JOURNEY ENERGY INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS – 2021

The following Management's Discussion and Analysis ("MD&A") was prepared on March 9, 2022 and is management's assessment of Journey Energy Inc.'s ("Journey" or the "the Company") financial and operating results for the three and Twelve months ended December 31, 2021 and 2020. This MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements of the Company for the three and twelve months ended December 31, 2021 and 2020 along with the notes related thereto.

Forward-looking statements contained in this MD&A are made as of the date of this MD&A and the Company does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws. The Company's forward-looking statements are expressly qualified in their entirety by this cautionary statement.

Journey has prepared its unaudited consolidated financial statements and comparative information in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Forward-Looking Information

This MD&A contains forward-looking statements. More particularly, this MD&A contains statements concerning anticipated: (i) timing and completion of the acquisitions, expectations and assumptions concerning timing of receipt of required regulatory approvals and the satisfaction of other conditions to the completion of the acquisitions, (ii) potential development opportunities and drilling locations associated with the acquisitions, expectations and assumptions concerning the success of future drilling and development activities, the performance of existing wells, the performance of new wells, the successful application of technology and the geological characteristics of the acquisitions, (iii) oil and natural gas production growth (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:

	Three months ended December 31,			Twelve months ended December 31,		
	2021	**2020**	% Change	**2021**	2020	% Change
Cash flow provided by operating activities	**16,007**	4,792	234	**40,930**	13,517	203
Add (deduct):						
Changes in non-cash working capital	**51**	1,158	(96)	**6,498**	1,768	268
Capitalized interest	**(46)**	-	-	**(2,916)**	(2,313)	26
Non-recurring other income[1]	**-**	-	-	**(902)**	-	-
Transaction costs	**(128)**	21	(710)	**231**	23	904
Decommissioning costs	**678**	69	883	**2,433**	480	407
Adjusted Funds Flow	**16,562**	6,040	174	**46,274**	13,475	243

1. Non-recurring other income is comprised of a forfeited deposit.

"**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 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.

"**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:

	Dec. 31 2021	Dec 31, 2020	% Change
Principal amount of term debt	**67,580**	89,664	(25)
Accounts payable and accrued liabilities	**20,441**	16,198	26
Other liability - contingent bank debt[1]	**5,750**	5,750	-
Other loans	**156**	-	-
Deduct:			
Cash in bank	**(15,677)**	(6,590)	138
Accounts receivable	**(20,180)**	(9,285)	117
Prepaid expenses	**(1,049)**	(1,575)	(33)
Net debt	**57,021**	94,162	(39)

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 December 31, 2021 based on future, MSW strip prices and has a maximum obligation of $5,750. The 2020 amount has been restated to reflect the maximum principal amount payable, which will provide a more meaningful comparison with 2021. 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*
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)*
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 FROM THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2021

Financial

Journey recorded Adjusted Funds Flow of $16,562 in the fourth quarter of 2021 as compared to $6,040 in the fourth quarter of 2020. The combination of an 90% increase in average realized commodity prices; the corporate acquisition of approximately 600 boe/d on August 18, 2021; cost reduction strategies implemented in 2020 and their impact carrying forward into 2021; and the full years’ revenue stream from electricity generation all positively impacted Adjusted Funds Flow. Cash flow from operating activities was $16,007 in the fourth quarter of 2021 as compared to $4,792 in the fourth quarter of 2020. The Company exited the quarter with net debt of $57,021, which was 39% below the $94,162 at December 31, 2020. During the year ended December 31, 2021, Journey repaid $25.0 million of term-debt.

Capital spending

During the fourth quarter, Journey did not drill any wells as the Company continued to make term debt debt repayment a priority. $1,733 was spent on maintenance capital; while $1,595 was spent in the quarter on five small accretive acquisitions. In addition, $1,136 was spent on decommissioning costs during the fourth quarter.

Production

Sales volumes increased 6% in the fourth quarter of 2021 to average 8,554 boe/d versus 8,074 boe/d in the fourth quarter of 2020. The increase in production from 2020 to 2021 was mainly the result of reactivations of previously uneconomic wells, workovers of producing wells and the corporate acquisition of approximately 600 boe/d in August. Journey’s natural gas production, which was used to generate electricity reduced reported fourth quarter sales volumes by approximately 139 boe/d.

Liquidity

Increased prices for natural gas, crude oil, NGL’s and electricity in 2021 provided the increased working capital that served the dual purpose of allowing Journey to reduce debt and also provided the funds which allowed Journey to complete its August acquisition. Journey has significantly improved its liquidity, and has reduced its outstanding term debt in 2021 by $25.0 million. Journey exited 2021 with $15,677 in cash in the bank, which will provide a solid start for working capital in 2022. On February 28, 2022 Journey announced a bought-deal flow through share financing for gross proceeds of $12.1 million. This financing will go towards funding the Company's drilling program for 2022 and gives further enhanced liquidity for the Company.

Outlook

Journey has updated its 2022 guidance and is presented in the table below. This guidance does not take into account the currently proposed financing (see Subsequent Events section), which is anticipated to close on March 18.

Annual average daily sales volumes	8,500 – 9,000 boe/d (48% crude oil and NGL)
Adjusted Funds Flow	\$80 - \$85 million
Adjusted Funds Flow per basic weighted average share	\$1.65 - \$1.75
Capital spending (excluding A&D)	\$43 million
Year-end net debt	\$16 - \$20 million
Year-end net debt (pro-forma March 18 financing)	\$5 - \$15 million

Journey's 2022 forecasted funds flow is based upon the following revised assumed annual, average prices: WTI of \$87.50/bbl USD; MSW oil differentials of \$4/bbl USD WTI oil prices; Company realized natural gas price of CDN\$4.00/mcf CDN; and a foreign exchange rate of \$0.79 US\$/CDN\$.

Journey plans for 2022 include a 15 well drilling program, continuing to evaluate accretive acquisitions and is also exploring the possibility of expanding its power generation capability. In addition, Journey is concentrating on reducing its asset retirement obligations with internal funds allocated to abandonment and reclamations as well as utilizing Government funding through the Site Rehabilitation Program.

DETAILED FINANCIAL REVIEW

PRODUCTION REVENUE AND VOLUMES

Daily Sales Volumes

Total daily sales volumes increased 6% to 8,554 boe/d for the fourth quarter of 2021 from 8,074 boe/d in 2020. The increase was mainly attributable to the corporate acquisition in August, which added approximately 600 boe/d (68% natural gas) of production. The acquisition more than offset natural declines and the natural gas volumes that were used as the supply for Journey's electricity project. The acquisition contributed approximately 211 boe/d for the entire year's sales volumes. For the twelve-month periods, daily sales volumes decreased 4% to 8,004 boe/d for 2021 from 8,379 boe/d in 2020. Although there were positive production gains from recompletions, workovers, and the corporate acquisition natural declines plus the natural gas used in power generation more than offset these. Natural gas consumed in power generation for 2021 was approximately 833 mcf/d and 752 mcf/d for the three and twelve-month periods ended December 31 respectively. For 2020 natural gas used in power generation was insignificant as the project came on-stream very late in the year.

	Three months ended December 31,			Twelve months ended December 31,		
	2021	2020	% Change	**2021**	2020	% Change
Natural gas (Mcf/d)						
Conventional	**22,552**	18,295	23	**20,641**	18,764	10
Coal bed methane	**4,592**	7,871	(42)	**4,877**	8,506	(43)
Total natural gas volumes	**27,144**	26,166	(4)	**25,518**	27,270	(6)
Crude oil (Bbl/d)						
Light/medium	**2,609**	2,060	27	**2,395**	2,263	6
Heavy	**658**	992	(34)	**684**	906	(25)
Total crude oil volumes	**3,267**	3,052	7	**3,079**	3,169	(3)
Natural gas liquids (Bbl/d)	**763**	661	15	**672**	665	1
Barrels of oil equivalent (boe/d)	**8,554**	8,074	6	**8,004**	8,379	(4)

Volumetric Product Mix

	Three months ended December 31,			Twelve months ended December 31,		
% of Aggregate Production	**2021**	2020	% Change	**2021**	2020	% Change
Natural gas	**53**	54	(2)	**53**	54	(2)
Crude oil	**38**	38	-	**39**	38	1
Natural gas liquids	**9**	8	13	**8**	8	-
Total	**100**	100		**100**	100	

Average Benchmark Price Indices

	Three months ended December 31,			Twelve months ended December 31,		
	2021	2020	% Change	**2021**	2020	% Change
Crude Oil						
WTI (US$/Bbl)	**77.19**	42.66	81	**67.91**	39.40	72
Canadian MSW (CDN$/Bbl)	**92.14**	49.17	87	**80.31**	45.39	77
MSW/WTI differential (USD$/Bbl)	**4.01**	5.31	(24)	**3.83**	4.89	(22)
WCS (CDN$/Bbl)	**78.71**	43.42	81	**68.73**	35.59	93
Natural Gas						
NYMEX (US $/Mmbtu)	**4.77**	2.53	89	**3.91**	2.04	92
AECO - Daily (CDN$/Mcf)	**4.74**	2.65	79	**3.64**	2.24	63
Foreign Exchange						
US to Canadian	**1.2600**	1.303	(3)	**1.2537**	1.3412	(7)
Canadian to US	**0.7937**	0.7676	3	**0.7978**	0.7462	7

WTI oil prices increased 81% in the fourth quarter of 2021 to average $77.19 US/bbl as compared to $42.66 US/bbl in the fourth quarter of 2020. This increase was largely a recovery to pre-pandemic levels as global demand for oil returned. 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+. Partially offsetting the increase in oil prices was an increase in the Canadian dollar in relation to the US dollar, as it increased 3% from the fourth quarter of 2020. 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 exports. In addition, the WTI/MSW oil price differential improved by 24% as it averaged USD $4.01/bbl during the fourth quarter as compared to USD $5.31/bbl in the fourth quarter of 2020. The WTI/MSW differential and foreign exchange rates resulted in the average Canadian MSW oil price increasing 87% from $49.17/bbl in the fourth quarter of 2020 to $92.14/bbl in the fourth quarter of 2021. A similar result was realized in WCS prices wherein the fourth quarter 2020 average price was $43.42/bbl and for the fourth quarter of 2021, it was $78.71/bbl. Given that approximately one-third of Journey's crude oil production realize prices similar to WCS, the fourth 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 79% higher at $4.74/mcf in the fourth quarter of 2021 as compared to $2.65/mcf during the same period in 2020. The cold 2020/21 winter and the warm 2021 summer increased the demand for natural gas, and this has reduced the five year storage levels accordingly. This resulted in a very constructive setup for strong prices that were realized in December and continuing into the early months of 2022.

Realized Prices

a) Realized prices excluding derivative commodity contract gains and losses:

	Three months ended December 31,			Twelve months ended December 31,		
	2021	2020	% Change	**2021**	2020	% Change
Natural gas ($/Mcf)	**4.64**	2.57	81	**3.59**	1.94	85
Crude oil ($/Bbl)	**80.84**	42.46	90	**70.57**	37.97	86
Natural gas liquids ($/Bbl)	**53.67**	25.51	110	**45.20**	18.75	141
Average ($/boe)	**50.40**	26.46	90	**42.39**	22.15	91

The 81% increase in realized natural gas prices and 90% higher crude oil prices led the way to a 90% increase in average corporate prices during the fourth quarter of 2021. The combination of a cold winter in North America and return of oil demand were the main drivers behind the increased realized prices.

b) Realized prices including derivative commodity contract gains and losses:

Journey had a combination of oil and natural gas hedges in 2020 but for 2021 operated with no hedging exposure. Taking into account the impact of Journey's hedging, the realized prices are as follows:

	Three months ended December 31,			Twelve months ended December 31,		
	2021	2020	% Change	**2021**	2020	% Change
Natural gas ($/Mcf)	**4.64**	2.54	83	**3.59**	1.91	88
Crude oil ($/Bbl)	**80.84**	44.02	84	**70.57**	44.96	57
Natural gas liquids ($/Bbl)	**53.67**	25.51	110	**45.20**	18.75	141
Average ($/boe)	**50.40**	26.95	87	**42.39**	24.71	72

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

In the fourth quarter of 2021, aggregate P&NG sales increased 102% to $39,664 as compared to $19,651 for the same period in 2020. The increase in sales revenue in the fourth quarter of 2021 was mainly the result of the 90% increase in average commodity prices over the same period of 2020. The onset of the pandemic and the subsequent Saudi-Russia oil price war caused the inordinately low commodity prices in 2020 while in 2021 prices returned to, and then exceeded, pre-pandemic levels as commodity demand ramped up. Crude oil revenue was the leader in all categories as it made up 61% of corporate commodity revenues in the fourth quarter of 2021 while contributing 38% to total boe production. Natural gas revenues were increasing starting in the fourth quarter of 2020 and continuing into 2021. As a result, natural gas revenues were 29% of total revenues, while accounting for 53% of total boe production.

For the twelve months ended December 31, aggregate P&NG sales increased 82% to $123,843 in 2021 from $67,912 in 2020. For 2021 the increase in P&NG sales was primarily the result of the increase in realized prices for all commodities. The average realized price increase was made up of increases of 85% for natural gas, 86% for crude oil, and 141% for NGL's compared to the same twelve-month period in 2020. Similar to the quarters' results, crude oil revenue made up 64% of corporate P&NG revenues for the year to date in 2021 while contributing 39% to total boe production. Natural gas was 27% of total revenues while comprising 53% of total boe production.

	Three months ended December 31,			Twelve months ended December 31,		
$	**2021**	2020	% Change	**2021**	2020	% Change
Natural gas	**11,598**	6,180	88	**33,439**	19,317	73
Crude oil	**24,296**	11,919	104	**79,314**	44,032	80
Natural gas liquids	**3,770**	1,552	143	**11,090**	4,563	143
P&NG sales	**39,664**	19,651	102	**123,843**	67,912	82

	Three months ended December 31,			Twelve months ended December 31,		
Sales - % Contribution	**2021**	2020	% Change	**2021**	2020	% Change
Natural gas	**29**	31	(7)	**27**	28	(4)
Crude oil	**61**	61	-	**64**	65	(1)
Natural gas liquids	**10**	8	25	**9**	7	29
Total	**100**	100		**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. At December 31, 2020 and 2021, the Company had no derivative contracts in place.

The gain (loss) on derivative contracts for the periods ended December 31, are as follows:

	Three months ended December 31,			Twelve months ended December 31,		
$ 000's	**2021**	2020	% Change	**2021**	2020	% Change
Realized	**-**	370	(100)	**-**	7,865	(100)
Unrealized	**-**	(396)	(100)	**-**	456	(100)
Total	**-**	(26)	(100)	**-**	8,321	(100)

	Three months ended December 31,			Twelve months ended December 31,		
$/boe	**2021**	2020	% Change	**2021**	2020	% Change
Realized	**-**	0.50	(100)	**-**	2.56	(100)
Unrealized	**-**	(0.53)	(100)	**-**	0.15	(100)
Total	**-**	(0.04)	(100)	**-**	2.71	(100)

ROYALTIES

For the fourth quarter of 2021, total royalties were $7,454 as compared to $1,998 for the same period in 2020. On a per boe basis, the royalty rate increased to $9.47 in 2021 as compared to $2.69 in 2020. As a percentage of revenue, the rate for the fourth quarter of 2021 increased 84% to 18.8% in 2021 from 10.2%, which was realized in 2020. The increase in aggregate royalty expense, as well as the increase in the royalty rate, as a percentage of revenues was attributable to the significant increase in realized commodity prices for all products.

For the twelve months ended December 31, royalties were $19,210 in 2021 as compared to $6,911 for the same period in 2020. On a per boe basis, the royalty rate increased 192% to $6.58/boe in 2021 as compared to $2.25/boe in 2020. As a percentage of revenue, the rate for the twelve months of 2021 was 15.5% or 52% higher than the 10.2% realized in 2020.

Benchmark MSW oil prices increased 87% in the fourth quarter and 77% for the twelve months ended December 31 2021 as compared to 2020. Similarly, benchmark AECO natural gas prices increased by 79% for the three-month periods and 63% for the twelve-month periods of 2021 compared to 2020. The strong price appreciation for all commodities were the main reasons for the increase in both aggregate royalties and the royalty rate a percentage of revenues. However, this could change significantly, as Crown royalty rates are dependent on a combination of realized commodity prices and specific well production volumes.

	Three months ended December 31,			Twelve months ended December 31,		
$	**2021**	2020	% Change	**2021**	2020	% Change
Crown	**5,058**	724	599	**11,695**	2,610	348
Freehold/gross over-riding	**2,396**	1,274	88	**7,515**	4,301	75
Total royalties	**7,454**	1,998	273	**19,210**	6,911	178
Royalties (as a % of P&NG sales)	**18.8**	10.2	84	**15.5**	10.2	52

$ / boe	Three months ended December 31, 2021	2020	% Change	Twelve months ended December 31, 2021	2020	% Change
Crown	**6.43**	0.97	563	**4.00**	0.85	371
Freehold/gross over-riding	**3.04**	1.72	77	**2.57**	1.40	84
Total royalties	**9.47**	2.69	252	**6.57**	2.25	192

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 non-recurring, other income. Included in this category is a $902 payment with respect to a forfeited deposit by a prospective purchaser of the Countess area assets, and $2,879 of income related to government grants from the Alberta Government Site Rehabilitation Program. The breakdown of processing and other income by category is as follows:

	Three months ended December 31, 2021	2020	% Change	Twelve months ended December 31, 2021	2020	% Change
Processing and other cost recoveries	**914**	1,094	(16)	**3,180**	2,995	6
Electricity income before expenses	**1,067**	-	-	**3,608**	-	-
Non-recurring other income	**458**	-	-	**3,781**	-	-
Total processing and other income	**2,439**	1,094	123	**10,569**	2,995	253
Electricity related operating expenses	**(443)**	-	-	**(1,497)**	-	-
Adjusted processing and other income	**1,996**	1,094	82	**9,072**	2,995	203

OPERATING EXPENSES

Net operating expenses were $13,309 or $16.91 per boe for the fourth quarter of 2021 as compared to $9,325, or $12.06 per boe in 2020. For the twelve months ended December 31, net operating costs were $48,064 or $16.45 per boe in 2021 as compared to $38,265 or $12.48 per boe in 2020. Higher aggregate costs in the fourth quarter were caused by: integrating the corporate acquisition in August; higher power costs from the cold month of December; workovers; well reactivations; and third party turnarounds. Workover and turnaround projects in 2020 were lower than normal in light of the extraordinary circumstances surrounding the pandemic and the resulting severe decline prices and cash flows. Many of these projects were completed in the last three quarters of 2021. Journey participated in twenty-seven workovers and fifteen turnarounds during 2021. $2,142 of workover, reactivations, site cleanup, and turnaround costs were incurred in the fourth quarter of 2021 as compared to $337 in the same quarter of 2020. For the entire year in 2021 Journey spent 5,065, equating to $1.74/boe on these activities as compared to $2,159 or $0.70/boe in 2020.

	Three months ended December 31,			Twelve months ended December 31,		
	2021	2020	% Change	**2021**	2020	% Change
Operating expense per the financial statements	**14,666**	10,049	46	**52,741**	41,260	28
Less:						
Expense recoveries	**(914)**	(724)	26	**(3,180)**	(2,995)	6
Reclassification to power generation	**(443)**	-	-	**(1,497)**	-	-
Net operating expenses	**13,309**	9,325	43	**48,064**	38,265	26
Net expense ($ per BOE)	**16.91**	12.06	40	**16.45**	12.48	32
Net expense (% of P&NG sales)	**33.6**	57.5	(29)	**38.8**	56.3	(31)

TRANSPORTATION

Transportation expenses were $288 for the fourth quarter of 2021, and represented 0.7% of P&NG sales for the period as compared to $453 and 2.3% for the same quarter of 2020. The cost per boe averaged $0.37 in the fourth quarter, which was 39% lower than the same period in 2020. For the twelve months ended December 31, transportation expenses were $1,385 for 2021 or 6% lower than $1,479 for the comparable period in 2020. On a per boe basis, costs were $0.47 for 2021 and $0.48 for 2020. Transportation costs include: clean oil trucking, trucking of natural gas liquids, and transportation associated with the usage of third party natural gas sales lines used before custody transfer and ultimate sale of the natural gas. Transportation costs are dependent on a variety of factors such as: the type of production facilities; the method of transportation; the distances covered; quantities shipped, as well as ownership of the transportation facilities.

	Three months ended December 31,			Twelve months ended December 31,		
	2021	2020	% Change	**2021**	2020	% Change
Transportation expense	**288**	453	(36)	**1,385**	1,479	(6)
Expense ($ per boe)	**0.37**	0.61	(39)	**0.47**	0.48	(2)
Expense (% of P&NG sales)	**0.7**	2.3	(70)	**1.1**	2.2	(50)

GENERAL AND ADMINISTRATIVE (“G&A”) EXPENSE

For the fourth quarter of 2021, G&A expense after adjusting for recoveries and non-recurring items was very stable quarter to quarter with a 1% increase to $1,510 in 2021 as compared to $1,493 in 2020. On a gross per boe basis, Journey realized G&A of $1.92 for the fourth quarter of 2021, or 4% lower than the $2.00 realized in 2020.

For the twelve months ended December 31, 2021 G&A expense after adjusting for recoveries and non-recurring items was 35% lower at $6,011 as compared to $9,258 in 2020. G&A was lower in 2021 compared to 2020 as the cost efficiencies in respect of a lower staff count and lower head office rent, which Journey achieved in 2020 flowed through into 2021. In addition, Journey had a large, one-time bad debt in 2020 of $1,957. Gross G&A per boe was $2.06 in 2021 or 32% lower than $3.02 in 2020.

	Three months ended December 31,			Twelve months ended December 31,		
	2021	2020	% Change	**2021**	2020	% Change
Expense per financial statements	**948**	605	57	**3,411**	5,734	(41)
Add:						
Overhead recoveries	**656**	671	(2)	**2,649**	2,695	(2)
Non-recurring expense/subsidies	**(94)**	217	(143)	**(49)**	829	(106)
Gross expense	**1,510**	1,493	1	**6,011**	9,258	(35)
Expense ($ per boe)						
Expense per financial statements	**1.20**	0.81	48	**1.17**	1.87	(37)
Gross expense	**1.92**	2.00	(4)	**2.06**	3.02	(32)

FINANCE EXPENSE

Finance expense is comprised of interest on bank debt, amortization of financing fees, accretion on decommissioning obligations, accretion on the term debt, accretion on right-of-use assets and miscellaneous bank charges. Finance expenses decreased 42% from the fourth quarter of 2020 to the fourth quarter of 2021 mainly due to lower interest costs on term debt as Journey devoted 2021 to repaying $25 million of term debt in the year. In addition, deferred finance charges decreased significantly in the fourth quarter of 2021 as certain of the amortizations related to the AIMCo refinancing in 2020 ended on October 30. Borrowing costs for the fourth quarter of 2021 decreased 12% to $1,731 in 2021 from $1,973 in 2020. For the fourth quarter of 2021, the average interest-bearing debt outstanding was $68,741, which was a 28% decrease from $95,898 for the comparable period in 2020. The average effective interest rate on outstanding borrowings increased 23% to 10.0% in 2021 from 8.2% in 2020 as higher costing term debt replaced the syndicated bank debt as of October 30, 2020. On a per BOE basis, the non-accretion finance expense was $2.19 for the fourth quarter of 2021 as compared to $2.65 for the same quarter in 2020, representing a 17% decrease, period over period. The lower aggregate borrowing costs were primarily the result of lower borrowings outstanding in 2021 as compared to 2020. This lower level of borrowings was primarily the result of the settlement of all bank borrowings on October 30, 2020 for an amount less than what was owing. Offsetting the impact of lower borrowing somewhat was that all bank debt was replaced by higher interest rate term debt. While the term debt carries a higher interest rate than the previous bank debt, the overall interest-bearing debt decreased due to the settlement of the bank debt for less than its face value in 2020 as well as Journey repaying $25 million of term debt in 2021. This more than offset the impact of the higher interest rate on the new term debt. The finance expense per boe rate decreased for the three and twelve month periods in 2021 mainly due to the lower borrowings outstanding, but also because of the lower amortization costs related to the financing from the debt restructuring in October of 2020.

	Three months ended December 31,			Twelve months ended December 31,		
	2021	2020	% Change	**2021**	2020	% Change
Expense per financial statements	**3,141**	5,440	(42)	**17,567**	15,327	15
Add (Deduct):						
Accretion expense	**(1,081)**	(950)	14	**(4,956)**	(2,895)	71
Other amortization costs	**(333)**	(2,519)	(87)	**(5,001)**	(2,519)	99
Bank fees and other charges	**4**	2	100	**15**	7	114
Expense related to borrowings	**1,731**	1,973	(12)	**7,625**	9,920	(23)
Average interest-bearing debt	**68,741**	95,898	(28)	**79,562**	112,558	(29)
Effective interest rate	**10.0**	8.2	23	**9.6**	8.8	9
Finance expense ($ per boe)						
Related to borrowings & fees	**2.19**	2.65	(17)	**2.60**	3.23	(20)
Accretion & other amortization	**1.80**	4.67	(61)	**3.41**	1.77	93
Total finance expense	**3.99**	7.32	(45)	**6.01**	5.00	20

SHARE BASED COMPENSATION

Share based compensation expense was $442 for the fourth quarter of 2021 as compared to $106 in 2020. The lower stock based compensation in 2021 was attributable to no long-term incentives being granted to employees throughout 2020 or in the first two quarters 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 December 31,			Twelve months ended December 31,		
	2021	2020	% Change	**2021**	2020	% Change
Expense per financial statements	**442**	106	317	**1,009**	1,819	(45)
Expense ($ per boe)	**0.56**	0.14	300	**0.35**	0.59	(41)

DEPLETION AND DEPRECIATION (“D&D”)

Aggregate D&D increased from $7,073 in the fourth quarter of 2020 to $8,302 in 2021. While aggregate production volumes increased by 6% in the fourth quarter of 2021, the 17% increase in the aggregate D&D expense was primarily attributable to the increase in the depletable base, which resulted from increases to capitalized asset retirement obligations as well as the acquisition in August. On a per boe basis, D&D was $10.55 for 2021 as compared to $9.52 in 2020, representing an 11% decrease.

For the twelve months ending December 31, aggregate D&D decreased by 42% from $38,959 in 2020 to $22,645 in 2021. On a per boe basis, D&D was $7.75 in 2021, which was a 39% decrease from $12.70 in 2020.

	Three months ended December 31,			Twelve months ended December 31,		
	2021	2020	% Change	**2021**	2020	% Change
Depletion and depreciation ($)	**8,302**	7,073	17	**22,645**	38,959	(42)
Expense ($ per boe)	**10.55**	9.52	11	**7.75**	12.70	(39)

PROPERTY, PLANT AND EQUIPMENT IMPAIRMENT (RECOVERY)

As at December 31, 2021, the Company assessed whether there were indicators of impairment or Impairment reversals. The assessment factored in reserves; changes in commodity prices during 2021; interest rates; the health of the oil and gas industry and the general economy; well performance and near term development plans. It was determined that there were indicators for impairment reversals for the Matziwin, Skiff, Herronton, Gilby and Cherhill CGU's and as a result, the CGU's were tested for impairment reversal at September 30, 2021. It was ultimately determined that the recoverable amount for all tested CGU's had significantly exceeded their carrying amount and therefore an impairment reversal of $84,957 should be realized. The recoverable amount was calculated as the fair value of the assets less cost of disposal in an assumed asset sale. The fair value less costs to dispose was determined using a discounted cash flow approach based on the internal reserve evaluation of proved plus probable reserves and using an average of three major independent reserve engineer's forecast commodity prices. Journey used an after-tax risk adjusted discount rate that was based on the nature of the assets held in the CGU to determine the fair value at the measurement date. As at December 31, 2021 Management considered whether a further reversal was needed and assessed whether there were further indicators of impairment reversal. Management concluded that there were no further indicators and therefore the CGU's were not tested.

In 2020, there was an impairment of $60,923 realized at March 31. Due to the severe downturn in commodity prices attributable to the onset of the COVID pandemic, it was determined that impairment indicators were present for all CGU's and as a result, the CGU's were tested for impairment. It was determined that the carrying amount of the Crystal and Countess CGU's had not exceeded their recoverable amount and therefore had no impairment. Cherhill, Herronton, Gilby, Pembina, Pine Creek, Skiff and Matziwin CGU's were found to be impaired as the carrying amount exceeded the recoverable amount. The recoverable amount was calculated using the estimated fair value of the assets less costs of disposal in an assumed asset sale. Fair value less costs of disposal was determined using a discounted cash flow approach based on the March 31, 2020 internal reserve evaluation of proved plus probable reserves and using an average of three major independent reserve engineer's forecast commodity prices. Journey used an after-tax risk adjusted discount rate that was based on the nature of the assets held in the CGU to determine the fair value at the measurement date.

Journey recognized an impairment of its exploration and evaluation assets of $400 in the fourth quarter of 2021 as compared to $440 in 2020. Management determined that the fair value less costs of disposal of certain undeveloped lands had declined below Journey's carrying values. Management estimated fair value by analyzing comparable Crown mineral rights sales in each of the respective CGUs.

	Three months ended December 31,			Twelve months ended December 31,		
	2021	2020	% Change	**2021**	2020	% Change
PP&E impairment (recovery)	**-**	-	-	**(84,957)**	60,923	(239)
E&E impairment	**400**	440	(9)	**400**	440	(9)
Total impairments	**400**	440	(9)	**(84,557)**	61,363	(238)
Impairment expense (recovery) - $ per boe	**0.51**	0.59	(14)	**(28.94)**	20.01	(245)

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 December 31, 2021 Journey incurred an expense of $1,045, as compared to $13 expensed in 2020. For the twelve months ended December 31, 2021, the expense was $1,636 as compared to $799 in 2020.

	Three months ended December 31,			Twelve months ended December 31,		
	2021	2020	% Change	**2021**	2020	% Change
E&E expense	**1,045**	13	7,938	**1,636**	799	105
$ per boe	**1.33**	0.02	6,550	**0.56**	0.26	115

GAIN ON DISPOSAL OF PP&E ASSETS

There was one asset disposition in 2020, which yielded a gain of $705. The gain was mainly attributable to the reduction of decommissioning liabilities that were transferred with the asset to the purchaser.

	Three months ended December 31			Twelve months ended December 31		
	2021	2020	% Change	**2021**	**2020**	% Change
Gain on disposition	-	705	(100)	-	**705**	(100)
$ per boe	-	0.95	(100)	-	**0.23**	(100)

GAIN ON LEASE MODIFICATION

Journey entered into an amendment to its head office lease effective November 1, 2020. This amendment resulted in a reduction in the space Journey occupies; a reduction in the lease rate per square foot; and an eighteen-month extension to the new lease terms. These favourable changes resulted in a lower future lease obligation and hence a gain was recorded on the balance sheet.

	Three months ended December 31			Twelve months ended December 31		
	2021	2020	% Change	**2021**	2020	% Change
Gain on lease modification	-	483	(100)	-	483	(100)
$ per boe	-	0.65	(100)	-	0.16	(100)

(GAIN) LOSS ON DEBT RESTRUCTURING

On October 30, 2020 Journey entered in a debt restructuring where its principal shareholder loaned it funds that were used to settle the outstanding syndicated bank borrowings for an amount less than its principal amount. At the time of the settlement there was $75,000 outstanding in syndicated bank debt. $38,000 was borrowed from AIMCo and used to repay the banks. As a result of the settlement of the bank debt for less than its principal amounts outstanding a gain resulted in the amount of $35,664. The full details of the debt restructuring are contained in the Liquidity section below.

	Three months ended December 31			Twelve months ended December 31		
	2021	2020	% Change	**2021**	2020	% Change
(Gain) loss per financial statements	-	(35,664)	(100)	-	(35,664)	(100)
$ per boe	-	48.01	(100)	-	11.63	(100)

DEFERRED INCOME TAXES

No deferred tax asset was recorded in either 2020 or 2021. 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 $629,659 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 December 31			Twelve months ended December 31		
	2021	2020	% Change	**2019**	2020	% Change
Income tax expense (recovery)	-	(970)	(100)	-	(970)	(100)
($ per boe)	-	(1.31)	(100)	-	(0.32)	(100)

The income tax pool balances, by category, at December 31, 2021, before any de-recognition of income tax assets, were as follows:

Tax Pool	**Deductible rate**	**Amount**
Canadian oil & gas property expenses	10% declining balance	106,032
Canadian development expenses	30% declining balance	72,890
Canadian exploration expenses	100%	22,863
Undepreciated capital costs	7-100% declining balance	54,601
Financing costs	5 year straight line	3,243
Non-capital losses	100%	370,030
Total		629,659

NETBACKS (per BOE)

The operating netback of $23.65 for the fourth quarter of 2021 increased by 113% from $11.10 for the same period in 2020. The increase in the operating netback was mainly due to the 90% increase in average, realized commodity prices. Commensurate with the increase in sales prices, there was a 252% increase in royalty expense on a per boe basis in the fourth quarter. Operating expenses increased by 40% to $16.91 and transportation costs decreased by 39% to $0.37 in the fourth quarter.

For the twelve months ended December 31, 2021 the operating netback was $18.89, which was a 172% increase from $6.94 for 2020. While royalty and operating expenses were 192% and 32% higher than in 2020, the dramatic increase in all commodity prices of 91% year over year led the way to the increase.

The Adjusted Funds Flow netback per boe for the fourth quarter of 2021 was $21.63, which was 166% higher than the $8.14 in the same quarter of 2020. The most significant contributor to the higher netback was the aforementioned increase in commodity prices. However, this was partially offset by the increases in royalties and operating expenses. G&A costs per boe were 48% at $1.20 as the head office resumed normal operations after a challenging 2020. Higher interest rates on term debt were mitigated by repayments of debt in 2021 and therefore the interest expense decreased to $2.19 in the fourth quarter of 2021 from $2.65 in the fourth quarter of 2020. For the twelve-month periods, the Adjusted Funds Flow netback increased 290% from $4.40 in 2020 to $17.14 in 2021.

After taking into account the non-cash items, there was net income of $7.04 for the fourth quarter of 2021 as compared to income of $43.56 in 2020. While operations stabilized in 2021 compared to the pricing turmoil of 2020, the large net income netback in 2020 was mainly attributable to the gain on settlement of debt from the restructuring in October of 2020. The biggest contributor to net income in 2021 was the $84,557 of net impairment reversals, as the positive movement in commodity prices was significant enough to cause a reversal of a portion of prior period PP&E impairments. For the twelve months year to date in 2021 Journey realized net income of $33.93 compared to a net loss of $18.45 in 2020. The largest contributor to the loss in 2020 was the $20.01 of impairments taken during the first quarter of 2020 at the onset of the pandemic and resulting collapse of energy prices.

	Three months ended December 31,			Twelve months ended December 31,		
($ per boe)	**2021**	2020	% Change	**2021**	2020	% Change
Average realized price	**50.40**	26.46	90	**42.39**	22.15	91
Royalties	**(9.47)**	(2.69)	252	**(6.58)**	(2.25)	192
Operating expenses	**(16.91)**	(12.06)	40	**(16.45)**	(12.48)	32
Transportation expenses	**(0.37)**	(0.61)	(39)	**(0.47)**	(0.48)	(2)
Operating	**23.65**	11.10	113	**18.89**	6.94	172
General and administrative	**(1.20)**	(0.81)	48	**(1.17)**	(1.87)	(37)
Finance expense – interest	**(2.19)**	(2.65)	(17)	**(2.60)**	(3.23)	(20)
Other income	**1.37**	-	-	**2.02**	-	-
Realized gain on derivatives	**-**	0.50	(100)	**-**	2.56	(100)
Adjusted Funds Flow	**21.63**	8.14	166	**17.14**	4.40	290
Unrealized gain (loss) on derivatives	**-**	(0.53)	(100)	**-**	0.15	(100)
Share based compensation	**(0.56)**	(0.14)	300	**(0.35)**	(0.59)	(41)
Depletion and depreciation	**(10.55)**	(9.52)	11	**(7.75)**	(12.70)	(39)
Impairments (recoveries)	**(0.51)**	(0.59)	(14)	**28.94**	(20.01)	(245)
Finance expense - accretion	**(1.80)**	(4.67)	(61)	**(3.41)**	(1.77)	93
Exploration & evaluation	**(1.33)**	(0.02)	6,550	**(0.56)**	(0.26)	115
Gain on lease modification	**-**	0.65	(100)	**-**	0.16	(100)
Gain on debt restructuring	**-**	48.01	(100)	**-**	11.63	(100)
Gain on disposal of assets	**-**	0.95	(100)	**-**	0.23	(100)
Transaction costs	**0.16**	(0.03)	(633)	**(0.08)**	(0.01)	700
Deferred income tax recovery	**-**	1.31	(100)	**-**	0.32	(100)
Net income (loss)	**7.04**	43.56	(84)	**33.93**	(18.45)	(284)

NET INCOME (LOSS), ADJUSTED FUNDS FLOW AND CASH FROM OPERATING ACTIVITIES

There was net income of $5,545 for the three months ended December 31, 2021 as compared to income of $32,343 in 2020. During the fourth quarter of 2021, Journey realized basic weighted average net income per share of $0.12 and $0.11 per share on a diluted basis. There was net income of $99,134 for the twelve months ended December 31, 2021, which translated into $2.18 per basic share and $1.93 per diluted share as compared to a loss of $56,624 or $1.31 per basic and diluted share in 2020.

Adjusted Funds Flow during the fourth quarter of 2021 were $16,562, an increase of 174% from $6,040 realized in 2020. For the twelve months ended December 31, Adjusted Funds Flow increased 243% from $13,475 in 2020 to $46,274 in 2021. Adjusted Funds Flow per basic and diluted share for the fourth quarter of 2021 was $0.35 and 0.31 respectively, while for 2020 it was $0.14 for both basic and diluted shares. For the full year, Journey realized $1.02 per basic share and $0.90 per diluted share while in 2020 it was $0.31 for both basic and diluted shares. The increase in the per share numbers in 2021 was mainly attributable to the significant increase in both crude oil and natural gas prices throughout the year.

Cash flow provided by operating activities ("Cash Flow") is the IFRS financial statement measure, which represents how much cash, was generated by Journey's business operations. Cash Flow for the fourth quarter of 2021 was $16,007 versus $4,792 during the same quarter of 2020. For the twelve month periods Cash Flow was $40,930 in 2021 as compared to $13,517 in 2020.

	Three months ended December 31,			Twelve months ended December 31,		
Per share data	**2021**	2020	% Change	**2021**	2020	% Change
Net income (loss)	**5,545**	32,343	(83)	**99,134**	(56,624)	(275)
Basic ($/share)	**0.12**	0.75	(84)	**2.18**	(1.31)	(266)
Diluted ($/share)	**0.10**	0.75	(87)	**1.93**	(1.31)	(247)
Adjusted Funds Flow	**16,562**	6,040	174	**46,274**	13,475	243
Basic ($/share)	**0.35**	0.14	150	**1.02**	0.31	229
Diluted ($/share)	**0.31**	0.14	121	**0.90**	0.31	190
Cash flow provided by operating activities	**16,007**	4,792	234	**40,930**	13,517	203
Basic ($/share)	**0.33**	0.11	200	**0.90**	0.31	190
Diluted ($/share)	**0.30**	0.11	173	**0.80**	0.31	158

CAPITAL EXPENDITURES

Journey had net capital expenditures of $3,398 during the fourth quarter of 2021 representing a 316% increase from the same quarter in 2020. Capital expenditures for the year to date in 2021 was $10,971 of which the majority was the corporate acquisition in August. This acquisition was for an aggregate amount of $6,174. The total consideration was made up of the issuance of 3.5 million Journey shares at a deemed price of $1.19/share and the payment of $2,900 of cash to the shareholders at closing. As part of the acquisition, Journey acquired $370 of cash plus $521 of other working capital.

No wells were drilled in 2020 or 2021 as Journey concentrated its financial resources on repaying $25 million of term debt maturities in 2021. Therefore, 2021 capital was devoted to minor recompletions and facility work as well as the acquisition. Net capital additions for the respective quarters is broken down as follows:

	Three months ended December 31,			Twelve months ended December 31,		
	2021	2020	% Change	**2021**	2020	% Change
Cash expenditures:						
Land and lease rentals	**311**	82	279	**616**	333	85
Geological and geophysical	**-**	-	-	**-**	4	(100)
Recompletions	**317**	-	-	**456**	-	-
Well equipment and facilities	**1,105**	172	542	**1,918**	964	99
Power generation	**-**	584	(100)	**189**	5,802	(97)
Administrative	**70**	-	-	**70**	-	-
Total capital expenditures	**1,803**	838	115	**3,249**	7,103	(54)
Corporate acquisition	**-**	-	-	**6,174**	-	-
PP&E acquisitions	**1,595**	-	-	**1,595**	-	-
PP&E dispositions	**-**	-	-	**(47)**	(37)	27
Capital expenditures (including A&D)	**3,398**	817	316	**10,971**	7,066	55

	Three months ended December 31,			Twelve months ended December 31,		
	2021	2020	% Change	**2021**	2020	% Change
Other expenditures:						
Decommissioning liability costs incurred	**1,136**	69	1,546	**5,312**	480	1,007
Total capital expenditures	**4,534**	886	412	**16,283**	7,546	116

Decommissioning costs incurred in the above table reflect both the amounts funded by the Site Rehabilitation Program and the costs incurred directly by Journey.

DECOMMISSIONING OBLIGATIONS ("DO")

The Company's decommissioning obligations result from ownership interests in petroleum and natural gas assets, which include: well sites, gathering systems, natural gas processing facilities and oil batteries. The estimated DO 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. During the third quarter of 2021, Journey initiated a comprehensive re-evaluation of its cost estimates used in determining the overall DO's. The result was a reduction to the DO by $23.0 million in the third quarter and $24.0 million for the entire year. The change resulted from evaluating new abandonment techniques as well as reviewing updated cost data, which was obtained from site inspections and reviewing comparative costs related to the significant abandonments undertaken by both Journey and the industry throughout 2020 and 2021. The undiscounted, un-escalated future DO costs at December 31, 2021 were $176,460 (December 31, 2020 - $191,909). The present value of the future liability at December 31, 2021 has been discounted using a real interest rate of minus 0.1% (December 31, 2020 – minus 0.3%), which is comprised of a risk-free discount rate of 1.7% less an assumed inflation rate of 1.8%. As at December 31, 2021, no funds have been specifically set aside to settle these obligations. The decommissioning obligations will be funded from future cash flows from operations.

Accretion charges for the three and twelve-month periods ended December 31, 2021 were $774 and $3,275 respectively while for 2020 they were $625 and $2,209 respectively. These costs have been recognized in the statements of comprehensive net income (loss) to reflect the increase in DO associated with the passage of time. Spending under Journey's abandonment and reclamation program for the three and twelve month periods ended December 31, 2021 were $1,136 and $5,312 respectively (which includes the government grant funds expended) while for 2020 they were $69 and $480 respectively.

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 cash flows 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 December 31, 2021 and at the date of this MD&A. Throughout 2020 and extending into 2021, Journey has taken advantage of the Alberta Government's Site Rehabilitation Program. This program was designed to accelerate the abandonment and reclamation of inactive oil and gas wells and facilities in Alberta. So far, to date Journey has been allocated $3.4 million under the program and the Company has expended $2.4 million of this amount doing closure work on approximately 100 well sites.

LEASE OBLIGATION LIABILITIES ("LO")

Lease obligations are discounted at the incremental borrowing rate for the corporation if the implicit interest rate in the lease is not determinable. The discounted amount is then accreted up to its future cash obligation over the life of the lease, through a charge to finance expense. At December 31, 2021, Journey's discounted lease obligations were $1,061 (December 31, 2020 - $1,271). Accretion charges of $29 and $123 for the three and twelve months ended December 31, 2021 have been recognized in the statements of comprehensive net loss to reflect the increase in the LO associated with the passage of time. For the three and twelve months ended December 31, 2020 accretion charges were $46 and $274 respectively. Expenditures for the LO for the three and twelve month periods ended December 31, 2021 were $86 and $355 respectively. For the three and twelve month periods in 2020, the expenditures were $195 and $1,428.

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 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. The improvement in commodity prices has been positive in improving the outlook for the Company's liquidity. In addition, Journey worked collaboratively throughout the year with its sole debt provider and largest single shareholder, AIMCo, to extend the maturity of the tranche of term debt that was originally due on December 31, 2020. In an amendment to the credit agreement on June 18, 2021, AIMCo extended the maturity of the $15 million term debt to December 31, 2021. With the strong appreciation in commodity prices and Journey's limited capital program, Journey repaid all of the $25.0 million of its term debt commitments due in 2021. Journey not only repaid the $10 million tranche earlier than its due date, which was October 31, it also repaid the balance of its obligation on the $15 million tranche (due December 31) on October 28.

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 this date with a 1.8 rating. The Company has applied for and has received approval for funding under a recent program announced by the Federal Government to reclaim and abandon certain properties. It is expected that this program will further improve Journey's Liability Management Rating.

Net Debt of the Corporation at December 31, 2021 was $57,021. This amount was comprised of working capital surplus of $16,465 (current assets minus current liabilities minus but excluding the components related to asset retirement obligations and lease obligation liabilities) plus the long-term portion of the principal amount of term debt of $67,580, other loans of $156, and the contingent bank debt of $5,750. Journey recently announced a flow-through share equity offering for gross proceeds (before costs) of $12,121. The offering is currently expected to close on March 18, 2022. The proceeds of the offering will be used strictly for funding Journey's drilling program in 2022. Based on Journey's currently forecasted Adjusted Funds Flow for 2022 of $83 million; plus the gross proceeds from the flow-through share offering of $12.3 million, Management expects there will be more than sufficient funds to fund both its capital program for 2022 (approximately $43 million), and also meet its term debt maturity 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 December 31, compensation for these individuals is comprised of the following:

	Three months ended December 31,			Twelve months ended December 31,		
	2021	2020	% Change	**2021**	2020	% Change
Salaries and director fees	**175**	301	(42)	**988**	1,167	(15)
Short-term employee benefits	**8**	32	(75)	**37**	82	(55)
Share based payments (i)	**145**	171	(15)	**613**	834	(26)
Total	**328**	504	(35)	**1,638**	2,083	(21)

(i) These amounts represent the amortization of share-based compensation associated with the Company's share based compensation plans.
(ii) As at December 31, 2021 there were seven (December 31, 2020 – eight) 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, is expected to have a significant impact on the Company's unaudited interim condensed consolidated financial statements.

(a) Transportation and office lease costs

The amounts in the table below are the minimum cash obligations that the Company must pay under the terms of the contracts:

	Total	**< 1 year**	**1-3 years**	**4-5 years**	**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	**5,750**	750	5,000	-	-
Natural gas transportation	**1,943**	669	958	316	-
Operating leases	**3,310**	876	1,768	666	-
Total	**91,323**	32,262	58,079	982	-

(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.

SUBSEQUENT EVENTS

On February 28, 2022 Journey entered into a bought-deal, flow-through share equity financing. Under the terms of the financing, and with the full underwriter over allotment exercised, Journey will issue 2,852 flow-through common shares at a price of $4.25 per share. The Company will use the proceeds from the Offering to incur eligible Canadian Development Expenses ("CDE") within the meaning of the Income Tax Act in an aggregate amount of not less than the gross proceeds raised from the Offering. Journey will renounce qualifying CDE to purchasers of the flow-through shares on or before December 31, 2022. Closing of the financing is anticipated to occur on March 18, 2022.

OFF BALANCE SHEET FINANCINGS

There were no off balance sheet financings during the period.

SHARE CAPITAL

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

Outstanding at period end,	**March 9, 2022**	**December 31, 2021**	December 31, 2020
Common shares	**48,060**	**48,060**	44,001
Options, warrants, restricted and performance share awards	**8,360**	**8,360**	8,607
Fully diluted shares	**56,420**	**56,420**	52,608

On August 18, 2021, 3.5 million shares were issued to the shareholders of the corporate acquisition as partial consideration for the purchase price. On November 2, 2021 535 shares were issued in settlement of the vesting of long term incentives for employees and directors. The basic and diluted weighted average shares for the respective reporting periods are as follows:

	Three months ended December 31,			Twelve months ended December 31,		
Weighted average	**2021**	2020	% Change	**2021**	2020	% Change
Basic	**47,868**	43,395	10	**45,397**	43,164	5
Diluted	**54,108**	43,395	25	**51,301**	43,164	19

SELECTED QUARTERLY INFORMATION

Below is summarized quarterly information for the previous eight quarters.

	Dec. 31, 2021	Sep. 30, 2021	June 30, 2021	Mar 31, 2021
Production (boe/d)	8,554	8,164	7,709	7,577
Average prices realized, pre-hedging ($/boe)	50.40	44.05	39.23	34.57
Petroleum and natural gas sales	39,664	33,083	27,521	23,575
Net income (loss)	5,545	92,243	(353)	1,699
Basic – per share ($/share)	0.12	2.02	(0.01)	0.04
Diluted – per share ($/share)	0.10	1.79	(0.01)	0.04
Adjusted Funds Flow	16,562	11,970	9,030	8,712
Basic – per share ($/share)	0.35	0.26	0.21	0.20
Diluted – per share ($/share)	0.31	0.23	0.19	0.18
Cash flow provided by operating activities	16,007	11,271	9,357	4,295
Total assets	357,211	331,468	262,704	258,234
Capital expenditures (net)	3,398	6,776	332	465
Long term financial liabilities	225,109	205,077	250,800	239,658
Net debt	57,021	67,857	75,670	83,729

	Dec. 31, 2020	Sep. 30, 2020	June 30, 2020	Mar. 31, 2020
Production (boe/d)	8,074	8,311	7,808	9,325
Average prices realized, pre-hedging ($/boe)	26.46	24.53	15.71	21.61
Petroleum and natural gas sales	19,651	18,759	11,166	18,336
Net earnings (loss)	32,343	(8,037)	(15,489)	(65,441)
Basic – per share ($/share)	0.75	(0.19)	(0.36)	(1.52)
Diluted – per share ($/share)	0.75	(0.19)	(0.36)	(1.52)
Adjusted Funds Flow	6,040	4,427	3,213	(205)
Basic – per share ($/share	0.14	0.10	0.07	(0.01)
Diluted – per share ($/share)	0.14	0.10	0.07	(0.01)
Cash flow from operations	4,792	4,685	2,627	1,382
Total assets	287,673	292,647	289,482	276,794
Capital expenditures (net)	817	1,933	1,040	3,276
Long term financial liabilities	265,931	208,146	242,152	211,712
Net debt	90,355	124,644	126,634	128,435

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 and the productivity of the wells.

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

- 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.
- During the fourth quarter of 2019 production volumes averaged 9,463 (51% natural gas) which was flat with the fourth quarter. Realized prices increased 4% from the fourth quarter to average $31.17/boe in the fourth quarter. This increase was led by a 107% increase in natural gas prices, 5% decline in oil prices and a 34% increase in NGL prices. Total capital spending of $10,913 was primarily devoted to drilling, completing and tieing-in 4 (4.0 net) wells in Matziwin as well as $1,313 of decommissioning costs.

CRITICAL ACCOUNTING ESTIMATES

The consolidated interim financial statements for the three and Twelve months ended December 31, 2021 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, 2020.

A summary of the significant accounting policies used by Journey can be found in Note 3 of the December 31, 2020 audited consolidated financial statements. Note 4 of the Company's audited consolidated financial statements for the year ended December 31, 2020 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, 2020, 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.

SELECTED ANNUAL INFORMATION

	2021	**2020**	2019
Petroleum and natural gas sales	123,843	67,912	109,190
Net income (loss)	99,134	(56,624)	(31,355)
Basic – per share ($/share)	2.18	(1.31)	(0.78)
Diluted – per share ($/share)	1.93	(1.31)	(0.78)
Total assets	357,211	287,673	344,990
Total non-current liabilities	225,109	265,931	212,024

Journey's P&NG sales in 2021 of $123,943, which were 82% higher than $67,912 in 2020. This increase was mainly attributable to the 72% increase in average commodity prices. Oil prices increased 86% in 2021 and given that oil accounted for 64% of corporate revenues, the price increase had a significant impact on total revenues. Journey had net earnings of $99,134 in 2021 as compared to a loss of $56,624 in 2020. The large impairment recovery of $84,957 in the third quarter of 2021 was a significant reversal of the $60,923 impairment in the first quarter of 2020. Total assets in 2021 increased mainly to the combination of the impairment reversal and the acquisition completed in August. The decrease in total non-current liabilities during 2021 was mainly attributable to the repayment of term debt as well as the reduction in overall decommissioning liabilities due to a significant revaluation of cost estimates in the third quarter of 2021.

CHANGES IN ACCOUNTING POLICIES

There were no new IFRS accounting standards adopted in 2021.

There were no new or amended accounting standards or interpretations issued during the period ended December 31, 2021 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 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 December 31, 2021:

	Total	**< 1 year**	**1-3 years**	**4-5 years**	**After**
Accounts payable and accrued liabilities	**20,441**	20,441	-	-	-
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	**5,750**	750	5,000	-	-
Natural gas transportation	**1,943**	670	958	315	-
Operating leases	**3,310**	876	1,768	666	-
Total financial liabilities	**111,764**	52,704	58,079	981	-

<u>Credit Risk</u>

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. 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.

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 1.8 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 at the interim period ending December 31, 2021, 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.

There were no changes in the Corporation’s ICFR that occurred during the period beginning on October 1, 2021 and ended on December 31, 2021 that have materially affected or are reasonably likely to materially affect, the Corporation’s ICFR.

Journey is required to comply with National Instrument 52-109 Certification of Disclosure on Issuers' Annual and Interim Filings ("NI 52-109"). NI 52-109 requires that Journey disclose in its most recent interim period any material weaknesses in Journey's internal control over financial and/or any changes in Journey's internal control over financial reporting that occurred during the period that have materially affected, or are reasonably likely to materially affect Journey's internal controls over financial reporting. Journey confirms that no material weaknesses or such changes were identified in Journey's internal controls over financial reporting during the fourth quarter of 2021

The December 31, 2021 condensed consolidated interim financial statements are available on SEDAR at www.sedar.com as well as the Company's website at www.journeyenergy.ca.