JOURNEY
ENERGY INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FIRST QUARTER 2023

The following Management's Discussion and Analysis ("MD&A") was prepared on May 9, 2023 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, 2023 and 2022. 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, 2023 and 2022 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, 2023	March 31, 2022	% Change
Cash flow provided by operating activities	**11,461**	21,811	(47)
Add (deduct):			
Changes in non-cash working capital	**4,280**	(2,320)	(284)
Transaction costs	**2**	8	(75)
Decommissioning costs incurred	**2,216**	902	146
Adjusted Funds Flow	**17,959**	20,401	(12)

"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, 2023	Mar. 31 2022	% Change	**Mar. 31, 2023**	Dec 31, 2022	% Change
Term debt[1]	**43,763**	67,580	(35)	**43,763**	67,580	(35)
Vendor-take-back debt[1]	**37,000**	-	-	**37,000**	43,000	(14)
Accounts payable and accrued liabilities	**44,065**	26,885	64	**44,065**	45,496	(3)
Other liability[1]	**-**	5,000	(100)	**-**	5,000	(100)
Other loans	**419**	410	2	**419**	419	-
Deduct:						
Cash in bank	**(19,440)**	(38,568)	(50)	**(19,440)**	(31,400)	(38)
Accounts receivable	**(31,483)**	(21,087)	49	**(31,483)**	(29,677)	6
Prepaid expenses	**(3,253)**	(1,739)	87	**(3,253)**	(1,650)	97
Net debt	**71,071**	38,481	85	**71,071**	98,768	(28)

1. Principal amount of the debt.

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*
MMBtu	*million British thermal units*
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)*
VTB	*Vendor-take-back term debt issued by Journey to Enerplus Corporation as partial payment of the purchase price for the acquisition on October 31, 2022*
WCS	*Western Canada Select benchmark oil price. This crude oil is heavy/sour with API gravity of 19-22 degrees and sulphur content of 1.8-3.2%.*

WTI	*West Texas Intermediate benchmark Oil price. This crude oil is light/sweet with API gravity of 39.6 degrees and sulfur content of 0.24%.*

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, 2023

Financial

Journey recorded Adjusted Funds Flow of $17,959 in the first quarter of 2023 as compared to $20,401 in the first quarter of 2022. The combination of a 16% decrease in average realized commodity prices and 73% increase in operating expenses were the prime drivers for the decrease in Adjusted Funds Flow. Cash flow from operating activities was $11,461 in the first quarter of 2023 as compared to $21,811 in the first quarter of 2022. The Company spent less on its capital program than its cash flows during the first quarter of 2023, and as a result decreased its net debt position to $71,071 at March 31, 2023 from $98,768 at December 31, 2022. Net income was $6,440 for the first quarter or $0.11 per basic share and $0.10 per diluted share.

Capital spending

During the first quarter, Journey spent $7,854 in its exploration, development and power programs plus an additional $2,383 on abandonments and reclamations. $2,156 was spent on drilling and completions work that was started in late 2022 and $2,316 was spent on equipping, tie-in and facility work. In addition, $2,929 was spent on procuring new generating equipment for Journey's power generation division.

Sales volumes

Sales volumes increased 52% in the first quarter of 2023 to average 12,920 boe/d versus 8,492 boe/d in the first quarter of 2022. Quarter over quarter volumes were 12% higher in the first quarter as compared to the fourth quarter of 2022. The increase in sales volumes was mainly the result of a full quarter of production from Journey's new acquisition from October as well as new wells placed on production in the fourth quarter of 2022.

Liquidity
Journey underspent its cash flow in the first quarter and made significant progress in repaying its debt maturities during the quarter. The Company repaid the $23.8 million balloon payment to AIMCo on March 31 and also made $6.0 million of repayments on its vendor-take-back debt that was issued as partial consideration for the acquisition is October of 2022. In addition, Journey also paid $5.0 million to Journey's former banking syndicate in final settlement of the contingent bank debt. The cash generated through operations was buttressed by the $20.1 million (before costs) flow-through share offering, which closed on March 23.

Outlook
Journey is ensuring it is prudently managing its balance sheet with the softening of both oil and natural gas prices. Journey made significant progress in reducing its net debt throughout the first quarter. Journey's drilling program is weighted towards the last half of the year to enable the Company to pursue the acquisition of the power generating facility that came available for sale via auction in early in 2023. Journey made room in its capital program to take advantage of the low cost of acquiring a first class facility. As a result the drilling program for 2023 was pushed into the second half of the year. The recently closed flow-through share financing will go towards funding this drilling program.

Journey's 2023 guidance, which includes the production from the acquisition and Adjusted Funds Flows from the corporate acquisition is presented in the table below:

	2023 Guidance
Annual average daily sales volumes	12,500-13,000 boe/d (54% crude oil & NGL's[1])
Adjusted Funds Flow	$75-78 million
Adjusted Funds Flow per basic share	$1.24 - $1.29
Capital spending (excluding A&D)	$63 million
Year-end net debt	$65-68 million
<u>Commodity prices:</u> WTI (USD $/bbl) MSW oil differentials (USD $/bbl) AECO natural gas (CAD $/mcf) CAD/USD foreign exchange	 $75.00 $3.00 $15.00 $3.25 $0.74

<u>Note:</u>

1. The weighting of the corporate sales volumes guidance is as follows:
    a. Heavy oil: 18%
    b. Light/medium crude oil: 25%
    c. NGL's: 11%
    d. Coal-bed methane natural gas: 6%
    e. Conventional natural gas: 40%
2. Commodity prices represent 2023 forecast averages.

DETAILED FINANCIAL REVIEW

PRODUCTION REVENUE AND VOLUMES

Daily Sales Volumes

Total daily sales volumes increased 52% to 12,920 boe/d for the first quarter of 2023 from 8,492 boe/d in the first quarter of 2022. The increase was mainly attributable to the corporate acquisition in April of 2022, which added approximately 600 boe/d (51% natural gas) of production and the asset acquisition in October of 2022 which added approximately 4,000 boe/d (71% crude oil and NGL's).

	Three months ended March 31		
	2023	2022	% Change
Natural gas (Mcf/d)			
Conventional	**30,608**	22,836	34
Coal bed methane	**4,279**	4,163	3
Total natural gas volumes	**34,887**	26,999	29
Crude oil (Bbl/d)			
Light/medium	**3,564**	2,531	41
Heavy	**2,175**	629	246
Total crude oil volumes	**5,739**	3,160	82
Natural gas liquids (Bbl/d)	**1,367**	832	64
Barrels of oil equivalent (boe/d)	**12,920**	8,492	52

Volumetric Product Mix

Journey's sales volume product mix changed primarily due to the higher liquids weighting of the October 2022 acquisition. Natural gas contributed 45% (2022 – 53%) of total sales volumes; crude oil volumes were 44% (2022 – 37%) and NGL's were 11% (2022 – 10%).

	Three months ended March 31,		
% of Aggregate Production	**2023**	2022	% Change
Natural gas	**45**	53	(15)
Crude oil	**44**	37	19
Natural gas liquids	**11**	10	10
Total	**100**	100	

Benchmark Indices

	Three months ended March 31,		
	2023	2022	% Change
Crude Oil			
WTI (US$/Bbl)	**76.13**	94.29	(19)
Canadian MSW (CDN$/Bbl)	**99.73**	117.66	(15)
WTI/MSW differential (USD$/Bbl)	**2.34**	1.38	70
WCS (CDN$/Bbl)	**74.55**	101.03	(26)
WTI/WCS differential (USD$/Bbl)	**21.00**	14.52	45
Natural Gas			
NYMEX (US $/Mmbtu)	**2.65**	4.66	(43)
AECO - Daily (CDN$/Mcf)	**3.23**	4.77	(32)
Foreign Exchange			
Canadian dollar to US dollar	**0.74**	0.79	(6)
US dollar to Canadian dollar	**1.352**	1.266	7

WTI oil prices decreased 19% in the first quarter of 2023 to average $76.13 US/bbl as compared to $94.29 US/bbl in the first quarter of 2022. This decrease was due to concerns over the strength of the global economy and the speed at which China's re-opening, which impacts global demand for commodities,was taking place. The Canadian dollar in relation to the US dollar provided an element of support for Canadian oil prices as the Canadian dollar depreciated by 6% during the first quarter of 2023. 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 was fairly stable at USD $2.34 as compared to USD $1.38 in the first quarter of 2022. The WTI/MSW differential and foreign exchange rates resulted in a first quarter, 2023 average Canadian MSW oil price of $99.73/bbl as compared to $117.66 in the first quarter of 2022. A similar result was realized in WCS prices wherein the first quarter 2023 average price was $74.55/bbl and for the first quarter of 2022, it was $101.03/bbl. Approximately 40% of Journey's crude oil production realize prices similar to WCS, while the majority of Journey's oil realizes prices similar to Canadian MSW prices.

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 32% lower at $3.23/mcf in the first quarter of 2023 as compared to $4.77/mcf during the same period in 2022. The warmer than normal 2023 winter decreased demand for natural gas and this had a negative impact on realized prices throughout the quarter.

Realized Prices

a) Realized prices excluding physical commodity contract gains were as follows:

	Three months ended March 31,		
	2023	2022	% Change
Natural gas ($/Mcf)	**3.07**	4.74	(35)
Crude oil ($/Bbl)	**78.63**	104.80	(25)
Natural gas liquids ($/Bbl)	**49.32**	60.59	(19)
Total ($/boe)	**50.03**	60.00	(17)

The 25% decrease in realized crude oil prices and 35% lower natural gas prices led the 17% decrease in average corporate prices during the first quarter of 2023. The combination of global slowdown and a warm winter in North America were the main drivers behind the decrease in realized prices.

b) Journey had a combination of physical oil and natural gas hedges during the first quarter of 2023. Realized prices including physical commodity contract gains and losses:

	Three months ended March 31,		
	2023	2022	% Change
Natural gas ($/Mcf)	**3.66**	4.74	(23)
Crude oil ($/Bbl)	**79.16**	104.80	(24)
Natural gas liquids ($/Bbl)	**49.32**	60.59	(19)
Total ($/boe)	**50.26**	60.00	(16)

PETROLEUM AND NATURAL GAS (“P&NG”) SALES

For the three months ended March 31, P&NG sales increased 27% to $58,443 in 2023 from $45,858 in 2022. While average commodity prices decreased by 16% during the quarter, the increase in sales revenues was mainly due to the 52% increase in average daily sales volumes. The primary revenue generator was crude oil, which generated 70% of total P&NG revenues in the first quarter of 2023 as compared to 65% in 2022. The natural gas contribution decreased 20% from 25% in 2022 to 20% in 2023 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 the same proportion of revenues as was realized in the first quarter of 2022.

	Three months ended March 31,		
P&NG Sales ($)	**2023**	2022	% Change
Natural gas	**9,639**	11,517	(16)
Crude oil	**40,614**	29,803	36
Natural gas liquids	**6,067**	4,538	34
Physical hedges (oil and natural gas)	**2,123**	-	-
Total	**58,443**	45,858	27

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

	Three months ended March 31,		
P&NG Sales (% Contribution)	**2023**	2022	% Change
Natural gas	**20**	25	(20)
Crude oil	**70**	65	7
Natural gas liquids	**10**	10	-
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 first quarter of 2023, the Company had the following physical commodity contracts in place:

Commodity	**Contract**	**Volume**	**Reference Price**	**Strike**	**Term**
Natural gas	Fixed price	5,000 gj/d	Daily spot	$7.19/gj	October 1, 2022 to March 31, 2023
Crude Oil	Fixed price	500 bbl/d	EDM MSW CAD	$112/bbl	October 1, 2022 to March 31, 2023

ROYALTIES

For the three months ended March 31, royalties were $12,068 in 2023 as compared to $8,123 for the same period in 2022 representing a 49% increase. Aggregate costs increased due to the 52% higher sales volumes which in turn was mainly attributable to the acquisition in the third quarter of 2022. On a per BOE basis, the royalty rate decreased 2% to $10.38 in 2023 as compared to $10.63 from last year. As a percentage of revenue, the rate for the first quarter of 2023 was 20.6% or 16% higher than the 17.7% realized in 2022. While average commodity prices decreased by 16% in the first quarter of 2023, the royalty rate as a percentage of revenues increased due to higher royalty rates on the production acquired in October of 2022.

	Three months ended March 31,		
Royalties ($)	**2023**	2022	% Change
Crown	**8,473**	5,574	52
Freehold/gross over-riding	**3,595**	2,549	41
Total royalties	**12,068**	8,123	49
Royalties (% of P&NG sales)	**20.6**	17.7	16

	Three months ended March 31,		
$ / BOE	**2023**	2022	% Change
Crown	**7.29**	7.29	-
Freehold/gross over-riding	**3.09**	3.34	(7)
Total	**10.38**	10.63	(2)

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 growing 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 the three months of 2023 is $167 of income related to government grants from the Government Site Rehabilitation Program. The reconciliation of processing and other income is as follows:

	Three months ended March 31,		
	2023	2022	% Change
Processing and other cost recoveries	**866**	891	(3)
Electricity income before expenses	**996**	855	16
Other income[1]	**210**	187	12
Processing and other income per the financial statements	**2,072**	1,933	7
Less:			
Processing and other cost recoveries[2]	**(866)**	(891)	(3)
Electricity related operating expenses	**(709)**	(557)	27
Adjusted processing and other income	**497**	485	3

Notes:

1. Other income represents earned subsidies from the Government Site Rehabilitation plus other miscellaneous income.
2. Processing income and other cost recoveries are netted with operating expenses described below.

Electricity income

Electricity income receipts increased by 16% in the first quarter of 2023 to $996 as compared to $855 in 2022. The increase was primarily attributable to a 40% increase in the realized price/MW generated since the MW generated decreased by 26%. The decrease in power generation was due to unscheduled maintenance on one of the generators during February. Net electricity income decreased by 4% to $287 in the first quarter of 2023 from 2022 due to the increased maintenance costs from the unscheduled maintenance.

	Three months ended March 31,		
	2023	2022	% Change
Electricity income receipts	**996**	855	16
Operating expenses	**(709)**	(557)	27
Net electricity income	**287**	298	(4)
Megawatts generated	**5,603**	7,550	(26)
Realized prices ($/MW):	**159.65**	114.24	40

OPERATING EXPENSES

Net operating expense (as reconciled below) were $23,004 or $19.78 per boe for the first quarter of 2023 as compared to $13,301, or $17.40 per boe in the first quarter of 2022. Higher aggregate costs in the first quarter of 2023 were caused by: the significant acquisition in October of 2022 which carried higher associated operating expenses; workovers; environmental clean-ups; and third party facility turnarounds. Expense projects in 2023 amounted to $2,383 or $2.05/boe as compared to $909 or $1.18/boe in the first quarter of 2022.

	Three months ended March 31,		
	2023	2022	% Change
Operating expenses	**24,579**	14,749	67
Less:			
Expense recoveries	**(866)**	(891)	(3)
Power generation expenses	**(709)**	(557)	27
Net operating expense	**23,004**	13,301	73
Net operating expense ($ per BOE)	**19.78**	17.40	14
Net expense (as a % of P&NG sales)	**39.4**	29.0	36

TRANSPORTATION

Transportation expenses were $1,232 for the three months ended March 31, 2023, or 2.1% of P&NG revenue as compared to $386 and 0.8% for the first quarter of 2022. 82% higher crude oil and 64% higher NGL volumes were the main contributors to the increase in aggregate transportation costs. Transportation costs per boe averaged $1.06 for the first quarter in 2023, or 108% higher than the $0.51 in the same quarter in 2022 as the cost of trucking crude oil disproportionately affects the Company's per boe rate as there is no allocable transportation expenses to natural gas volumes. In addition, the acquisition in October of 2022 has higher transportation costs than Journey's core volumes prior to the acquisition. 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,		
	2023	2022	% Change
Transportation expense ($)	**1,232**	386	219
Expense ($ per BOE)	**1.06**	0.51	108
Expense (% of P&NG sales)	**2.1**	0.8	163

GENERAL AND ADMINISTRATIVE (G&A) EXPENSE

For the first quarter of 2023, G&A expense decreased 24% to $1,823 from $2,411 in the first quarter of 2022. Adjusted G&A expense increased 8% from $3,232 in 2022 to $2,960 for the comparable three month period in 2023. While there was new staff added to accommodate the acquisitions that occurred in 2022 this happened later in the year and into the first quarter of 2023. During the first quarter of 2022, $570 was incurred for non-recurring severance costs, which caused G&A to be higher than normal. On a per boe basis G&A was $1.57 for the first quarter of 2023 as compared to $3.15/boe in the first quarter of 2022.

	Three months ended March 31,		
	2023	2022	% Change
Expense per the financial statements	**1,823**	2,411	(24)
Add:			
Overhead recoveries	**1,137**	821	38
Adjusted G&A expense	**2,960**	3,232	(8)
($ per boe)			
G&A expense per the financial statements	**1.57**	3.15	(50)
Adjusted G&A expense	**2.55**	4.22	(40)

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 increased 43% from the first quarter of 2022 to the first quarter of 2023 mainly due to the additional term debt on the vendor-take-back financing related to the October asset acquisition. The original amount was $45 million on closing and monthly repayments are required. The vendor-take-back debt bears interest at the rate of 10% per annum. Borrowing costs for the first quarter of 2023 increased 66% to $2,687 in 2023 from $1,615 in 2022. For the first quarter of 2023, the average interest-bearing debt was $108,002, which was 60% higher than the $67,580 for the comparable period in 2022. The average effective interest rate on outstanding borrowings was 10.1% for 2023 as compared to 9.7% in 2022. On a per boe basis, the non-accretion related finance expense was $2.31 for the first quarter of 2023 as compared to $2.10 for the same quarter in 2022, representing a 10% increase, period over period.

	Three months ended March 31		
	2023	2022	% Change
Expense per financial statements	**4,499**	3,136	43
Add (Deduct):			
Accretion expense	**(1,642)**	(1,211)	36
Other amortization costs	**(170)**	(318)	(47)
Bank fees and other charges	**-**	8	(100)
Expense related to borrowings	**2,687**	1,615	66
Average interest-bearing debt	**108,002**	67,580	60
Effective interest rate	**10.1**	9.7	4
Expense ($ per boe)			
Related to borrowings & other fees	**2.31**	2.10	10
Finance expense – accretion & other	**1.56**	2.00	(22)
Total finance expense	**3.87**	4.10	(6)

SHARE BASED COMPENSATION

Share based compensation expense was $617 for the first quarter of 2023 as compared to $447 in the first quarter of 2022. The higher stock based compensation in the first quarter of 2023 was attributable to the amortization of share based compensation expense for new long term incentives that were granted in the third quarter of 2022 as part of Journey's annual long-term incentive granting program. 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,		
	2023	2022	% Change
Expense per financial statements	**617**	447	38
Expense ($ per boe)	**0.53**	0.58	(9)

DEPLETION AND DEPRECIATION ("D&D")

Aggregate D&D increased to $6,891 in the first quarter of 2023 from $4,632 in the first quarter of 2022. The increase in the aggregate D&D expense was primarily the result of the 52% increase in sales volumes in the first quarter of 2023 over the first quarter of 2022. While the depletable base increased from the costs from the acquisitions in April and October of 2022, this was mitigated by the large proved, developed producing reserves that were acquired. As a result, on a per boe basis, D&D was $5.93 for the first quarter of 2023 as compared to $6.06 in the first quarter of 2022, representing a 2% decrease.

	Three months ended March 31,		
	2023	2022	% Change
Depletion and depreciation	**6,891**	4,632	49
Expense ($ per boe)	**5.93**	6.06	(2)

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, 2023 Journey incurred an expense of $118, as compared to $130 expensed in 2022.

	Three months ended March 31,		
	2023	2022	% Change
E&E expense	**118**	130	(9)
$ per boe	**0.10**	0.17	(41)

LOSS ON DEBT MODIFICATION

Journey entered into an amendment with respect to one tranche of AIMCo term debt on March 31, 2023. AIMCo consented to the extension of the maturity of $24,807 from October 31, 2023 to April 30, 2024. This change resulted in a loss from the new present value valuation of the principal amount as compared to the existing book value of the term debt. This loss will be amortized over the additional six months to the new maturity.

	Three months ended March 31		
	2023	2022	% Change
Loss on debt modification	**175**	-	-
$ per boe	**0.15**	-	-

DEFERRED INCOME TAXES

Journey starting recognizing its significant deferred tax asset in the fourth quarter of 2022. No deferred tax asset was recorded in the first quarter of 2022. Journey will continue to monitor commodity prices and reserve values and evaluate whether to recognize a deferred tax asset or not throughout 2023. Journey has available $690,013 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.

	Three months ended March 31,		
	2023	2022	% Change
Income tax expense (recovery)	**2,071**	-	-
($ per boe)	**1.78**	-	-

The undeducted, income tax pool balances, by category, at March 31, 2023, were as follows:

Tax Pool	**Deductible rate**	**Amount**
Canadian oil & gas property expenses	10% declining balance	171,586
Canadian development expenses	30% declining balance	67,783
Canadian exploration expenses	100%	22,009
Undepreciated capital costs	7-100% declining balance	76,290
Financing costs	5 year straight line	4,186
Non-capital losses	100%	348,159
Total		690,013

NETBACKS

For the three months ended March 31, 2023 the operating netback was $15.44 per boe which was 42% lower than the $26.69 per boe realized in the first quarter of 2022. The decrease in the operating netback resulted primarily from a 16% decrease in average commodity prices, but was partially offset by a 2% decrease in royalty expense. In addition, operating and transportation expenses were higher by 14% and 108% respectively in 2023 as higher-cost, new production and inflationary pressures caused most of these increases. After the operating netback G&A expenses were lower by 50% at $1.57/boe as one-time field operating cost recoveries caused G&A to go significantly lower. Interest expense was 10% higher at $2.31/boe as compared to $2.10 in 2022. While the aggregate interest expense was higher it was offset by higher production levels such that the per boe rate was only marginally higher. For the three months ended March 31, the Adjusted Funds Flow netback decreased from $26.69 in 2022 to $15.44 per boe in 2023 as commodity prices retreated from the higher levels experienced in 2022. In the non-cash component of the netbacks, Journey had a significant movement in its finance related accretion costs as they decreased 22% from $2.00 in 2022 to $1.56 in 2023. Conversely, depletion charges and share based compensation expense were lower by 2% and 9% respectively in 2023 as compared to the first quarter of 2022. Deferred tax expense was $1.78 per boe in the first quarter of 2023. There was no tax provision in 2022. The end result was net income of $5.53 per boe for the first quarter of 2023 as compared to income of $18.02 per boe in 2022.

($ per BOE)	Three months ended March 31, 2023	2022	% Change
Realized price	**50.26**	60.00	(16)
Royalties	**(10.38)**	(10.63)	(2)
Operating expenses	**(19.78)**	(17.40)	14
Transportation expenses	**(1.06)**	(0.51)	108
Operating	**19.04**	31.46	(39)
General and administrative	**(1.57)**	(3.15)	(50)
Finance expense - interest	**(2.31)**	(2.10)	10
Other income	**0.28**	0.48	(42)
Adjusted Funds Flow	**15.44**	26.69	(42)
Other income	**0.14**	0.15	(7)
Share based compensation	**(0.53)**	(0.58)	(9)
Depletion and depreciation	**(5.93)**	(6.06)	(2)
Finance expense - accretion	**(1.56)**	(2.00)	(22)
Exploration & evaluation	**(0.10)**	(0.17)	(41)
Loss on debt modification	**(0.15)**	-	-
Transaction costs	**-**	(0.01)	(100)
Deferred tax	**(1.78)**	-	-
Net income	**5.53**	18.02	(69)

ADJUSTED FUNDS FLOW, CASH FLOW AND NET INCOME

Journey realized net income of $6,440 for the first quarter of 2023 as compared to income of $13,769 in the first quarter of 2022. Net income per share for 2023 was $0.11 for basic, weighted average shares and $0.10 per diluted share while for 2022 the net income per share was $0.28 for basic and $0.25 for diluted shares.

For the three months ended March 31, Adjusted Funds Flow decreased from $20,401 in 2022 to $17,959 in 2023. While the 52% increase in sales volumes was a positive influence on Adjusted Funds Flows the 16% decrease in average commodity prices was largely the reasons for the overall decrease. For the three months ended March 31, Adjusted Funds Flow per weighted average share in 2023 was $0.31 per basic share and $0.28 per diluted share. Comparatively, Adjusted Funds Flow per basic and diluted share in 2022 was $0.42 and $0.36 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 $11,461 for the first quarter of 2023 versus $21,811 during the same quarter of 2022.

Per share data	Three months ended March 31, 2023	2022	% Change
Net income	**6,440**	13,769	(53)
Basic ($/share)	**0.11**	0.28	(61)
Diluted ($/share)	**0.10**	0.25	(60)
Adjusted Funds Flow	**17,959**	20,401	(12)
Basic ($/share)	**0.31**	0.42	(26)
Diluted ($/share)	**0.28**	0.36	(22)
Cash flow from operations	**11,461**	21,811	(47)
Basic ($/share)	**0.20**	0.45	(56)
Diluted ($/share)	**0.18**	0.39	(54)

CAPITAL EXPENDITURES

No new wells were rig-released in 2023 however there were completion and tie-in costs of wells drilled in late 2022 that spilled over into 2023. In addition, Journey spent $2,929 on purchasing power generation equipment for the Gilby project, which the Company will work on throughout 2023. As a result Journey spent $7,854 in the first quarter of 2023 in total exploration and development capital. $2,383 was also spent on abandonment and reclamation work during the first quarter. Net capital additions for the respective quarters is broken down as follows:

	Three months ended March 31, 2023	2022	% Change
Land and lease rentals	**227**	445	(49)
Geological & geophysical	**225**	-	-
Drilling and completions	**2,156**	9,148	(76)
Well equipment and facilities	**2,316**	2,520	47
Power generation assets	**2,929**	-	-
Total capital expenditures	**7,854**	12,113	(35)
PP&E acquisitions	**-**	73	(100)
PP&E dispositions	**(1,036)**	(24)	4,218
Net capital expenditures	**6,818**	12,162	(44)
Other:			
Decommissioning expenditures[1]	**2,383**	1,016	135
Total capital expenditures	**9,201**	13,178	(30)

Note:
1. Includes $167 (March 31, 2022 - $114) of Site Rehabilitation Program funding expenditures.

DECOMMISSIONING LIABILITIES ("DL")

At March 31, 2023, Journey has recorded a DL of $182,344 ($193,698 at December 31, 2022) 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 estimated future costs at March 31, 2023 have been inflated using an inflation rate of 1.3% and then discounted using a rate of 3.0% (December 31, 2022 – inflation rate of 2.1% and a discount rate of 3.3%). The Company estimates the total undiscounted, un-escalated amount of cash flows required to settle its decommissioning obligations at March 31, 2023 to be $256,295 (December 31, 2022 - $259,615) the majority of which, will be incurred at various times between 2023 and 2058.

Accretion charges of $1,337 for the three months ended March 31, 2023 (March 31, 2022 - $904), 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, 2023 was $2,383 (March 31, 2022 - $1,016).

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, 2023 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. Journey earned $167 of SRP funding in 2023.

LEASE OBLIGATION LIABILITIES ("LO")

At March 31, 2022, Journey's discounted lease obligations were $1,752 (December 31, 2022 - $1,709). 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 $49 for the three months ended March 31, 2023 (March 31, 2022 -$28) 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, 2023 and 2022 were $92 and $81 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 some 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 continuously improved throughout 2021, 2022 and 2023. The improvement in commodity prices and the growth through acquisitions have been positive influences in improving the outlook for the Company's liquidity.

Net Debt of the Corporation at March 31, 2023 was $71,071. The Company's capital spending has been below its cash flow from operations and coupling this with the net proceeds of the flow through share equity issuance in March of 2023, Journey is well positioned to execute on its capital program for 2023. On March 23, 2023 Journey completed a flow-through share equity offering for gross proceeds (before costs) of $20,125. The proceeds of the offering will be used to fund Journey's drilling program in 2023 and the first quarter of 2024.

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 March 31, 2023 and remains in compliance as of the date of these MD&A with a 2.11 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 the utilization of this program in addition to Journey's additional ARO spending will further improve Journey's Liability Management Rating.

As part of the significant acquisition on October 31, 2022 Journey issued a $45.0 million vendor-take-back debt that has monthly payments of principal and interest. The principal repayments are tied to the price of WTI oil in the preceding month of the payment. So far in 2023 Journey has made $6.0 million repayments of principal and the balance outstanding as at March 31, 2023 was $37.0 million. Any balance remaining after taking into account the variable monthly payments will be due on October 31, 2024. On March 31, 2023 Journey repaid $23.8 million of term debt to its senior, secured term debt holder, AIMCo. In addition, on the same day, and with a view to assisting with the liquidity of Journey, AIMCo agreed to extend the maturity of the $24.7 million tranche of term debt that was previously due on October 31, 2023 for six months to now mature on April 30, 2024.

Journey's capital structure is made up of the following as at March 31 of the respective years:

	2023	2022
Shares outstanding	**60,923**	50,912
Share closing market price ($/share)	**6.00**	6.42
Market capitalization	**365,538**	326,855
Net debt	**71,071**	38,481
Total capitalization	**436,609**	365,336

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:

	2023	2022
Salaries and director fees	**412**	218
Short-term employee benefits	**36**	6
Share based compensation (i)	**360**	135
Total	**808**	359

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

(ii) As at March 31, 2023 there were eleven (March 31, 2022 – seven) 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) Contractual payments

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**
Term debt – principal amount	**80,763**	24,000	56,763	-
Interest on borrowings	**11,053**	7,759	3,294	-
Other loan	**419**	419	-	-
Natural gas transportation	**3,849**	1,643	1,991	215
Operating leases	**4,609**	1,035	2,937	637
Total	**100,693**	34,856	64,985	852

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

On April 28, 2023 Journey closed the purchase of the 16.5 MW power generating assets at Mazeppa for $5.25 million.

SHARE CAPITAL

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

(000's)	May 9, 2023	**March 31, 2023**	March 31, 2022
Common shares outstanding	60,923	**60,923**	50,912
Options, warrants, share awards	6,940	**6,940**	8,360
Fully diluted shares	67,863	**67,863**	59,272
Weighted average common shares			
Basic	N/A	**58,153**	48,472
Diluted	N/A	**64,036**	55,998

SELECTED QUARTERLY INFORMATION

Below is summarized quarterly information for the previous eight quarters.

	Mar 31, 2023	Dec. 31, 2022	Sep. 30, 2022	June 30, 2022
Production (boe/d)	12,920	11,496	9,504	9,590
Average prices realized, pre-hedging ($/boe)	50.26	63.82	62.06	77.84
Petroleum and natural gas sales	58,443	67,531	54,265	67,929
Net income (loss)	6,440	97,753	15,479	28,197
Basic – per share ($/share)	0.11	1.73	0.29	0.54
Diluted – per share ($/share)	0.10	1.55	0.26	0.47
Adjusted Funds Flow	17,959	24,890	22,715	33,381
Basic – per share ($/share)	0.31	0.44	0.43	0.63
Diluted – per share ($/share)	0.28	0.40	0.38	0.56
Cash flow from operations	11,461	25,346	33,422	26,044
Total assets	618,583	639,195	413,626	389,186
Net capital expenditures	6,818	121,376	12,236	34,801
Long term financial liabilities	236,360	226,026	175,364	182,000
Net debt	71,071	98,768	16,781	29,676

	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

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:

- On the back of the significant acquisition that closed October 31, 2022 sales volumes increased to 12,920 boe/d (55% crude oil and NGL's) in the first quarter of 2023 from 11,496 boe/d in the fourth quarter of 2022. Average realized prices softened by 21% to $50.26/boe from the fourth quarter of 2022 due to persistent global recession fears and a warmer than normal winter. Adjusted Funds Flow was $17,959 or $0.31 per basic weighted average share. Net debt decreased to $71,071 at March 31 as Journey underspent its cash flow in its capital spending program and concentrated on repaying its vendor take back debt as well as making its balloon payment to AIMCo on March 31 in the amount of $23.8 million. To buttress the Company's liquidity, Journey closed on a flow-through share private placement on March 23 for the issuance of 3.04 million shares at a price of $6.62 per share; and made an agreement with AIMCo to defer the $24.7 million debt maturity from October 31, 2023 to April 30, 2024.
- Average commodity prices continued to be solid during the fourth quarter at $63.82/boe (before hedging gains), which were consistent with the $62.06/boe realized in the third quarter. Realized oil prices decreased 13% from the previous quarter while natural gas prices increased by 33%. Sales volumes increased in the fourth quarter to 11,496 boe/d as compared to 9,504 boe/d in the third quarter. The increase was largely due to the 4,000 boe/d acquisition that Journey closed on October 31. Journey generated quarterly adjusted funds flow of $24,890 or $0.44 per basic weighted average share. Journey's power project continued to perform well and generated 8,199 MW of electricity at an average price of $241.25/MW (including Option M credits). Net debt at the end of the quarter was $98,768, which was 489% above the September 30, 2022 amount of $16,781. The increase in net debt was primarily due to the debt incurred to close the asset acquisition on October 31.

- Commodity prices continued to be solid in the third quarter at $62.06/boe, but generally were lower than the $77.84/boe realized in the second quarter. Realized oil prices decreased 17% from the previous quarter while natural gas prices decreased by 44%. Sales volumes were fairly flat during the third quarter at 9,504 boe/d as compared to 9,590 boe/d in the second quarter. Journey generated quarterly adjusted funds flow of $22,715 or $0.43 per basic weighted average share. Journey's power project continued to perform well and generated 7,610 MW of electricity at an average price of $232.24/MW (including Option M credits). Net debt at the end of the quarter was $16,781, which was 43% below the June 30, 2022 amount of $29,676. The Company was positioning itself throughout the quarter financially to complete the acquisition that closed on October 31, 2022.
- Commodity prices continued to be strong in the second quarter with Journey realizing an average of $77.84/boe. Realized oil prices increased 21% from the previous quarter while natural gas prices increased by 54%. Sales volumes were higher by 13% from the first quarter at 9,590 boe/d as compared to 8,492 boe/d in the previous quarter. Journey completed the corporate acquisition of a private company on April 1, 2022 which added approximately 770 boe/d (51% natural gas) for the quarter. Journey generated record quarterly adjusted funds flow of $33,381 or $0.63 per basic weighted average share. Journey also acquired a 43.75% working interest in a gas plant and a 50% ownership in a gathering system that it already had ownership in further buttressing and diversifying its cash flows. Journey's power project continued to perform well and generated 7,807 MW of electricity at an average price of $137/MW. Net debt at the end of the quarter was $29,676, which was 23% below the March 31, 2022 amount of $38,481.
- 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 $0.35 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.

CRITICAL ACCOUNTING ESTIMATES

A summary of the significant accounting policies used by Journey can be found in Note 3 of the December 31, 2022 audited consolidated financial statements. Note 4 of the Company's audited consolidated financial statements for the year ended December 31, 2022 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, 2022, 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 2023.

There were no new or amended accounting standards or interpretations issued during the period ended March 31, 2023 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:

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 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 Adjusted 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 main commodity purchaser 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.

Liquidity Risk

Liquidity risk is impacted by many things both internal and external to Canada. Currently, the world is battling inflationary forces that requires governments to take fiscal action that can be detrimental to economies. 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;
- increased risk of collection of accounts receivable and customer defaults.

The Company continues to make substantial progress in reducing its overall debt position using its cash generated from operations. Commodity prices and the general economic environment continue to be volatile, increasing the risk that cash flow from operations could decline, which could result in Journey being unable to fund upcoming debt maturities. Journey is dependent on current commodity pricing to enable it to generate cash flow necessary to fund debt repayments. The following table details Journey's financial liabilities as at March 31, 2023:

	Total	**< 1 year**	**1-3 years**	**4-5 years**
Accounts payable and accrued liabilities	**44,065**	44,065	-	-
Term debt – principal amount	**80,763**	24,000	56,763	-
Interest on term debt	**11,053**	7,759	3,294	-
Other loans	**419**	419	-	-
Natural gas transportation	**3,849**	1,643	1,991	215
Operating leases	**4,609**	1,035	2,937	637
Total financial liabilities	**144,758**	78,921	64,985	852

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 its capital spending to maintain a reasonable working capital balance. The projected balance of cash reserves (existing and forecasted) for Journey is assessed by Management to be sufficient to ensure obligations will be met as they come due.

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

There is still a risk that give the residual impact of the pandemic, the Ukraine-Russia war, and the resulting 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. In addition, the new vendor-take-back debt issued in 2022 has specific asset security associated it. Should Journey not make its monthly payments, Enerplus Corporation could enforce its right to this security in the event of a default.

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 Adjusted 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 Adjusted 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

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.

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 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.

Operating and finding and development costs

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 2.11 and the Company does not expect to post any such deposits in the near future.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Journey's Chief Executive Officer and Chief Financial Officer are responsible for establishing and managing internal control over financial; reporting ("ICFR"). They have as March 31, 2023, 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.

Management of Journey, including the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Corporation's ICFR as at March 31, 2023. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that the ICFR are effective as of the end of the year, in all material respects.

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's Chief Executive Officer and

Chief Financial Officer 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 interim period that started on January 1, 2023 and ended on March 31, 2023.

It should be noted that while the Chief Executive Officer and Chief Financial Officer believe that the Corporation's design of DC&P and ICFR provide a reasonable level of assurance that they are effective, they do not expect that the control system will prevent all errors and fraud. A control system, no matter how well conceived or operated, does not provide absolute assurance of its effectiveness. Rather the DC&P and ICFR are designed to provide reasonable assurance that the objective of the control system is met. The Corporation's ICFR may not prevent or detect all misstatements because of inherent limitations. Additionally, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with the Corporation's policies and procedures.

The March 31, 2023 condensed consolidated interim financial statements are available on SEDAR at www.sedar.com as well as the Company's website at www.journeyenergy.ca.