the value of petroleum and natural gas assets. The most recent formal evaluation by our external engineers determined these reserve values as at December 31, 2017. The credit facility is also subject to a semi-annual borrowing base review in October of each year.

The working capital deficiency as at June 30, 2018 was \$95,875 (current assets minus current liabilities) will be dealt with by drawing from the unutilized credit facilities as needed and then repaying it periodically through the monthly receipt of production revenues and any proceeds from the disposition of assets. A certain amount of working capital deficiency is normal in the industry and varies widely from company to company based on their specific funds flow and spending patterns. With the recent renewal of the credit facility on April 30, 2018 the maturity date has been extended until April 30, 2019.

RELATED PARTY TRANSACTIONS

Journey had no related party transactions during the three months ended June 30, 2018.

CONTRACTUAL OBLIGATIONS

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

(a) Transportation and office lease costs

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

	Total	2018	2018 - 2019	2020 - 2021	Thereafter
Natural gas transportation	1,161	366	691	104	-
Operating leases	10,739	971	3,821	3,756	2,191
Total	11,900	1,337	4,512	3,860	2,191

(b) Indemnifications

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

OFF BALANCE SHEET FINANCINGS

There were no off balance sheet financings during the period.

SHARE CAPITAL

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

<i>(000's)</i>	Aug 7, 2018	June 30, 2018	December 31, 2017
Common shares outstanding	38,546	38,546	51,240
Options, warrants, restricted share units and performance share units	4,173	6,517	7,130
Fully diluted shares	42,719	45,063	58,370

	Three months ended June 30,			Six months ended June 30,		
	2018	2017	%	2018	2017	%
Common shares outstanding						
Basic weighted average	38,546	50,212	(23)	40,860	47,769	(14)
Diluted	38,546	50,782	(24)	40,860	48,561	(16)

During 2018 Journey purchased 12,700 shares from a significant shareholder and cancelled them. 6 shares were issued upon the settlement of long term incentives that vested. On July 1, 2018 622 performance warrants; 975 share purchase warrants; and 678 stock options expired unexercised.

SELECTED QUARTERLY INFORMATION

Below is summarized quarterly information for the previous eight quarters.

	Jun 30, 2018	Mar 31, 2018	Dec. 31, 2017	Sep 30, 2017
Production (boe/d)	10,036	10,117	10,521	10,088
Average prices realized (\$/boe, excluding hedging)	34.69	31.78	31.32	25.29
Petroleum and natural gas sales	31,685	28,934	30,311	23,471
Net income (loss)	(12,325)	(9,144)	(138,841)	(6,059)
Basic – per share (\$/share)	(0.32)	(0.21)	(2.72)	(0.12)
Diluted – per share (\$/share)	(0.32)	(0.21)	(2.72)	(0.12)
Funds flow	5,305	5,140	9,829	4,843
Basic – per share (\$/share)	0.14	0.12	0.19	0.10
Diluted – per share (\$/share)	0.13	0.12	0.19	0.09
Total assets	409,094	413,802	416,983	532,161
Net capital expenditures	7,499	8,373	11,328	9,408
Long term financial liabilities	225,331	224,600	201,759	195,070
Net debt	130,606	128,215	103,021	103,385
Dividends paid	-	-	-	-

	Jun 30, 2017	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016
Production (boe/d)	10,194	9,027	8,505	8,177
Average prices realized (\$/boe)	31.92	32.85	33.46	29.98
Petroleum and natural gas sales	29,613	26,690	26,181	22,553
Net earnings (loss)	7,959	3,920	49,314	18,383
Basic – per share (\$/share)	0.16	0.09	1.13	0.42
Diluted – per share (\$/share)	0.16	0.09	1.13	0.42
Funds flow	9,708	6,746	8,354	7,571
Basic – per share (\$/share)	0.19	0.15	0.19	0.17
Diluted – per share (\$/share)	0.19	0.15	0.19	0.17
Total assets	554,933	489,473	484,016	473,452
Net capital expenditures	34,477	10,415	9,708	(10,886)
Long term financial liabilities	211,038	179,315	177,045	2,610
Net debt	96,554	77,416	86,916	85,048
Dividends paid	-	-	-	-

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

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

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

- During the third quarter of 2017 production volumes were 10,088 boe/d compared to second quarter volumes of 10,194. Two newly drilled wells were placed on production in the quarter and this was enough to stabilize the declines on existing corporate production. Average commodity prices were lower than in the second quarter at \$25.29/boe as compared to \$31.92/boe. Natural gas prices took a sharp downward turn in the quarter and averaged only \$1.32/mcf (excluding hedging gains) from \$2.70/mcf in the second quarter. Funds flow was \$4,843 in the fourth quarter as compared to \$9,707 in the second quarter. Journey drilled 5 (5.0 net) wells in the quarter with net cash capital spending at \$9,408.
- In the second quarter of 2017 daily production increased 13% to 10,914 boe/d from the first quarter. A significant portion of this increase to production came from the acquisition of 2,000 boe/d (72% gas) on April 28. Average commodity prices were relatively flat from the first quarter as Journey realized \$31.92 per boe as compared to \$32.85 in the first quarter. Drilling was limited to 1 (1.0 net) well in the quarter as the Company chose to pay down the debt incurred on the acquisition. Funds flow was \$9,707 in the second quarter as compared to \$6,747 in the first quarter.
- Realized commodity prices were stable at \$32.85 per boe compared to \$33.46 per boe in the first quarter of 2017. Attributable to this stability, the Company drilled 4 (3.0 net) wells during the quarter. In addition, Journey took advantage of the uncertain oil and gas dispositions market to increase its interest in the Gilby and Crystal areas with \$2,759 in acquisitions. The Company entered into an agreement to acquire 2,000 boe/d of long life shallow decline natural gas assets contiguous with one of Journey's core areas. The infrastructure included with this acquisition gives Journey a significant processing and transportation footprint in Gilby and Niton. The operating netback continued to improve to \$14.84 per boe or a 39% increase from the fourth quarter. Production volumes were 6% higher in the quarter as the volumes from new wells drilled in the quarter came on-line.
- Commodity prices continued to improve in the fourth quarter of 2016 as the combination of the US election results and the new OPEC agreement from November had a positive impact on oil prices in particular. Average commodity prices increased 12% in the fourth quarter to average \$33.46/boe. Journey's operating netback improved by 18% to \$16.60/boe due to the combination of higher prices and lower operating costs. Journey finished its coal bed methane recompletion program during the quarter where in excess of 300 net wells were recompleted for CBM production. The result was an increase of approximately 1,100 boe/d to gas production with very low incremental costs. The full impact of this production will be realized in 2017. In addition, Journey drilled 5 (4.1 net) wells. Two of these wells were not completed until mid-way through the first quarter of 2017 as the market for completion services with the service companies is becoming tighter.
- Commodity prices showed signs of recovery during the third quarter of 2016 as Journey average commodity prices were \$29.98 as compared to \$26.01 in the second quarter. Leading the way was a 76% increase in realized natural gas prices from the first quarter, while oil and NGL prices were fairly stable quarter to quarter. Journey concentrated on debt reduction and consequently spent only \$3,390 in capital during the quarter while disposing of assets for net proceeds of \$14,276. Journey drilled one well in the Brooks area during the quarter. Due to the limited drilling, and the disposition of assets, the Company's production declined from 8,640 boe/d in the second quarter to 8,177 boe/d in the fourth quarter. Journey's coal bed methane recompletion program for its 300 net wells in the Countess area commenced during the quarter and the additional gas production helped to mitigate the declines and the impact on reported production volumes from the dispositions. The recompletion program is expected to continue into the fourth quarter and will add incremental gas volumes.
- The second quarter of 2016 saw average Journey commodity prices appreciate by 25% from the first quarter. Leading the way was a 43% increase in realized oil prices and a 23% increase in NGL prices. The price appreciation coupled with the cost savings strategies; this led to an increase in funds flow from \$3,329 in the first quarter to \$8,218 in the fourth quarter. Journey concentrated on debt reduction and consequently spent only \$965 in capital during the quarter. Journey did not drill any wells in the quarter. Due to the lack of drilling, the Company's production declined from 9,533 boe/d in the first quarter to 8,640 boe/d in the fourth quarter. Towards the end of the fourth quarter the Company embarked on a strategic acquisition and divestiture program, which when fully implemented in August are expected to yield better operating cost synergies going forward.

CRITICAL ACCOUNTING ESTIMATES

The consolidated financial statements for the three months ended June 30, 2018 have been prepared using the same accounting policies and methods as those used in the Company's audited consolidated financial statements for the year ended December 31, 2017.

A summary of the significant accounting policies used by Journey can be found in Note 3 of the December 31, 2017 audited consolidated financial statements. Note 4 of the Company's audited consolidated financial statements for the year ended December 31, 2017 discloses the areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Company's financial statements. The December 31, 2017, audited consolidated financial statements are available on SEDAR at www.sedar.com.

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

CHANGES IN ACCOUNTING POLICIES

Future Changes in Accounting Standards

There were no new or amended accounting standards or interpretations issued during the period ended March 31, 2018 that will affect the Company's future reporting periods. A summary of accounting standards and interpretations that will have an impact on future reporting periods of the Company are described in the notes to the annual Consolidated Financial Statements for the year ended December 31, 2017.

RISK FACTORS AND RISK MANAGEMENT

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

Commodity Price Risk

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

environments by making strategic acquisitions. Journey enters into commodity price contracts to actively manage the risks associated with price volatility and thereby partially protect funds flows, which are used to fund our capital program.

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

Foreign Exchange Risk

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

Credit Risk

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

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

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

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

Credit Facility Risk

The total available credit facility is \$100,000. The facility is a 365 day revolving facility from a syndicate of lenders with a term-out date of April 30, 2019. The maturity date may, at the request of the Company and with the consent of the lenders, be extended until April 30, 2020. There is a risk that the facility may not be renewed for the same amount or under the same or similar terms to what currently exists. The credit facilities are secured by a \$500,000 fixed and floating charge debenture over the petroleum and natural gas properties and all other assets of Journey. The facilities are subject to a semi-annual review, at which time the lenders may re-determine the borrowing base. Journey is subject to certain customary non-financial covenants in its credit facility agreement. Journey is in compliance with all such covenants as at June 30, 2018. The credit facility contains customary restrictions on the disposition of assets and the granting of security, as well as on the making of distributions if there is a default under the facility.

Access to Capital Markets

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

- Internally generated funds flows;
- Debt may be utilized to expand capital programs when deemed appropriate; and
- Additional equity, if available and on terms acceptable to the Company, may be used to expand or support exploration and development programs and fund acquisitions.

Interest Rate Risk

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

The maturing Western Canadian Sedimentary Basin

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

Increasing United States Oil and Natural Gas Supply

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

Operating and finding and development costs are decreasing each year

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

- Focusing its efforts on its core areas wherein its expertise and experiences can be properly leveraged;

- Generating as many internal projects as possible;
- Being the operator on the majority of projects;
- Identifying drilling opportunities with multi-zone prospects; and
- Making prudent use of seismic data to identify prospects – either by purchasing trade data or by shooting new seismic.

Administrative Risks

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

Competition

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

Environmental Regulations

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

Regulatory Risk

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

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Journey's CEO and CFO are responsible for establishing and maintaining internal control over financial reporting ("ICFR"). They have as at the interim period ending June 30, 2018, designed ICFR, or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The control framework used to design the Corporation's ICFR is the Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations.

There were no changes in the Corporation's ICFR that occurred during the period beginning on April 1, 2018 and ended on June 30, 2018 that have materially affected or are reasonably likely to materially affect, the Corporation's ICFR.

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

The June 30, 2018 condensed consolidated interim financial statements are available on SEDAR at www.sedar.com as well as the Company's website at www.journeyenergy.ca.