MANAGEMENT'S DISCUSSION AND ANALYSIS
FIRST QUARTER 2022

The following Management's Discussion and Analysis ("MD&A") was prepared on May 9, 2022 and is management's assessment of Journey Energy Inc.'s ("Journey" or the "the Company") financial and operating results for the three month periods ended March 31, 2022 and 2021. This MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements of the Company for the three months ended March 31, 2022 and 2021 along with the notes related thereto.

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

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.

These MD&A contain 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 (iv) debt and bank facilities, (v) capital expenditures, (vi) primary and secondary recovery potentials and implementation thereof, (vii) decline rates, (viii) Adjusted Funds Flow from operations, (ix) operating and Adjusted 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, Adjusted 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, labor 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, the COVID-19 pandemic and the impact on the worldwide economy, 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’.

Non-GAAP Measures

In this MD&A, we refer to financial measures that do not have any standardized meaning as prescribed by 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.

“Adjusted Funds Flow” is calculated by taking “cash flow provided by operating activities” from the financial statements and adding or deducting: changes in non-cash working capital; transaction costs; non-recurring “other” income, capitalized interest, and decommissioning costs. Adjusted Funds Flow per share is calculated as Adjusted Funds Flow divided by the weighted-average number of shares outstanding in the period. Because Adjusted Funds Flow and Adjusted 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 the GAAP measured “cash flow generated from operating activities”. In addition, Journey excludes transaction costs from the definition of Adjusted Funds Flow, as these expenses are generally in respect of capital acquisition transactions. Journey deducts capitalized interest, as this is normally a cash related expense, but from time to time is allowed to add this to this principal outstanding instead of paying in cash. The Company considers Adjusted Funds Flow 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 Adjusted 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 Adjusted Funds Flow can be found in the table below. Journey also presents Adjusted 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, year-end consolidated financial statements.

The reconciliation of Adjusted Funds Flow to the GAAP measured cash flow from operating activities is presented in the following table:

	March 31, 2022	March 31, 2021	% Change
Cash flow provided by operating activities	**21,811**	4,295	408
Add (deduct):			
Changes in non-cash working capital	**(2,320)**	4,841	(148)
Forfeited deposit	**-**	(902)	(100)
Transaction costs	**8**	8	-
Decommissioning costs incurred	**902**	470	92
Adjusted Funds Flow	**20,401**	8,712	134

“Adjusted processing and other income” is calculated by taking the GAAP measured “processing and other income” from the financial statements and removing: i) processing and other field cost recovery income, which is then reclassified and netted with operating expenses; and ii) operating expenses related to the generation of electricity at Journey Countess power project, which have been reclassified from operating expenses per the financial statements and netted with electricity income. Management believes that breaking these items into the exploration and production operations and the electricity operation provides a more meaningful analysis for the primary exploration and production operation. Adjusted processing and other income is reconciled in its own section below.

"**Netbacks**" is a term used throughout these MD&A. The Company uses netbacks to help evaluate its performance, leverage, and liquidity; comparisons with peers; as well as to assess potential acquisitions. Management considers netbacks as a key performance measure as it demonstrates the Company's profitability relative to current commodity prices. Management also uses them in operational and capital allocation decisions. Journey uses three types of netbacks to assess its own performance and its performance in relation to its peers. These netbacks are operating, Adjusted Funds Flow and net income (loss). "**Operating netback**" is calculated as the average sales price of the commodities sold (excluding financial hedging gains and losses), less royalties, transportation costs and operating expenses. "**Adjusted Funds Flow netback**" begins with the operating netback and deducts general and administrative costs, interest costs and then adds or deducts any realized gains or losses on derivative contracts. To calculate the "**net income (loss) netback**", Journey takes the Adjusted Funds Flow netback and then adds or deducts: unrealized gains/losses on derivative contracts; share-based compensation expense; depletion; depreciation; accretion; loss and gains on dispositions; asset impairments and reversals; exploration and evaluation expenses; 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 ancillary 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 natural gas plants and oil batteries; oil treating income; transporting third party natural gas and oil through gathering and sales pipelines; and water disposal fees. Journey considers this income ancillary to its main operations as the various operations which generate this income also process Journey's production. They are not considered separate profit centers and immaterial internal resources are devoted to generating this income. Therefore, for purposes of these MD&A, Journey considers it more relevant to show this income as a cost recovery and therefore nets these amounts with field operating expenses. In addition, operating expenses related to Journey's power generation asset in Countess are subtracted from the financial statement number to get to net operating expenses that relate solely to the Company's exploration and production operations. Management believes that showing this adjusted operating expense number provides better information for to make decisions on its primary business and allows for better peer company comparisons.

"**Net debt**" is used to assess efficiency, liquidity and general financial strength of Journey and is used to compare this financial strength to its peers. Net debt as at the end of each relevant period is calculated as follows:

	Mar. 31, 2022	Mar. 31 2021	% Change	**Mar. 31, 2022**	Dec 31, 2021	% Change
Principal amount of term debt	**67,580**	85,914	(21)	**67,580**	67,580	-
Accounts payable and accrued liabilities	**26,885**	13,850	94	**26,885**	20,441	32
Other liability - contingent bank debt[1]	**5,000**	5,750	(13)	**5,000**	5,750	(13)
Other loans	**410**	-	-	**410**	156	163
Deduct:						
Cash in bank	**(38,568)**	(6,909)	458	**(38,568)**	(15,677)	146
Accounts receivable	**(21,087)**	(10,835)	95	**(21,087)**	(20,180)	4
Prepaid expenses	**(1,739)**	(2,189)	(21)	**(1,739)**	(1,049)	66
Net debt	**38,481**	85,581	(55)	**38,481**	57,021	(33)

1. The amount payable for contingent bank debt is determined based on actual, annual average MSW oil prices. The principal amount has been estimated as at March 31, 2022 based on future, MSW strip prices and has a maximum remaining obligation of $5,000 (December 31, 2021 - $5,750). The 2021 comparative amounts have been adjusted to reflect the maximum principal amount payable, which will provide a more meaningful comparison with 2022. Previously the amount used was the discounted amount as reflected in the financial statements.

Abbreviations and BOE Advisory

The following abbreviations are used throughout these MD&A and have the ascribed meanings:

AIMCo	*Alberta Investment Management Corporation*
bbl	*Barrel*
bbls	*Barrels*
boe	*barrels of oil equivalent (see conversion statement below)*
boe/d	*barrels of oil equivalent per day*
gj	*Gigajoules*
GAAP	*Generally Accepted Accounting Principles*
IFRS	*International Financial Reporting Standards*
Mbbls	*thousand barrels*
Mboe	*thousand boe*
Mcf	*thousand cubic feet*
Mmcf	*million cubic feet*
Mmcf/d	*million cubic feet per day*
MSW	*Mixed sweet Alberta benchmark oil price at Edmonton Alberta*
NGL's	*natural gas liquids (ethane, propane, butane and condensate)*
WCS	*Western Canada Select benchmark oil price*
WTI	*West Texas Intermediate benchmark Oil price*

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

In these MD&A, where the Company uses the term "crude oil" it is referring to the aggregate of light, medium and heavy crude oil volumes or dollars as is required. Where the Company uses the term "natural gas" it is referring to the aggregate of conventional natural gas and coal-bed methane natural gas volumes or dollars as is required.

All volumes in these MD&A refer to the sales volumes of crude oil, natural gas and associated by-products measured at the point of sale to third-party purchasers. For natural gas, this occurs after the removal of natural gas liquids.

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 FOR THE THREE MONTHS ENDED MARCH 31, 2022

Financial

Journey recorded Adjusted Funds Flow of $20,401 in the first quarter of 2022 as compared to $8,712 in the first quarter of 2021. The combination of a 74% increase in average realized commodity prices and 12% higher sales volumes all positively impacted Adjusted Funds Flow. Cash flow from operating activities was $21,811 in the first quarter of 2022 as compared to $4,295 in the first quarter of 2021. The Company spent less than its cash flows in its capital program during the first quarter of 2022, and as a result built its unrestricted cash in the bank to $38,250 at March 31. Net income was $13,769 for the first quarter or $0.28 per basic share and $0.25 per diluted share. The Company exited the quarter with net debt of $38,481, which was 55% below March 31, 2021 and 33% below what was recorded at the end of 2021.

Capital spending

During the first quarter, Journey returned to drilling operations with the commencement of four wells. Three wells were drilled and completed during the quarter and the fourth one was just started at the end of the quarter. Three wells in Skiff were placed on-production late in March and therefore did not contribute significantly to the first quarter's production rates. Journey spent $12,162 in its capital program in the first quarter of 2022 of which $9,148 was spent on drilling and completions and $2,520 was spent on equipping, tie-in and facility work.

Production

Production increased 12% in the first quarter of 2022 to average 8,492 boe/d versus 7,577 boe/d in the first quarter of 2021. Quarter over quarter production was relatively flat with a 1% decrease from the fourth quarter of 2021 (8,554 boe/d). The decrease in production was mainly the result of natural declines as the three new wells that were drilled and completed in the quarter were not brought on-production until the very end of the quarter.

Liquidity

Increased prices for natural gas, crude oil, NGL's and electricity in 2022 have provided much needed working capital that have allowed the Company to build its cash reserves and also reduce its net debt. The cash generated through operations was buttressed by the $12.1 million (before costs) flow-through share offering, which closed on March 18. Journey used approximately $13 million of its cash reserves in early April as partial consideration for the previously announced corporate acquisition as well as the purchase of working interest in a natural gas processing plant and gathering system that Journey already had working interests in. Journey will continue to be prudent with its spending as it has a term debt maturity of $23.8 million in September. Journey is currently projecting it will have sufficient cash on hand to repay this maturity and also continue to complete its planned capital program for the year.

Outlook

With the assistance of rising commodity prices and prudent capital spending, Journey made significant progress in reducing its net debt throughout 2021 and during the first quarter of 2022. To date in 2022 Journey has drilled 4 (4.0 net) wells and the plans are to drill 16 (15.7 net) wells for the entire year. The recently closed flow-through share financing will go towards funding this year's drilling program. In addition, and after the quarter end, the previously announced acquisitions were closed. Effective April 1, 2022, the private company acquisition was closed with current production from this acquisition being approximately 760 boe/d (54% light crude oil and NGL's). Also, on May 9, 2022 the natural gas processing facility and gathering systems acquired from a mid-stream company was concluded.

Journey's updated 2022 guidance, which includes the production from the acquisition and adjusted funds flows from the corporate acquisition are presented in the table below:

	Revised	Previous (Mar 23/22)
Annual average daily sales volumes	9,500 – 10,000 boe/d (47% crude oil and NGL)	9,100 – 9,600 boe/d (47% crude oil and NGL)
Adjusted Funds Flow	$102 - $108 million	$87 - $91 million
Adjusted Funds Flow per basic share	$1.98 - $2.09	$1.68 - $1.78
Capital spending (excluding A&D)	$54 million	$41 million
Capital spending (A&D):		
Cash portion	$13 million	$13 million
Equity portion	$11 million	$11 million
Year-end net debt	$1 - $5 million	$7 - $12 million
Commodity prices:		
WTI (USD $/bbl)	$94.00	$87.50
MSW oil differentials (USD $/bbl)	$4.00	$4.00
AECO natural gas (CAD $/mcf)	$5.45	$4.00
CAD/USD foreign exchange	$0.78	$0.79

DETAILED FINANCIAL REVIEW

PRODUCTION REVENUE AND VOLUMES

Daily Sales Volumes

Total daily sales volumes increased 12% to 8,492 boe/d for the first quarter of 2022 from 7,577 boe/d in the first quarter of 2021. The increase was mainly attributable to the corporate acquisition in August of 2021, which added approximately 600 boe/d (68% natural gas) of production. The acquisition more than offset natural declines. In addition, there were positive production gains from recompletions, workovers, which not only offset declines but increased production in the second and third quarters of 2021 and therefore contributed to the increased production in 2022. Natural gas consumed in power generation for 2021 was approximately 839 mcf/d and 623 mcf/d for the three months of 2022 and 2021 respectively.

	Three months ended March 31		
	2022	2021	% Change
Natural gas (Mcf/d)			
Conventional	**22,836**	19,429	18
Coal bed methane	**4,163**	5,083	(18)
Total natural gas volumes	**26,999**	24,512	10
Crude oil (Bbl/d)			
Light/medium	**2,531**	2,160	17
Heavy	**629**	710	(11)
Total crude oil volumes	**3,160**	2,870	10
Natural gas liquids (Bbl/d)	**832**	622	34
Barrels of oil equivalent (boe/d)	**8,492**	7,577	12

Volumetric Product Mix

Journey's sales volume product mix was stable from the first quarter of 2021 to the same quarter in 2022 as natural gas production contributed 53% (2021 – 54%) of total sales volumes; crude oil volumes were 37% (2021 – 38%) and NGL's were 10% (2021 – 8%).

	Three months ended March 31,		
% of Aggregate Production	**2022**	2021	% Change
Natural gas	**53**	54	(2)
Crude oil	**37**	38	(3)
Natural gas liquids	**10**	8	25
Total	**100**	100	

Benchmark Indices

	Three months ended March 31,		
	2022	2021	% Change
Crude Oil			
WTI (US$/Bbl)	**94.29**	57.84	63
Canadian MSW (CDN$/Bbl)	**117.66**	68.62	71
Western Canada Select (CDN$/Bbl)	**101.03**	57.43	76
Natural Gas			
NYMEX (US $/Mmbtu)	**4.66**	3.56	31
AECO - Daily (CDN$/Mcf)	**4.77**	3.13	52
Foreign Exchange			
Canadian dollar to US dollar	**0.79**	0.79	-
US dollar to Canadian dollar	**1.266**	1.267	-

WTI oil prices increased 63% in the first quarter of 2022 to average $94.29 US/bbl as compared to $57.84 US/bbl in the first quarter of 2021. This increase was largely a recovery to pre-pandemic levels as global demand for oil continued to be strong. This coupled with the reduced worldwide spending on exploration and development over many years of low prices has led to a greatly reduced spare capacity from OPEC+. In addition the Russia-Ukraine conflict has created supply concerns throughout the world. The Canadian dollar in relation to the US dollar in the first quarter of 2022 was unchanged with the first quarter of 2021. Changes to the Canadian dollar vis a vis the US dollar are based on many factors including the strength of the Canadian economy, Canadian and US interest rates, the political environment and Canadian net exports. In addition, the WTI/MSW oil price differential improved by 62% as it averaged USD $1.38/bbl during the first quarter of 2022 as compared to USD $3.64/bbl in the first quarter of 2021. The WTI/MSW differential and foreign exchange rates resulted in the average Canadian MSW oil price increasing 71% from $68.62/bbl in the first quarter of 2021 to $117.66/bbl in the first quarter of 2022. A similar result was realized in WCS prices wherein the first quarter 2021 average price was $57.43/bbl and for the first quarter of 2022, it was $101.03/bbl. Given that approximately one-third of Journey's crude oil production realize prices similar to WCS, the first quarter pricing for WCS was very constructive for Journey's crude oil revenues.

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. Natural 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 52% higher at $4.77/mcf in the first quarter of 2022 as compared to $3.13/mcf during the same period in 2021. The cold 2022 winter and the increased demand for US natural gas resulting from the Russia-Ukraine conflict, has reduced the five year storage levels and caused supply concerns in North America which has resulted in much higher natural gas prices in Alberta.

Realized Prices

Commodity prices realized by Journey were as follows:

	Three months ended March 31,		
	2022	2021	% Change
Natural gas ($/Mcf)	**4.74**	3.00	58
Crude oil ($/Bbl)	**104.80**	57.37	83
Natural gas liquids ($/Bbl)	**60.59**	38.16	59
Total ($/boe)	**60.00**	34.57	74

The 83% increase in realized crude oil prices and 58% higher natural gas prices led the 74% increase in average corporate prices during the first quarter of 2022. The combination of a cold winter in North America and return of oil demand were the main drivers behind the increased realized prices.

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

For the three months ended March 31, P&NG sales increased 95% to $45,858 in 2022 from $23,575 in 2021. The increase in sales was mainly due to the 74% increase in average corporate realized prices and the 12% increase in average daily sales volumes. The primary revenue generator was crude oil, which generated 65% of total P&NG revenues in the first quarter of 2022 as compared to 63% in 2021. The natural gas contribution decreased 11% from 28% in 2021 to 25% in 2022 mainly due to realized crude oil prices increasing at a greater rate than natural gas prices. NGL revenue accounted for 10% of total revenues which was 11% higher than the 9% realized in the first quarter of 2021.

	Three months ended March 31,		
P&NG Sales ($)	**2022**	2021	% Change
Natural gas	**11,517**	6,621	74
Crude oil	**29,803**	14,818	101
Natural gas liquids	**4,538**	2,136	113
Total	**45,858**	23,575	95

The contribution of each product to total P&NG sales is as follows:

	Three months ended March 31,		
P&NG Sales (% Contribution)	**2022**	2021	% Change
Natural gas	**25**	28	(11)
Crude oil	**65**	63	3
Natural gas liquids	**10**	9	11
Total	**100**	100	

RISK MANAGEMENT ACTIVITIES

Journey periodically enters into commodity based derivative contracts to actively manage the risks associated with price volatility and thereby protect Adjusted Funds Flows, which are used to fund 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 favor of the counter-party and the credit risk associated with the collection of settlements from price movements in Journey's favor. During the year ended 2021 and the three months ended March 31, 2022, the Company had no derivative contracts in place.

ROYALTIES

For the three months ended March 31, royalties were $8,123 in 2022 as compared to $2,531 for the same period in 2021 representing a 221% increase. On a per BOE basis, the royalty rate increased 187% to $10.63 in 2022 as compared to $3.71 from last year. As a percentage of revenue, the rate for the first quarter of 2022 was 17.7% or 65% higher than the 10.7% realized in 2021. With average commodity prices increasing by 74%, the royalty rate as a percentage of revenues increased accordingly as oil and natural gas reference prices were both significantly higher in 2022 as compared to 2021.

	Three months ended March 31,		
Royalties ($)	**2022**	2021	% Change
Crown	**5,574**	1,002	456
Freehold/gross over-riding	**2,549**	1,529	67
Total royalties	**8,123**	2,531	221
Royalties (% of P&NG sales)	**17.7**	10.7	65

	Three months ended March 31,		
$ / BOE	**2022**	2021	% Change
Crown	**7.29**	1.47	396
Freehold/gross over-riding	**3.34**	2.24	49
Total	**10.63**	3.71	187

PROCESSING AND OTHER INCOME

Processing and other income is comprised of three major components. First, custom natural gas processing fees; oil treating; natural gas gathering and compression fees are what Journey considers to be operating cost recoveries and are directly tied to, or are ancillary to the Company's own field operations. Because of this, for presentation in these MD&A Journey nets this income with field operating costs (see Operating Expense section below). Second is Journey's electricity generation business. Journey's 4.0 MW/hour facility in Countess has been producing electricity since late 2020. Third, is miscellaneous other income. Included in this category for 2022 is $114 of income related to government grants from the Alberta Government Site Rehabilitation Program. In 2021 Journey received $902 with respect to a forfeited deposit by a prospective purchaser of the Countess area assets. The breakdown of processing and other income by category is as follows:

	Three months ended March 31,		
	2022	2021	% Change
Processing and other cost recoveries	**891**	807	10
Electricity income before expenses	**855**	652	31
Other income	**187**	902	(79)
Processing and other income per the financial statements	**1,933**	2,361	(18)
Less:			
Processing and other cost recoveries netted with operating expenses	**(891)**	(807)	10
Electricity related operating expenses	**(557)**	(336)	66
Adjusted processing and other income	**485**	1,218	(60)

OPERATING EXPENSES

Net operating expense (as reconciled below) were $13,301 or $17.40 per boe for the first quarter of 2022 as compared to $9,858, or $14.46 per boe in the first quarter of 2021. Higher aggregate costs in the first quarter of 2022 were caused by: higher power costs from the cold month of January; workovers; well reactivations; and third party facility turnarounds. Workover and turnaround projects in 2022 amounted to $909 of $1.18/boe. Journey participated in fifteen workovers and eight turnarounds during 2022.

	Three months ended March 31,		
	2022	2021	% Change
Operating expense per the financial statements	**14,749**	11,000	34
Less:			
Expense recoveries	**(891)**	(807)	10
Power generation expenses	**(557)**	(335)	66
Net operating expense	**13,301**	9,858	35
Net operating expense ($ per BOE)	**17.40**	14.46	20
Net expense (as a % of P&NG sales)	**29.0**	41.8	(31)

TRANSPORTATION

Transportation expenses were $386 for the three months ended March 31, 2022, or 0.8% of P&NG revenue as compared to $299 and 1.3% for the first quarter of 2021. 10% higher crude oil and 34% higher NGL volumes delivered were the main contributors to the increase in aggregate costs. Transportation costs per boe averaged $0.51 for the first quarter in 2022, or 16% lower than the $0.44 in the same quarter in 2021 as the competiveness of trucking costs increased due to the impact of the pandemic. 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; distances covered; quantities shipped; load factors; as well as ownership of the transportation facilities.

	Three months ended March 31,		
	2022	2021	% Change
Transportation expense ($)	**386**	299	29
Expense ($ per BOE)	**0.51**	0.44	16
Expense (% of P&NG sales)	**0.8**	1.3	(38)

GENERAL AND ADMINISTRATIVE (G&A) EXPENSE

For the first quarter of 2022, G&A expense increased 417% to $2,411 from $466 in the first quarter of 2021. Adjusted G&A expense increased 123% from $1,194 in 2021 to $2,662 for the comparable three month period in 2022. Journey embarked on many cost saving measures starting in 2020, which included furloughing staff, reductions of salaries and benefits through the implementation of a four day work week; reducing its head office staff by seven through layoffs and renegotiating its head office lease effective November 1 of 2020. The increase in 2022 was attributable to a return to a five day work week for head office employees, $570 of severance pay, and four strategic new hires. On a per boe basis G&A was $3.15 for the first quarter of 2022 as compared to $0.68/boe in the first quarter of 2021.

	Three months ended March 31,		
	2022	2021	% Change
Expense per the financial statements	**2,411**	466	417
Add:			
Overhead recoveries	**821**	669	23
Severance pay/government subsidies	**(570)**	59	(1,066)
Adjusted G&A expense	**2,662**	1,194	123
($ per boe)			
G&A expense per the financial statements	**3.15**	0.68	363
Adjusted G&A expense	**3.47**	1.75	98

FINANCE EXPENSES

Finance expense is comprised of interest on bank debt; amortization of financing fees; accretion of decommissioning obligations, term debt, and right-of-use assets; and miscellaneous bank charges. Finance expenses decreased 49% from the first quarter of 2021 to the first quarter of 2022 mainly due to lower interest costs on term debt as Journey repaid $25 million of term debt in 2021. In addition, deferred finance charges decreased significantly in the first quarter of 2022 as certain of the amortizations related to the AIMCo refinancing in 2020 ended in the fourth quarter of 2021. Borrowing costs for the first quarter of 2021 decreased 20% to $1,615 in 2022 from $2,028 in 2021. For the first quarter of 2022, the average interest-bearing debt outstanding was $67,580, which was 19% lower than the $83,105 for the comparable period in 2021. The average effective interest rate on outstanding borrowings decreased 2% to 9.7% in 2022 from 9.9% in 2021 as higher interest rate term debt was repaid in 2021. On a per BOE basis, the non-accretion finance expense was $2.10 for the first quarter of 2022 as compared to $2.97 for the same quarter in 2021, representing a 29% decrease, period over period. The lower aggregate borrowing costs were primarily the result of lower borrowings outstanding in 2022 as compared to 2021. The finance expense per boe rate decreased for the three month period in 2022 mainly due to the lower borrowings outstanding, the lower amortization costs related to the financing from the debt restructuring in October of 2020, and higher sales volumes.

	Three months ended March 31		
	2022	2021	% Change
Expense per financial statements	**3,136**	6,134	(49)
Add (Deduct):			
Accretion expense	**(1,211)**	(1,291)	(6)
Other amortization costs	**(318)**	(2,817)	(89)
Bank fees and other charges	**8**	2	300
Expense related to borrowings	**1,615**	2,028	(20)
Average interest-bearing debt	**67,580**	83,105	(19)
Effective interest rate	**9.7**	9.9	(2)
Expense ($ per boe)			
Related to borrowings & other fees	**2.10**	2.97	(29)
Finance expense – accretion & other	**2.00**	6.02	(67)
Total finance expense	**4.10**	8.99	(54)

SHARE BASED COMPENSATION

Share based compensation expense was $447 for the first quarter of 2022 as compared to $192 in the first quarter of 2021. The higher stock based compensation in the first quarter of 2022 was attributable to the amortization of share based compensation expense for new long term incentives that were granted in the third quarter of 2021. 1,730 thousand long-term incentives were granted in June and July of 2021. The fair value of all share-based compensation was estimated based on the date of issuance using the market price on the date of issuance and the cost is amortized over the vesting period. For performance share units an estimated future multiplier of one times is assumed.

	Three months ended March 31,		
	2022	2021	% Change
Expense per financial statements	**447**	192	133
Expense ($ per boe)	**0.58**	0.28	107

DEPLETION AND DEPRECIATION (“D&D”)

For the three months ending March 31, aggregate D&D increased 31% from $3,541 in 2021 to $4,632 in 2022. Total D&D expense was higher due partially due to higher sales volumes and also because of the capital spending in the first quarter of 2022. Offsetting the capital spending was lower capitalized decommissioning obligations due to a higher discount rate. The D&D rate per BOE moved higher by 17% to $6.06 in 2022 from $5.19 in 2021.

	Three months ended March 31,		
	2022	2021	% Change
Depletion and depreciation	**4,632**	3,541	31
Expense ($ per boe)	**6.06**	5.19	17

DEFERRED INCOME TAXES

No deferred tax asset has been recorded in either 2021 or 2022 to date. Journey will continue to monitor commodity prices and reserve values and evaluate whether to recognize a deferred tax asset or not throughout 2022. Journey has available $624,282 in deductible income tax pools for future utilization. Given Journey’s significant tax pools, projected cash flows and its capital spending profile the Company does not expect to be cash taxable for at least the next five years.

The income tax pool balances, by category, at March 31, 2022, before any changes to the valuation allowance of deferred tax assets, were as follows:

Tax Pool	Deductible rate	Amount
Canadian oil & gas property expenses	10% declining balance	103,978
Canadian development expenses	30% declining balance	77,666
Canadian exploration expenses	100%	22,863
Undepreciated capital costs	7-100% declining balance	53,625
Financing costs	5 year straight line	3,028
Non-capital losses	100%	363,122
Total		624,282

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 March 31, 2022 Journey incurred an expense of $130 as compared to $66 expensed in 2020.

	Three months ended March 31,		
	2022	2021	% Change
E&E expense	**130**	66	97
$ per BOE	**0.17**	0.10	70

NETBACKS

For the three months ended March 31, 2022 the operating netback was $31.46 per boe which was 97% higher than the $15.96 per BOE realized in the first quarter of 2021. The increase in the operating netback resulted primarily from a 74% increase in average commodity prices, but was partially offset by a 187% increase in royalty expense, which in turn was cause primarily by higher commodity prices. In addition, operating and transportation expenses were higher by 20% and 16% respectively in 2022 as inflationary pressures caused most of these increases. After the operating netback G&A expenses were higher by 363% at $3.15/boe as a return to a five day work week and other administrative cost inflationary pressures were causing G&A to go significantly higher. Interest expense was 29% lower at $2.10/boe as compared to $2.97 in 2021. The aggressive reductions in term debt in 2021 reduced the interest expense accordingly. For the three months ended March 31, the Adjusted Funds Flow netback increased from $14.10 in 2021 to $26.84 per boe in 2022 as stronger prices for all commodities and higher sales volumes created much of this change. In the non-cash component of the netbacks, Journey had a significant movement in its finance related accretion costs as they decreased 67% from $6.02 in 2021 to $2.00 in 2022. Conversely, depletion charges and share based compensation expense were higher by 107% and 17% respectively in 2022 as compared to the first quarter of 2021. The end result was net income of $18.02 per boe for the first quarter of 2022 as compared to income of $2.50 per boe in 2021.

	Three months ended March 31,		
($ per BOE)	**2022**	2021	% Change
Realized price	**60.00**	34.57	74
Royalties	**(10.63)**	(3.71)	187
Operating expenses	**(17.40)**	(14.46)	20
Transportation expenses	**(0.51)**	(0.44)	16
Operating	**31.46**	15.96	97
General and administrative	**(3.15)**	(0.68)	363
Finance expense - interest	**(2.10)**	(2.97)	(29)
Other income	**0.63**	1.79	(65)
Adjusted Funds Flow	**26.84**	14.10	90
Share based compensation	**(0.58)**	(0.28)	107
Depletion and depreciation	**(6.06)**	(5.19)	17
Finance expense - accretion	**(2.00)**	(6.02)	(67)
Exploration & evaluation	**(0.17)**	(0.10)	70
Transaction costs	**(0.01)**	(0.01)	-
Net income	**18.02**	2.50	621

ADJUSTED FUNDS FLOW, CASH FLOW AND NET INCOME

Journey realized net income of $13,769 for the first quarter of 2022 as compared to income of $1,699 in the first quarter of 2021. Net income per share for 2022 was $0.28 for basic, weighted average shares and $0.25 per diluted share while for 2021 the net income per share was $0.04 for both basic and diluted shares.

For the three months ended March 31, Adjusted Funds Flow increased from $8,712 in 2021 to $20,401 in 2022. The increase was largely attributable, period over period, to a 74% increase in average corporate realized prices and a 12% increase in sales volumes. For the three months ended March 31, Adjusted Funds Flow per weighted average share in 2021 was $0.42 per basic share and $0.36 per diluted share. Comparatively, Adjusted Funds Flow per basic and diluted share in 2021 was $0.20 and $0.18 respectively.

Cash flow provided by operating activities (“Cash Flow”) is the IFRS financial statement measure which represents how much cash was generated by or used in Journey’s business operations. Cash flow was $21,811 for the first quarter of 2022 versus $4,295 during the same quarter of 2021.

Per share data	Three months ended March 31, 2021	2021	% Change
Net income	**13,769**	1,699	710
Basic ($/share)	**0.28**	0.04	600
Diluted ($/share)	**0.25**	0.04	525
Adjusted Funds Flow	**20,401**	8,712	134
Basic ($/share)	**0.42**	0.20	110
Diluted ($/share)	**0.36**	0.18	100
Cash flow from operations	**21,811**	4,295	408
Basic ($/share)	**0.45**	0.10	350
Diluted ($/share)	**0.39**	0.09	333

CAPITAL EXPENDITURES

For the first three months of 2022, Journey commenced a four well drilling program at Skiff and Crystal. 3 (3.0 net) wells were drilled, completed and brought on-production in Skiff, while 1 (1.0 net) well was drilled in Crystal. As a result Journey spent $9,148 in the first quarter of 2022 on drilling and completions and represented a return to the drill-bit after two years of not drilling any wells. Net capital additions for the respective quarters is broken down as follows:

	Three months ended March 31, 2022	2021	% Change
Land and lease rentals	**445**	101	341
Drilling and completions	**9,148**	-	-
Well equipment and facilities	**2,520**	175	1,340
Power generation assets	**-**	189	
Total capital expenditures	**12,113**	465	2,505
PP&E acquisitions	**73**	-	-
PP&E dispositions	**(24)**	-	-
Net capital expenditures	**12,162**	465	2,515
Other:			
Decommissioning expenditures	**1,016**	470	116
Total capital expenditures	**13,178**	935	1,309

DECOMMISSIONING LIABILITIES ("DL")

At March 31, 2022, Journey has recorded a DL of $155,427 ($182,955 at December 31, 2021) for the future abandonment and reclamation of the Company's net ownership interests in its assets. The estimated DL includes numerous assumptions in respect of: the actual costs to abandon wells, pipelines and facilities; and reclaim the surface access; the time frame in which such costs will be incurred; and annual inflation factors in order to calculate the undiscounted total future liability. The present value of the future liability at March 31, 2022 has been discounted using a real rate of 0.5% (December 31, 2021 – minus 0.1%), which is comprised of a risk-free discount rate of 2.4% less an assumed inflation rate of 1.9% (December 31, 2021 – risk-free rate of 2.4% less estimated inflation rate of 1.9%). The Company estimates the total undiscounted, un-escalated amount of cash flows required to settle its decommissioning obligations at March 31, 2022 to be $177,177 (December 31, 2021 - $176,460) the majority of which, will be incurred at various times between 2023 and 2058.

Accretion charges of $904 for the three months ended March 31, 2022 (March 31, 2021 - $862), have been recognized in the statements of comprehensive net income to reflect the increase in DL associated with the passage of time. Spending under Journey's abandonment and reclamation program for the three months ended March 31, 2022 was $1,016 (March 31, 2021 - $470).

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 Adjusted Funds Flow from operating activities. Journey's Liability Management Rating is within the Alberta Energy Regulator's requirements, such that no deposits are required or expected to be required at March 31, 2022 and at the date of this MD&A. Journey has applied for and has been approved for DL funding under the Alberta Government's Site Rehabilitation Program ("SRP"). This program was designed to accelerate the abandonment and reclamation of oil and gas wells and facilities in Alberta. So far to date Journey has been allocated $3.7 million under the program and we have used $1.1 million of this amount doing closure work on approximately 100 well sites. Journey earned $114 of SRP funding in the first quarter of 2022.

LEASE OBLIGATION LIABILITIES ("LO")

At March 31, 2021, Journey's discounted lease obligations were $1,008 (December 31, 2021 - $1,061). The future liability has been discounted at an interest rate that approximates Journey's incremental cost of borrowing. The discounted lease obligations are accreted up to their eventual future cash obligation through a charge to finance expense. Accretion charges of $28 for the three months ended March 31, 2022 (March 31, 2021 -$33) have been recognized in the statements of comprehensive net income to reflect the increase in LO associated with the passage of time. Expenditures for the LO for the three month periods ended March 31, 2022 and 2021 were $81 and $90 respectively.

LIQUIDITY AND CAPITAL RESOURCES

The financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

While there are still lingering economic concerns for the global economy caused by the ongoing Covid-19 Pandemic and specifically with respect to demand for commodities, which in turn affects commodity prices, the financial landscape for Journey has improved significantly over 2021 and into 2022. The continued improvement in commodity prices has been positive in improving the outlook for the Company's liquidity.

Net Debt of the Corporation at March 31, 2022 was $38,481. This was 33% lower than at December 31, 2021 and 55% lower than the same time at March 31, 2021. The Company has been underspending its Adjusted Funds Flow and coupling this with the net proceeds of the flow through share equity issuance, Journey has a strong unrestricted cash position of $38,250. On March 18, 2022 Journey completed a flow-through share equity offering for gross proceeds (before costs) of $12,121. The proceeds of the offering will be used for funding Journey's drilling program in 2022. Effective April 1, 2022 Journey closed the previously announced acquisition of a private company which was paid for with $8.0 million of cash and the issuance of 2,852,000 common shares.

Under the AIMCo credit facility, the Company is required to maintain a Liability Management Rating ("LMR") greater than 1.5. The Company was in compliance with this requirement as at December 31, 2021 and remains in compliance as of the date of these MD&A with a 1.8 rating. The Company has applied for and has received approval for funding under the Alberta Site Rehabilitation Program to reclaim and abandon certain properties. It is expected that this program will further improve Journey's Liability Management Rating.

Based on Journey's currently forecasted Adjusted Funds Flow for 2022 of $102-$108 million; plus the net proceeds from the flow-through share offering of $11.3 million, Management is currently projecting there will be more than sufficient resources to fund both the cash component of its capital program for 2022 (approximately $67 million), and also meet its next term debt maturity due on September 30, 2022 in the amount of $23, 817.

RELATED PARTY TRANSACTIONS

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

	2022	2021
Salaries and director fees	**218**	300
Short-term employee benefits	**6**	13
Share based payments (i)	**135**	101
Total	**359**	414

(i) These amounts represent the amortization of share based compensation associated with the Company's share based compensation plans.

(ii) As at March 31, 2022 there were seven (March 31, 2021 – nine) individuals that were considered key management personnel.

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

CONTRACTUAL OBLIGATIONS

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

a) Transportation and office lease costs

The Company has committed to firm-service contracts for the transportation of its natural gas. In addition, the Company has committed to future minimum payments under operating leases that cover the rental of office space and a proportionate share of operating costs plus other miscellaneous leases. 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**	**2-3 years**	**4-5 years**	**After**
Term debt – principal amount	**67,580**	23,817	43,763	-	-
Interest on term debt	**12,740**	6,150	6,590	-	-
Contingent bank payments - maximum	**5,000**	2,250	2,750	-	-
Natural gas transportation	**1,931**	777	991	163	-
Operating leases	**3,090**	858	1,816	416	-
Total	**90,341**	33,852	55,910	579	-

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.

SUBSEQUENT EVENTS

Journey closed the following transaction subsequent to the end of the quarter:

a) Effective April 1, 2022 Journey closed the previously announced private company acquisition. The acquisition price was paid with the issuance of 1.75 million Journey shares and $8,000 of cash.
b) Effective May 6, 2022 Journey closed the acquisition of the 43.34% working interest in a natural gas processing facility and a 50% working interest in a gathering system that matches Journey working interests it already has in these assets. With this acquisition, Journey becomes the operator of both assets.

SHARE CAPITAL

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

(000's)	May 9, 2022	**March 31, 2022**	March 31, 2021
Common shares outstanding	52,722	**50,912**	44,001
Options, warrants, share awards	8,383	**8,360**	8,503
Fully diluted shares	61,105	**59,272**	52,504
Weighted average common shares			
Basic	N/A	**48,472**	44,001
Diluted	N/A	**55,998**	47,974

SELECTED QUARTERLY INFORMATION

Below is summarized quarterly information for the previous eight quarters.

	Mar 31, 2022	Dec. 31, 2021	Sep. 30, 2021	June 30, 2021
Production (boe/d)	8,492	8,554	8,164	7,709
Average prices realized, pre-hedging ($/boe)	60.00	50.40	44.05	39.23
Petroleum and natural gas sales	45,858	39,664	33,083	27,521
Net income (loss)	13,769	5,545	92,243	(353)
Basic – per share ($/share)	0.28	0.12	2.02	(0.01)
Diluted – per share ($/share)	0.25	0.10	1.79	(0.01)
Adjusted Funds Flow	20,401	16,562	11,970	9,030
Basic – per share ($/share)	0.42	0.35	0.26	0.21
Diluted – per share ($/share)	0.36	0.31	0.23	0.19
Cash flow from operations	21,811	16,007	11,271	9,357
Total assets	361,683	357,211	331,468	262,704
Net capital expenditures	12,162	3,398	6,776	332
Long term financial liabilities	198,089	225,109	205,077	250,800
Net debt	38,481	57,021	67,857	75,670

	Mar. 31, 2021	Dec. 31, 2020	Sep. 30, 2020	June 30, 2020
Production (boe/d)	7,577	8,074	8,311	7,808
Average prices realized, pre-hedging ($/boe)	34.57	26.46	24.53	15.71
Petroleum and natural gas sales	23,575	19,651	18,759	11,166
Net income (loss)	1,699	32,343	(8,037)	(15,489)
Basic – per share ($/share)	0.04	0.75	(0.19)	(0.36)
Diluted – per share ($/share)	0.04	0.75	(0.19)	(0.36)
Adjusted Funds Flow	8,712	6,040	4,427	3,213
Basic – per share ($/share	0.20	0.14	0.10	0.07
Diluted – per share ($/share)	0.18	0.14	0.10	0.07
Cash flow from operations	4,295	4,792	4,685	2,627
Total assets	258,234	287,673	292,647	289,482
Net capital expenditures	465	817	1,933	1,040
Long term financial liabilities	239,658	265,931	208,146	242,152
Net debt	83,729	90,355	124,644	126,634

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:

- The first quarter of 2022 showed continued improvement in all commodity prices with Journey realizing an average of $60.00/boe. Realized oil prices increased 30% from the previous quarter while natural gas prices increased by 2%. Sales volumes were relatively flat from the further quarter of 2021 at 8,492 boe/d as compared to 8,554 boe/d in the previous quarter. Even with inflationary pressures on all operating costs Journey was able to generate net income of $13,769 and $20,401 in Adjusted Funds Flow. Journey returned to drilling its first wells in over two years and spent $12,162 in net capital during the first quarter. Journey's power project continued to perform well and generated 7,550 MW of electricity at an average price of $112/MW. Journey raised $12.1 million in a flow-through share offering that closed on March 18. The proceeds from the offering will be used to help fund the Company's 2022 drilling program. Net debt at the end of the quarter was $38,481, which was 33% below the December 31, 2021 amount.
- The fourth quarter of 2021 continued with strength in commodity prices. Journey realized an average of $50.40/boe, a 14% improvement over the third quarter. Realized natural gas prices increased 30% from the previous quarter while realized crude oil prices increased 9%. PN&G sales volumes of 8,554 boe/d were 5% higher than the third quarter (53% natural gas). The increase was mainly attributable to there being a full quarter of production realized from the corporate acquisition on August 18 of approximately 600 boe/d (68% natural gas). Increased operating expenses from inflationary pressures and workover expenses, plus the increased royalties resulting from higher prices, offset some of the gains in commodity prices during the quarter. Journey generated strong Adjusted Funds Flow of $16,562 in the quarter or $0.36 per basic weighted average share. Capital spending was minimal at $3,398 and was limited to small optimization projects, and several small strategic royalty acquisitions as Journey continued its theme of strengthening the balance sheet leading into 2022. Journey exited the quarter with net debt of $57,021, which was 39% lower than the $94,162 at the beginning of 2021.
- The third quarter of 2021 showed continued improvement in commodity prices. Journey realized an average of $44.05/boe, a 12% increase from the second quarter. Realized natural gas prices increased by 18% from the previous quarter while realized crude oil prices increased 9%. PN&G sales volumes were 6% higher than the second quarter at 8,164 boe/d (53% natural gas). The increase was mainly attributable to the corporate acquisition of approximately 600 boe/d (70% natural gas) on August 18. Increased operating expenses and royalties offset some of the gains in commodity prices during the quarter. Journey realized

an $85 million impairment recovery and this coupled with the strong operating results, translated into net income of $92,243 in the quarter. Journey generated strong Adjusted Funds Flow of $11,970 in the quarter or $0.26 per basic weighted average share. Other than the corporate acquisition of $6,174, net capital spending was minimal at $598 and was limited to small optimization projects. Journey repaid $10.0 million of AIMCo term debt in the quarter and exited the quarter with net debt of $67,857.

- The second quarter of 2021 showed continued improvement in commodity prices with Journey realizing an average of $39.23/boe, a 13% increase from the fourth quarter. Realized natural gas prices increased marginally by 1% from the previous quarter while realized crude oil prices increased 19%. Commodity sales volumes were 2% higher than the fourth quarter at 7,709 boe/d. Increased operating expenses and royalties prices increased during the quarter, which all translated into a small net loss of $353. However, Journey generated strong Adjusted Funds Flow of $9,030 in the quarter or $0.21 per basic weighted average share. Capital spending was minimal at $332 and was limited to small optimization projects. Journey was able to optimize its power generation asset and by June brought it up to a 95% run-rate level for the month of June. Journey generated 6,831 MW of electricity at an average price of $123/MW. Journey repaid $7.0 million of AIMCo term debt in the quarter and exited the quarter with net debt of $75,670.
- The first quarter of 2021 had markedly improved commodity prices with Journey realizing an average of $34.57/boe. Realized natural gas prices increased 17% from the previous quarter while realized crude oil prices increased 35%. While sales volumes fell to 7,577 boe/d, the increased prices allowed Journey to turn a profit of $1,699 and generate $8,712 in Adjusted Funds Flow. Capital spending of $465 was limited to small optimization projects and a minor enhancement to the power generation project. The fourth quarter was the third full quarter of operations for the power project. While the asset was at approximately 68% of capacity due to additional modifications being done, Journey still generated 5,854 MW of electricity at an average price of $130/MW. Journey repaid $3.75 million of AIMCo term debt in the quarter.
- During the fourth quarter of 2020, production volumes averaged 8,074 (54% natural gas), which was a 3% decrease from 8,311 boe/d in the fourth quarter. Realized prices increased 8% to average $26.46/boe from the previous quarter. This increase was led by the increase in natural gas prices by 24% from the fourth quarter as the onset of winter pricing took hold. However, by mid-December, the pandemic took hold again and worldwide economies were starting to close again due to the third wave of infections. Capital spending was almost exclusively getting the power project operating and de-bugged. Electricity generation for the months of October and November were minimal during this de-bugging period. Due to the uncertainty surrounding the negotiations with its syndicate of banks, coupled with the direction and instability of both natural gas and oil price, Journey did not drill any new wells in the fourth quarter. The discussions with the banks culminated in a deal on October 30 to buy the bank debt then outstanding ($75 million) for $38 million plus a $5.75 million future contingent payment. The funds to buy the banks debt were provided by Journey's largest shareholder AIMCo.
- The third quarter had production of 8,311 boe/d (53% natural gas) as most fourth quarter production was brought back on-line as oil prices rose. Average realized commodity prices were $24.53/boe in the third quarter with oil prices rising to $42.36/bbl and natural gas prices were $2.08/mcf. Adjusted Funds flow was $4,427 and capital spending was restricted to mainly the power generation project wherein $1,933 was incurred during the quarter. The power project was commissioned on September 29. The Company exited the quarter with $124,644 in net debt of which $73 million was bank debt. The Company remained in forbearance on its syndicated bank line during the third quarter as it worked its way to a solution.
- The second quarter saw realized oil prices drop to $7.25/bbl in April. As a result Journey shut-in approximately 1,500 boe/d of production. Natural gas prices were reasonably consistent during the quarter as their range was $1.81/mcf to $1.97/mcf. The quarter ended up with Adjusted Funds Flow of $3,213 and sales volumes averaged 7,808 boe/d (58% natural gas) as compared to 9,325 boe/d (52% natural gas) in the second quarter of 2020. Capital spending was limited to the ongoing completion of the power project as $1.0 million in capital was spent during the second quarter. The Company exited the quarter with $126.6 million of net debt.
- The first quarter of 2020 started reasonably strong as WTI averaged $57.53/bbl US in January while natural gas prices were $2.29/mcf. February prices were lower on both counts by 12% and 19% respectively. However, the onset of the COVID-19 pandemic and the subsequent Russia/Saudi production dispute sent

oil prices crashing in March to average $30.45 USD. Within Journey, the Company had a dispute with its natural gas purchaser and consequently had to take a provision for bad debts of $1.9 million. The quarter ended up with negative Funds Flow of $205. Sales volumes were 6% lower at 9,325 boe/d (52% natural gas) as compared to 9,921 boe/d (54% natural gas) in the fourth quarter of 2019. There were no wells drilled in the first quarter and capital spending was limited primarily to the power project. All available financial resources of the Company were conserved as the declining commodity prices hit the entire industry very hard. $3.3 million in capital was spent during the first quarter and the Company exited the quarter with $128.4 million of net debt.

CRITICAL ACCOUNTING ESTIMATES

The consolidated interim financial statements for the three months ended March 31, 2022 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, 2021.

A summary of the significant accounting policies used by Journey can be found in Note 3 of the December 31, 2021 audited consolidated financial statements. Note 4 of the Company's audited consolidated financial statements for the year ended December 31, 2021 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, 2021, 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

There were no new IFRS accounting standards adopted in 2022.

There were no new or amended accounting standards or interpretations issued during the period ended March 31, 2022 that will materially affect the Company's future reporting periods.

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:

<u>Commodity Price Risk</u>
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 favor of the counter-party and the credit risk associated with the collection of settlements from price movements in Journey's favor. Journey mitigates these risks by dealing with its lending banks as the primary counterparties.

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.

Liquidity Risk

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

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

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

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 to maintain a reasonable working capital balance. The currently available capacity on the Company's credit facility is assessed by Management to be sufficient to ensure obligations will be met as they come due.

The following table details Journey's financial liabilities as at March 31, 2022:

	Total	< 1 year	1-3 years	4-5 years	After
Accounts payable and accrued liabilities	**26,885**	26,885	-	-	-
Term debt – principal amount	**67,580**	23,817	43,763	-	-
Interest on term debt	**12,740**	6,150	6,590	-	-
Contingent bank payments – maximum principal	**5,000**	2,250	2,750	-	-
Natural gas transportation	**1,931**	777	991	163	-
Operating leases	**3,090**	858	1,816	416	-
Total financial liabilities	**117,226**	60,737	55,910	579	

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 influence 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 global pandemic continues to cause issues with industry debt providers as the decrease in world oil prices are felt by all producers. On October 30, 2020, Journey entered into a three-way agreement between its term debt provider (AIMCo) and its syndicate of banks wherein the bank debt was settled and AIMCo became its sole debt provider. There is still a risk that give the impact of the pandemic and the volatility surrounding commodity prices, that Journey may not be able to make its scheduled principal and interest payments on its term debt. While AIMCo, as the largest shareholder of Journey, has been supportive of Journey, there is no assurance that they will not enforce their security should the payments not be made.

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.

<u>Interest Rate Risk</u>

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. After October 30, 2020 (the date of the buyout of the bank debt) the majority of Journey's borrowings are comprised of term debt, which carry fixed interest rates. However, as these various tranches of term debt mature, Journey will need to renegotiate new terms to the extent that the debt is not repaid at maturity. The interest rates could increase materially upon these renegotiations to the extent market interest rates have moved upward.

<u>The maturing Western Canadian Sedimentary Basin</u>

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.

<u>Increasing United States Oil and Natural Gas Supply</u>

Over the last decade, 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.

<u>Operating and finding and development costs</u>

The industry experiences significant cost swings for its services. Field activity has accelerated with the increase in commodity prices. Service companies have not staffed back up to pre-COVID levels and as a result demand for services have outstripped the supply and significant cost inflation has been taking place. 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, environmental and industry regulators are constantly evolving. Accounting and regulatory 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, 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 LLR program whereby operators are rated with respect the value of their assets versus the estimated abandonment and reclamation obligation. Operators with a rating of less than one-to-one, are required to post deposits with the AER. Journey's rating is currently 1.8 and the Company does not expect to post any such deposits in the near 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 March 31, 2022, designed ICFR, or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The control framework used to design the Corporations ICFR is the Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations.

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 first quarter of 2022.

The March 31, 2022 condensed consolidated interim financial statements are available on SEDAR at www.sedar.com as well as the Company's website at www.journeyenergy.ca.