JOURNEY
ENERGY INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS – THIRD QUARTER, 2022

The following Management's Discussion and Analysis ("MD&A") was prepared on October 31, 2022 and is management's assessment of Journey Energy Inc.'s ("Journey" or the "the Company") financial and operating results for the three and nine months ended September 30, 2022 and 2021. This MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements of the Company for the three and nine months ended September 30, 2022 and 2021 along with the notes related thereto.

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

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

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

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

Although Journey believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because Journey can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, the COVID-19 pandemic and the impact on the worldwide economy, risks associated with the oil and gas industry in general (e.g., operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses, and health, safety and environmental risks), commodity price and exchange rate fluctuations and constraint in the availability of services, adverse weather or break-up conditions, and uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures. Certain of these risks are set out in more detail in this MD&A under the heading 'Risk Factors'.

Non-GAAP Measures

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

"Adjusted Funds Flow" is calculated by taking "cash flow provided by operating activities" from the financial statements and adding or deducting: changes in non-cash working capital; transaction costs; non-recurring "other" income, capitalized interest, and decommissioning costs. Adjusted Funds Flow per share is calculated as Adjusted Funds Flow divided by the weighted-average number of shares outstanding in the period. Because Adjusted Funds Flow and Adjusted Funds Flow per share are not impacted by fluctuations in non-cash working capital balances, we believe these measures are more indicative of performance than the GAAP measured "cash flow generated from operating activities". In addition, Journey excludes transaction costs from the definition of Adjusted Funds Flow, as these expenses are generally in respect of capital acquisition transactions. Journey deducts capitalized interest, as this is normally a cash related expense, but from time to time is allowed to add this to this principal outstanding instead of paying in cash. The Company considers Adjusted Funds Flow a key performance measure as it demonstrates the Company's ability to generate funds necessary to repay debt and to fund future growth through capital investment. Journey's determination of Adjusted Funds Flow may not be comparable to that reported by other companies. The reconciliation between cash from operating activities on the consolidated financial statements, and Adjusted Funds Flow can be found in the table below. Journey also presents Adjusted Funds Flow per share where per share amounts are calculated using the weighted average shares outstanding consistent with the calculation of net income (loss) per share, which per share amount is calculated under IFRS and is more fully described in the notes to the audited, year-end consolidated financial statements.

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

	Three months ended September 30,			Nine months ended September 30,		
	2022	2021	% Change	**2022**	2021	% Change
Cash flow provided by operating activities	**33,422**	11,271	197	**81,277**	24,923	226
Add (deduct):						
Changes in non-cash working capital	**(11,788)**	(481)	2,351	**(7,094)**	6,447	(210)
Capitalized interest	**-**	(87)	(100)	**-**	(2,870)	(100)
Forfeited deposit	**-**	-		**-**	(902)	(100)
Transaction costs	**79**	341	77	**223**	359	(38)
Decommissioning costs	**1,002**	926	8	**2,091**	1,755	19
Adjusted Funds Flow	**22,715**	11,970	90	**76,497**	29,712	157

"**Netbacks**" is a term used throughout these MD&A. The Company uses netbacks to help evaluate its performance, leverage, and liquidity; comparisons with peers; as well as to assess potential acquisitions. Management considers netbacks as a key performance measure as it demonstrates the Company's profitability relative to current commodity prices. Management also uses them in operational and capital allocation decisions. Journey uses three types of netbacks to assess its own performance and its performance in relation to its peers. These netbacks are operating, Adjusted Funds Flow and net income (loss). "**Operating netback**" is calculated as the average sales price of the commodities sold (excluding financial hedging gains and losses), less royalties, transportation costs and operating expenses. "**Adjusted Funds Flow netback**" begins with the operating netback and deducts general and administrative costs, interest costs and then adds or deducts any realized gains or losses on derivative contracts. To calculate the "**net income (loss) netback**", Journey takes the Adjusted Funds Flow netback and then adds or deducts: unrealized gains/losses on derivative contracts; share-based compensation expense; depletion; depreciation; accretion; loss and gains on dispositions; asset impairments and reversals; exploration and evaluation expenses; and deferred income taxes. There is no GAAP measure that is reasonably comparable to netbacks.

"**Net operating expenses**" are calculated by taking the operating expenses in the statement of profit and loss and subtracting the ancillary income related to Journey's field activities, which is reflected in the statement of profit and loss as "other income". The activities that generate this income include: processing income from jointly or wholly owned natural gas plants and oil batteries; oil treating income; transporting third party natural gas and oil through gathering and sales pipelines; and water disposal fees. Journey considers this income ancillary to its main operations as the various operations which generate this income also process Journey's production. They are not considered separate profit centers and immaterial internal resources are devoted to generating this income. Therefore, for purposes of these MD&A, Journey considers it more relevant to show this income as a cost recovery and therefore nets these amounts with field operating expenses. In addition, operating expenses related to Journey's power generation asset in Countess are subtracted from the financial statement number to get to net operating expenses that relate solely to the Company's exploration and production operations. Management believes that showing this adjusted operating expense number provides better information for to make decisions on its primary business and allows for better peer company comparisons.

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

	September 30,			**Sep. 30,**	**Dec. 31**	
	2022	2021	%	**2022**	2021	%
Principal amount of term debt	**67,580**	71,784	(6)	**67,580**	81,697	(17)
Accounts payable and accrued liabilities	**37,020**	16,765	121	**37,020**	20,441	81
Other liability - contingent bank debt[1]	**5,000**	5,750	(13)	**5,000**	5,750	(13)
Other loans	**419**	156	169	**419**	156	169
Deduct:						
Cash in bank (including restricted cash)	**(41,571)**	(7,897)	426	**(41,571)**	(15,677)	165
Accounts receivable	**(23,407)**	(14,178)	65	**(23,407)**	(20,180)	16
Prepaid expenses and deposits	**(28,260)**	(3,040)	830	**(28,260)**	(1,049)	2,594
Net debt	**16,781**	69,340	(76)	**16,781**	57,021	(71)

Note:

1. The amount payable for contingent bank debt is determined by reference to annual average MSW oil prices. The principal amount has been estimated as at September 30, 2022 based on future, MSW strip prices and has a maximum remaining obligation of $5,000 (December 31, 2021 - $5,750). The 2021 comparative amounts have been adjusted to reflect the maximum principal amount payable, which will provide a more meaningful comparison with 2022. Previously the amount used was the discounted amount as reflected in the financial statements.

Abbreviations and BOE Advisory

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

AIMCo	*Alberta Investment Management Corporation*
API	*American Petroleum Institute*
bbl	*Barrel*
bbls	*Barrels*
boe	*barrels of oil equivalent (see conversion statement below)*
boe/d	*barrels of oil equivalent per day*
gj	*Gigajoules*
GAAP	*Generally Accepted Accounting Principles*
IFRS	*International Financial Reporting Standards*
Mbbls	*thousand barrels*
Mboe	*thousand boe*
Mcf	*thousand cubic feet*
Mmcf	*million cubic feet*
Mmcf/d	*million cubic feet per day*
MSW	*Mixed sweet Alberta benchmark oil price at Edmonton Alberta*
NGL's	*natural gas liquids (ethane, propane, butane and condensate)*
WCS	*Western Canada Select benchmark oil price. This crude oil is heavy/sour with API gravity of 19-22 degrees and sulphur content of 1.8-3.2%.*
WTI	*West Texas Intermediate benchmark Oil price. This crude oil is light/sweet with API gravity of 39.6 degrees and sulfur content of 0.24%.*

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

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

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

Amounts

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

HIGHLIGHTS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2022

Financial

Journey recorded Adjusted Funds Flow of $22,715 in the third quarter of 2022. The combination of the sales volumes from the corporate acquisition completed on April 1, new drilling production additions and average, realized commodity prices of $62.06/boe all positively impacted Adjusted Funds Flow. Cash flow from operating activities was $33,422 in the third quarter of 2022. The Company built its unrestricted cash in the bank to $41,253 at September 30. Net income was $15,479 for the third quarter or $0.29 per basic share and $0.26 per diluted share. The Company exited the quarter with net debt of $16,781, which was 76% below September 30, 2021 and 71% below what was recorded at the end of 2021.

Capital spending

During the third quarter, Journey incurred $13,464 of total capital expenditures. This was comprised primarily of: drilling, completing and tieing in 4 (3.5 net) wells in Countess and Westerose. $1,228 was incurred on abandonment and reclamation work.

On October 31, 2022 Journey closed the previously announced purchase of petroleum and natural gas assets currently producing approximately 4,000 barrels of oil equivalent per day (71% oil and natural gas liquids) primarily in the Medicine Hat, Kaybob, Ferrier, and Ante Creek areas of Alberta for a purchase price of $140 million, prior to closing adjustments. The acquisition cost at closing was financed through the combination of Journey's cash on hand, a vendor-take-back loan of $45 million, and the issuance of 3.0 million Journey shares to the vendor. Alberta Investment Management Corporation, Journey's largest shareholder and debt provider, has consented to the purchase and concurrently agreed to an extension of the due date of the Company's September 30, 2022 term debt maturity by six months in order for Journey to access the full complement of our cash on hand.

Sales volumes

Sales volumes were 9,504 boe/d in the third quarter, which was an increase of 16% from the same quarter of 2021. The largest component of the increase was the corporate acquisition which added approximately 610 boe/d (52% oil and NGL's) for the period of April 1 to September 30, and also included putting 5 recently drilled wells on-production in August .

Liquidity

The third quarter generated solid cash flows from operations and allowed the Company to reduce its net debt to $16,781. In addition to the cash flows, AIMCo exercised 1,137 thousand warrants for gross proceeds of $3.6 million. Journey utilized a significant portion of its cash resources to close the 4,000 boe/d acquisition which occurred today. Aside from the cash to close, Journey will be paying for the acquisition with a combination of a $45 million vendor-take-back loan, and 3.0 million shares issued to the vendor. To assist in maintaining a reasonable level of liquidity throughout the integration of the acquisition into Journey's base operations AIMCo has agreed to deferring the $23.8 million scheduled payment on September 30, 2022 to March 31, 2023.

Outlook

Journey has built a solid and increasing asset base throughout 2022 culminating with the significant acquisition that concluded today. Journey is looking forward to 2023 and will start the year with approximately 14,000 boe/d and will have a significant drilling inventory, which has been enhanced with the acquisition. In addition, optimization projects on the acquired assets will be a focus for 2023 as these assets had very little capital expended on them over the last several years. With the assistance of rising commodity prices and prudent capital spending, Journey made significant progress in reducing its net debt throughout 2022 and preparing itself financially for this acquisition. 2023 will be a year to aggressively pay down the debt used to make the acquisition as well as pay off a significant portion of its existing term debt maturing during the year. Journey is currently projecting net debt by the end of 2023 of $20-$27 million, which translates into a very respectable 0.2 times net debt (at the high end of the range) to annualized fourth quarter 2023 adjusted funds flow ratio.

Journey will continue drilling strategic wells in 2023 while optimizing its newly acquired asset. Currently it has plans to drill 15 (12 net) wells in 2023. In addition, Journey has also budgeted $12 million for the pre-construction approvals and acquisitions related to a new power project in Gilby.

DETAILED FINANCIAL REVIEW

PRODUCTION REVENUE AND VOLUMES

Daily Sales Volumes

Total daily sales volumes increased 16% to 9,504 boe/d for the third quarter of 2022 from 8,164 boe/d in the third quarter of 2021. The largest portion of the increase was attributable to the corporate acquisition that was concluded effective April 1, 2022. Production from this acquisition averaged approximately 610 boe/d (52% natural gas) for the third quarter and impacted the nine months year-to date sales volumes in 2022 by 461 boe/d. For the nine-month periods, daily sales volumes increased 18% to 9,199 boe/d for 2022 from 7,819 boe/d in 2021. Natural gas used in power generation was 776 mcf/d and 830 mcf/d for the three and nine month periods ended September 30 respectively. The natural gas volumes supplied to the power generation asset are not included in the sales volumes in the table below.

	Three months ended September 30			Nine months ended September 30		
	2022	2021	% Change	**2022**	2021	% Change
Natural gas (Mcf/d)						
Conventional	**25,424**	21,073	21	**24,671**	19,997	23
Coal bed methane	**4,564**	4,825	(5)	**4,388**	4,973	(12)
Total natural gas volumes	**29,988**	25,898	16	**29,059**	24,970	16
Crude oil (Bbl/d)						
Light/medium	**2,908**	2,499	16	**2,769**	2,323	19
Heavy	**648**	675	(4)	**663**	693	(4)
Total crude oil volumes	**3,556**	3,174	12	**3,432**	3,016	14
Natural gas liquids (Bbl/d)	**951**	674	41	**924**	641	44
Barrels of oil equivalent (boe/d)	**9,504**	8,164	16	**9,199**	7,819	18

Volumetric Product Mix

Journey's sales volume product mix was consistent between the third quarter of 2021 as natural gas production contributed 53% (2021 – 53%) of total sales volumes; crude oil volumes were 37% (2021 – 39%) and NGL's were 10% (2021 – 8%). For the year-to-date the mix was similar to the prior year as natural gas production contributed 53% (2021 – 53%) of total sales volumes; crude oil volumes were 37% (2021 – 39%) and NGL's were 10% (2021 – 8%)

	Three months ended September 30,			Nine months ended September 30,		
% of Aggregate Production	**2022**	2021	% Change	**2022**	2021	% Change
Natural gas	**53**	53	-	**53**	53	-
Crude oil	**37**	39	(5)	**37**	39	(5)
Natural gas liquids	**10**	8	25	**10**	8	25
Total	**100**	100		**100**	100	

Average Benchmark Price Indices

	Three months ended September 30,			Nine months ended September 30,		
	2022	2021	% Change	**2022**	2021	% Change
Crude Oil						
WTI (US$/Bbl)	**91.55**	70.56	30	**98.09**	64.82	51
Canadian MSW (CDN$/Bbl)	**116.77**	84.18	39	**123.56**	66.83	68
WCS (CDN$/Bbl)	**93.53**	71.77	30	**105.55**	65.40	61
Natural Gas						
NYMEX (US $/Mmbtu)	**7.99**	4.36	83	**6.71**	3.62	85
AECO - Daily (CDN$/Mcf)	**4.45**	3.59	24	**5.49**	3.27	68
Foreign Exchange						
Canadian to US	**1.3061**	1.2601	4	**1.2830**	1.2516	3
US to Canadian	**0.7658**	0.7936	(4)	**0.7796**	0.7992	(2)

WTI oil prices increased 30% in the third quarter of 2022 to average $91.55 US/bbl as compared to $70.56 US/bbl in the third quarter of 2021. This increase was largely a recovery to pre-pandemic levels as global demand for oil continued to be strong. This coupled with the reduced worldwide spending on exploration and development over many years of low prices has led to a greatly reduced spare capacity from OPEC+. In addition the Russia-Ukraine conflict has created supply concerns throughout the world. The Canadian dollar in relation to the US dollar in the third quarter of 2022 was higher by 4% from the third quarter of 2021, which further enhanced the realized oil prices for Journey. Changes to the Canadian dollar vis a vis the US dollar are based on many factors including the strength of the Canadian economy, Canadian and US interest rates, the political environment and Canadian net exports. In addition, the WTI/MSW oil price differential improved by 45% as it averaged USD $2.09/bbl during the third quarter of 2022 as compared to USD $3.76/bbl in the third quarter of 2021. The WTI/MSW differential and foreign exchange rates resulted in the average Canadian MSW oil price increasing 39% from $84.18/bbl in the third quarter of 2021 to $116.77/bbl in the third quarter of 2022. A similar result was realized in WCS prices wherein the third quarter 2022 average price was $93.53/bbl and for the third quarter of 2021, it was $71.77/bbl. Pricing for both MSW and WCS was very strong in the third quarter and as a result, oil prices contributed significantly to Journey's 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 24% higher at $4.45/mcf in the third quarter of 2022 as compared to $3.59/mcf during the same period in 2021. The cold 2022 winter and the increased European demand for US natural gas resulting from the Russia-Ukraine conflict, has reduced the five year North American storage levels which has in turn resulted in much higher natural gas prices in Alberta. However, realized natural gas prices were weaker than expected in August and September as maintenance on the main transmission line carried on for longer than expected resulting in reduced capacity for egress.

Realized Prices

Commodity prices realized by Journey were as follows:

	Three months ended September 30,			Nine months ended September 30,		
	2022	2021	% Change	**2022**	2021	% Change
Natural gas ($/Mcf)	**5.20**	3.56	46	**5.78**	3.20	81
Crude oil ($/Bbl)	**104.96**	74.02	42	**112.56**	66.83	68
Natural gas liquids ($/Bbl)	**63.96**	48.09	33	**66.32**	41.80	59
Average ($/boe)	**62.06**	44.05	41	**66.92**	39.44	70

The 46% increase in realized natural gas prices and 42% higher crude oil prices led the 41% increase in the average corporate prices during the third quarter of 2022. Natural gas prices were higher than benchmark prices as Journey has a favourable physical hedge in place for 10,000 gj/d at a fixed price of $7.28/gj commencing in July. The physical natural gas hedge contributed $3,162 to natural gas revenues, and $1.15/mcf to the realized natural gas prices, during the third quarter of 2022.

RISK MANAGEMENT ACTIVITIES

At September 30, 2022, the Company had the following physical commodity contracts in place:

Commodity	**Contract**	**Volume**	**Reference Price**	**Strike**	**Term**
Natural gas	Fixed price	10,000 gj/d	Daily spot	$7.28/gj	July 1 to December 31, 2022
Natural gas	Fixed price	5,000 gj/d	Daily spot	$7.19/gj	October 1, 2022 to March 31, 2023
Crude Oil	Fixed price	500 bbl/d	EDM MSW CAD	$112/bbl	October 1, 2022 to March 31, 2023

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

In the third quarter of 2022, aggregate P&NG sales increased 64% to $54,265 as compared to $33,083 for the same period in 2021. The increase in sales revenue in the third quarter of 2022 was mainly the result of the 41% increase in average commodity prices over the same period of 2021, but also included a $3,162 gain on a physical natural gas hedge. The lagging effects of the pandemic caused the inordinately low commodity prices in 2021 due to the uncertainties of the worldwide economic recovery, while in 2022 prices returned and exceeded the pre-pandemic levels. Crude oil revenue made up the most significant portion of total revenues at 63% while contributing 37% to total boe production.

For the nine months ended September 30, aggregate P&NG sales increased 100% to $168,052 in 2022 from $84,179 in 2021. For the nine months ended September 30, 2022, the increase in P&NG sales was primarily the result of price increases for all commodities. The average price increase was made up of increases of 81% for natural gas, 68% for oil, and 59% for NGL's compared to the same nine-month period in 2021. Crude oil revenue made up 63% of corporate revenues for the year to date in 2022 while contributing 37% to total boe production.

	Three months ended September 30,			Nine months ended September 30,		
$	**2022**	2021	% Change	**2022**	2021	% Change
Natural gas	**11,173**	8,489	32	**42,698**	21,841	95
Crude oil	**34,337**	21,613	59	**105,469**	55,018	92
Natural gas liquids	**5,593**	2,981	88	**16,723**	7,320	128
Physical hedge – natural gas	**3,162**	-	-	**3,162**	-	-
P&NG sales	**54,265**	33,083	64	**168,052**	84,179	100

Sales - % Contribution	Three months ended September 30, 2022	2021	% Change	Nine months ended September 30, 2022	2021	% Change
Natural gas	**26**	26	-	**27**	26	4
Crude oil	**63**	65	(3)	**63**	65	(3)
Natural gas liquids	**11**	9	22	**10**	9	11
Total	**100**	100		**100**	100	

ROYALTIES

For the three months ended September 30, royalties were $11,278 in 2022 as compared to $5,446 for the same period in 2021 and representing a 107% increase. On a per boe basis, the royalty rate increased 78% to $12.90 in 2022 as compared to $7.25 from the same quarter of last year. As a percentage of revenue, the rate for the first quarter of 2022 was 20.8% or 26% higher than the 16.5% realized in 2021. With average commodity prices increasing by 41%, the royalty rate as a percentage of revenues increased accordingly as oil and natural gas reference prices were both significantly higher in 2022 as compared to 2021.

For the nine months ended September 30, royalties were $33,467 in 2022 as compared to $11,756 for the same period in 2021. On a per boe basis, the royalty rate increased 142% to $13.33 in 2022 as compared to $5.51 in 2021. As a percentage of revenue, the rate for the nine months of 2022 was 19.9% or 42% higher than the 14.0% realized in 2021.

Benchmark MSW oil prices increased 39% in the third quarter and 68% for the nine months ended September 30, 2022 as compared to 2021. Similarly, benchmark AECO natural gas prices increased by 24% for the three month period and 68% for the nine month period in 2022 as compared to 2021. These were the main reasons for the increase in both aggregate royalties and the royalty rate a percentage of revenues. Journey is anticipating a corporate royalty rate of approximately 20% for the balance of 2022 based on Management's internal forecast of commodity prices and the anticipated productivity of its wells. However, this could change significantly, as Crown royalty rates are dependent on a combination of realized commodity prices and specific well production volumes.

$	Three months ended September 30, 2022	2021	% Change	Nine months ended September 30, 2022	2021	% Change
Crown	**8,383**	3,371	149	**24,396**	6,637	268
Freehold/gross over-riding	**2,895**	2,075	40	**9,071**	5,119	77
Total royalties	**11,278**	5,446	107	**33,467**	11,756	185
Royalties (as a % of P&NG sales)	**20.8**	16.5	26	**19.9**	14.0	42

$ / boe	Three months ended September 30, 2022	2021	% Change	Nine months ended September 30, 2022	2021	% Change
Crown	**9.59**	4.49	114	**9.72**	3.11	212
Freehold/gross over-riding	**3.31**	2.76	20	**3.61**	2.40	50
Total royalties	**12.90**	7.25	78	**13.33**	5.51	142

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. The third component is miscellaneous other income, which includes SRP income and in 2021 a $902 forfeited deposit. The breakdown of processing and other income by category is as follows:

	Three months ended September 30,			Nine months ended September 30,		
	2022	2021	% Change	**2022**	2021	% Change
Processing and other cost recoveries	**949**	884	7	**2,947**	2,266	30
Electricity income before expenses	**1,826**	2,421	(25)	**3,753**	2,541	48
Other income	**577**	798	(28)	**898**	3,323	(73)
Processing and other income	**3,352**	4,103	(18)	**7,598**	8,130	(7)
Less:						
Processing and other cost recoveries[1]	**(948)**	(884)	7	**(2,946)**	(2,266)	30
Electricity related operating expenses	**(546)**	(356)	53	**(1,838)**	(1,054)	74
Adjusted processing and other income	**1,858**	2,863	(35)	**2,814**	4,810	(42)

Note:

1. Processing income and other cost recoveries are netted with operating expenses below.

OPERATING EXPENSES

Net operating expenses were $18,530 or $21.19 per boe for the third quarter of 2022 as compared to $12,825, or $17.08 per boe in 2021. For the nine months ended September 30, net operating costs were $47,358 or $18.86 per boe in 2022 as compared to $34,755 or $16.28 per boe in 2021. Higher power costs and additional costs incurred for workovers, well reactivations and third party turnarounds were the reasons for the higher costs experienced in the third quarter of 2022. Workover and turnaround projects in the third quarter of 2022 amounted to $2,524 or $2.88/boe. For the nine months year to date Journey spent $4,779 on these type of expense projects or $1.38/boe.

	Three months ended September 30,			Nine months ended September 30,		
	2022	2021	% Change	**2022**	2021	% Change
Operating expense per the financial statements	**20,024**	14,065	42	**52,142**	38,075	37
Less:						
Processing and other cost recoveries	**(948)**	(884)	(7)	**(2,946)**	(2,266)	(30)
Power generation expenses	**(546)**	(356)	53	**(1,838)**	(1,054)	74
Net operating expenses	**18,530**	12,825	44	**47,358**	34,755	36
Net expense ($ per BOE)	**21.19**	17.08	24	**18.86**	16.28	16
Net expense (% of P&NG sales)	**34.1**	38.8	(12)	**28.2**	41.3	(32)

TRANSPORTATION

Transportation expenses were $639 for the third quarter of 2022, and represented 1.2% of P&NG sales for the period as compared to $396 and 1.2% for the same quarter of 2021. The cost per boe averaged $0.73 in the third quarter, which was 38% higher than the same period in 2021. For the nine months ended September 30, transportation expenses were $1,571 for 2022 or 43% higher than $1,097 for the comparable period in 2021. On a per boe basis, costs were $0.63 for 2022 and $0.51 for 2021. Journey is currently expecting the per boe rates for the rest of 2022 to be in the $0.60 range. 12% higher crude oil sales volumes for the third quarter and 14% for the year to date were the main reason for the increase in aggregate transportation expense. Inflationary pressures in the field are causing the per boe rate to increase from 2021 levels. 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 September 30,			Nine months ended September 30,		
	2022	2021	% Change	**2022**	2021	% Change
Transportation expense	**639**	396	61	**1,571**	1,097	43
Expense ($ per boe)	**0.73**	0.53	38	**0.63**	0.51	24
Expense (% of P&NG sales)	**1.2**	1.2	-	**0.9**	1.3	(31)

GENERAL AND ADMINISTRATIVE ("G&A") EXPENSE

For the third quarter of 2022, gross G&A expense (before recoveries) was higher by 20% at $2,006 as compared to $1,667 in 2021. The increase in G&A for the year to date in 2022 was attributable to increased staff due to higher activity levels, severance pay, payment of bonuses in respect. On a gross per boe basis, Journey realized G&A of $2.29 for the third quarter of 2022, or 7% higher than the $2.14 realized in 2021.

For the nine months ended September 30, 2022 gross G&A expense was 107% higher at $9,207 as compared to $4,456 in 2021. Gross G&A per boe was $3.67 in 2022 or 76% higher than $2.08 in 2021.

	Three months ended September 30,			Nine months ended September 30,		
	2022	2021	% Change	**2022**	2021	% Change
Expense per financial statements	**1,101**	958	15	**6,681**	2,463	171
Add (Deduct):						
Overhead recoveries	**905**	709	28	**2,526**	1,993	27
Gross G&A expense	**2,006**	1,667	20	**9,207**	4,456	107
Expense ($ per boe)						
Expense per financial statements	**1.26**	1.28	(2)	**2.66**	1.15	131
Gross expense	**2.29**	2.14	7	**3.67**	2.08	76

FINANCE EXPENSE

Finance expense is comprised of interest on bank debt; amortization of financing fees; accretion of decommissioning obligations, term debt, and right-of-use assets; and miscellaneous bank charges. Finance expenses decreased 18% from the third quarter of 2021 to the third quarter of 2022 mainly due to lower interest costs on term debt as Journey repaid $25 million of term debt throughout 2021. In addition, amortization of deferred finance charges decreased significantly in the third quarter of 2022 as the largest component of the amortizations related to the AIMCo refinancing in 2020 ended in the fourth quarter of 2021. Borrowing costs for the third quarter of 2022 decreased 15% to $1,651 in 2022 from $1,934 in 2021. For the third quarter of 2022, the average interest-bearing debt was $67,580, which was 15% lower than the $79,045 for the comparable period in 2021. The average effective interest rate on outstanding borrowings was consistent at 9.7% for both 2022 and 2021. On a per boe basis, the non-accretion related finance expense was $1.87 for the third quarter of 2022 as compared to $2.57 for the same quarter in 2021, representing a 27% decrease, period over period. The lower aggregate borrowing costs were primarily the result of repayments of outstanding borrowings in 2022 as compared to 2021. The finance expense per boe rate decreased for both the three and nine month periods in 2022 mainly due to the combination of lower borrowings outstanding, lower amortization costs related to the financing from the debt restructuring in October of 2020, and higher sales volumes.

	Three months ended September 30			Nine months ended September 30		
	2022	2021	% Change	**2022**	2021	% Change
Expense per financial statements	**3,313**	4,040	(18)	**9,749**	14,426	(32)
Add (Deduct):						
Accretion expense	**(1,356)**	(1,301)	4	**(3,935)**	(3,875)	2
Other amortization costs	**(323)**	(809)	(60)	**(957)**	(4,668)	(79)
Bank fees and other charges	**17**	4	325	**42**	11	282
Expense related to borrowings	**1,651**	1,934	(15)	**4,899**	5,894	(17)
Average interest-bearing debt	**67,580**	79,045	(15)	**67,580**	83,120	(19)
Effective interest rate	**9.7**	9.7	-	**9.7**	9.5	3
Finance expense ($ per boe)						
Related to borrowings & fees	**1.87**	2.57	(27)	**1.93**	2.76	(30)
Accretion & other amortization	**1.92**	2.81	(32)	**1.95**	4.00	(51)
Total finance expense	**3.79**	5.38	(30)	**3.88**	6.76	(43)

SHARE BASED COMPENSATION

Share based compensation expense was $262 for the third quarter of 2022 as compared to $228 in 2021. For the nine months to September 30 the aggregate expense was $1,168 in 2022 as compared to $567 in 2021. The higher stock based compensation in the third quarter and the year to date in 2022 was attributable to the amortization of share based compensation expense for new long term incentives that were granted in the third quarter of 2021. 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 September 30,			Nine months ended September 30,		
	2022	2021	% Change	**2022**	2021	% Change
Expense per financial statements	**262**	228	15	**1,168**	567	106
Expense ($ per boe)	**0.30**	0.30	-	**0.47**	0.27	74

DEPLETION AND DEPRECIATION (“D&D”)

Aggregate D&D increased to $5,019 in the third quarter of 2022 from $4,108 in the third quarter of 2021. The increase in the aggregate D&D expense was primarily the result of the 16% increase in sales volumes in the third quarter of 2022. In addition the larger depletable base from the acquisition that closed in April contributed to the increase. On a per boe basis, D&D was $5.74 for the third quarter of 2022 as compared to $5.47 in the third quarter of 2021, representing a 5% increase. For the nine months ending September 30, aggregate D&D increased by 12% from $14,343 in 2021 to $16,090 in 2022. On a per boe basis D&D was $6.41 in 2022, representing a 5% decrease from $6.72 in 2021. Impacting the D&D expense for both the three and nine month periods in 2022 was the $84,957 in impairment reversals in the third quarter of 2021, which increased the depletable base rolling forward into 2022.

	Three months ended September 30,			Nine months ended September 30,		
	2022	2021	% Change	**2022**	2021	% Change
Depletion and depreciation ($)	**5,019**	4,108	22	**16,090**	14,343	12
Expense ($ per boe)	**5.74**	5.47	5	**6.41**	6.72	(5)

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 three months ended September 30, 2022 Journey incurred an expense of $423, as compared to the $318 expensed in 2021. For the nine months ended September 30, 2022, the expense was $1,925 as compared to $591 in 2021.

	Three months ended September 30,			Nine months ended September 30,		
	2022	2021	% Change	**2022**	2021	% Change
E&E expense	**423**	318	33	**1,925**	591	226
$ per boe	**0.48**	0.42	14	**0.77**	0.28	175

DEFERRED INCOME TAXES

For the three month periods ended September 30, 2022 and 2021 there was no deferred tax expense as Journey was still in a full valuation allowance with respect to its excess tax pools. For the nine month period ended September 30, 2022, there was a $4,811 deferred income tax recovery, which resulted from recognizing a deferred tax liability on the corporate acquisition in the second quarter and then immediately offsetting this amount with Journey's deferred tax asset. Attributable to the valuation allowance related to its excess tax pools over the carrying values of the PP&E assets, no deferred tax asset has been recorded in either 2021 or 2022. The valuation allowance will be comprehensively re-evaluated for the fourth quarter results taking into account the new independent reserve report for both Journey's assets and the acquisition that closed today.

	Three months ended September 30,			Nine months ended September 30,		
	2022	2021	% Change	**2022**	2021	% Change
Deferred tax recovery	**-**	-	-	**(4,811)**	-	100
Deferred tax expense ($ per boe)	**-**	-	-	**(1.92)**	-	100

Journey has available $602,111 in deductible income tax pools for future utilization. Given Journey's significant tax pools, projected cash flows and its capital spending profile the Company does not expect to be cash taxable for at least the next five years. The income tax pool balances, by category, at September 30, 2022, before any changes to the valuation allowance of deferred tax assets, were as follows:

Tax Pool	**Deductible rate**	**Amount**
Canadian oil & gas property expenses	10% declining balance	100,825
Canadian development expenses	30% declining balance	80,581
Canadian exploration expenses	100%	22,926
Undepreciated capital costs	7-100% declining balance	57,078
Financing costs	5 year straight line	3,494
Non-capital losses	100%	337,207
Total		602,111

On March 18, 2022 the Company issued 2,852 thousand flow-through shares for gross proceeds of $12,121. Under the terms of the flow-through share subscription agreements, the Company is obligated to renounce qualifying income tax expenditures to the subscribers for the gross amount of the proceeds before the end of 2022. Qualifying expenditures are defined as eligible Canadian Development Expenses under the Income Tax Act.

NETBACKS

The operating netback of $27.24 per boe for the third quarter of 2022 increased by 42% from $19.19 for the same period in 2021. For the nine months ended September 30, the operating netback was $34.10 per boe for 2022, which was a 99% increase from $17.14 per boe in 2021. The increase in the operating netback for the third quarter was mainly due to the 41% increase in average commodity prices. Commensurate with the increase in sales prices, there was a 78% increase in royalty expense on a per boe basis in the third quarter and 142% increase for the year to date. Operating expenses increased by 24% to $21.19 per boe in the third quarter and 16% to $18.86 per boe for the year to date results in 2022. This compares to $17.08 per boe and $16.28/boe for the same comparative periods in 2021, respectively.

The Adjusted Funds Flow netback per boe for the third quarter of 2022 was $25.98 per boe, which was 36% higher than the $19.15 per boe in the same quarter of 2021. 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. The G&A rate per boe rate was relatively flat as it declined to $1.26 per boe in the third quarter of 2022 from $1.28 per boe in the same quarter of 2021. Interest costs for borrowings decreased to $1.87 per boe in the third quarter of 2022 from $2.57 per boe in the third quarter of 2021 as the repayment of term debt in 2021 was the primary driver behind the decrease. For the nine month periods, the Adjusted Funds Flow netback increased 97% from $15.48 per boe in 2021 to $30.46 in 2022. The increase in the year-to-date netback was driven primarily by an 18% increase in sales volumes as well as a 70% increase in realized sales prices.

After taking into account the non-cash items, there was a net income netback of $17.71 per boe for the third quarter of 2022 as compared to $122.81 per boe in 2021. While the net income netback decreased by 86% period to period, the net income in the third quarter of 2021 was largely attributable to the non-recurring PP&E impairment recovery of $84,957 or $113.11 per boe. For the nine months ended September 30, 2022 the net income netback was $22.86 per boe as compared to net income of $43.84 in the same period of 2021.

	Three months ended September 30,			Nine months ended September 30,		
($ per boe)	**2022**	2021	% Change	**2022**	2021	% Change
Realized price	**62.06**	44.05	41	**66.92**	39.44	70
Royalties	**(12.90)**	(7.25)	78	**(13.33)**	(5.51)	142
Operating expenses	**(21.19)**	(17.08)	24	**(18.86)**	(16.28)	16
Transportation expenses	**(0.73)**	(0.53)	38	**(0.63)**	(0.51)	24
Operating	**27.24**	19.19	42	**34.10**	17.14	99
General and administrative	**(1.26)**	(1.28)	(2)	**(2.66)**	(1.15)	131
Finance expense - interest	**(1.87)**	(2.57)	(27)	**(1.93)**	(2.76)	(30)
Other income	**1.87**	3.81	(51)	**0.95**	2.25	(58)
Adjusted Funds Flow	**25.98**	19.15	36	**30.46**	15.48	97
Other income	**0.26**	-	-	**0.17**	-	-
Share based compensation	**(0.30)**	(0.30)	-	**(0.47)**	(0.27)	74
Depletion and depreciation	**(5.74)**	(5.47)	5	**(6.41)**	(6.72)	(5)
PP&E impairment reversal	**-**	113.11	(100)	**-**	39.80	(100)
Finance expense - accretion	**(1.92)**	(2.81)	(32)	**(1.95)**	(4.00)	(51)
Exploration & evaluation	**(0.48)**	(0.42)	14	**(0.77)**	(0.28)	175
Deferred tax recovery	**-**	-	-	**1.92**	-	-
Transaction costs	**(0.09)**	(0.45)	(80)	**(0.09)**	(0.17)	(47)
Net income	**17.71**	122.81	(86)	**22.86**	43.84	(48)

NET INCOME AND COMPREHENSIVE INCOME, ADJUSTED FUNDS FLOW AND CASH FLOW FROM OPERATING ACTIVITIES

There was net income for the three months ended September 30, 2022 of $15,479 as compared to net income of $92,243 in 2021. During the third quarter of 2022, Journey realized net income per share of $0.29 per basic share and $0.26 per diluted share. There was net income of $57,445 for the nine months ended September 30, 2022, which translated into $1.12 per basic share and $0.99 per diluted share as compared to net income of $2.10 or $1.89 per basic and diluted share in 2021. The single largest factor influencing the decrease in net income in 2022 was the recognition of a non-recurring adjustment in the third quarter of 2021 for a PP&E impairment recovery of $84,957.

Adjusted Funds Flow during the third quarter of 2022 was $22,716, an increase of 90% from $11,970 realized in 2021. For the nine months ended September 30, Adjusted Funds Flow increased 157% from $29,712 in 2021 to $76,498 in 2022. The increase was largely attributable to the significant increase in both crude oil and natural gas prices. Adjusted Funds Flow per share was $1.49 per basic share and $1.32 per diluted share in 2022 as compared to $0.67 basic and $0.60 per diluted share in 2021.

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 third quarter of 2022 was $33,422 versus $11,271 during the same quarter of 2021. For the nine months year to date Cash Flow was $81,277 in 2022 as compared to $24,923 in 2021.

	Three months ended September 30,			Nine months ended September 30,		
Per share data	**2022**	2021	% Change	**2022**	2021	% Change
Net income and comprehensive income	**15,479**	92,243	(83)	**57,445**	93,589	(39)
Basic ($/share)	**0.29**	2.02	(85)	**1.12**	2.10	(47)
Diluted ($/share)	**0.26**	1.79	(85)	**0.99**	1.89	(48)
Adjusted Funds Flow	**22,715**	11,970	90	**76,497**	29,712	157
Basic ($/share)	**0.43**	0.26	65	**1.49**	0.67	122
Diluted ($/share)	**0.38**	0.23	65	**1.32**	0.60	120
Cash flow provided by operating activities	**33,422**	11,271	197	**81,277**	24,923	226
Basic ($/share)	**0.63**	0.25	152	**1.58**	0.56	182
Diluted ($/share)	**0.56**	0.22	155	**1.40**	0.50	180

CAPITAL EXPENDITURES

For the third quarter of 2022, Journey spent $13,690 in total capital expenditures. The majority of this total was for the drilling of 4 (3.5 net) wells in the Westerose and Countess areas. Capital additions for the respective periods are broken down as follows:

	Three months ended September 30,			Nine months ended September 30,		
	2022	2021	% Change	**2022**	2021	% Change
Cash expenditures:						
Land and lease rentals	**240**	83	190	**806**	305	164
Geological and geophysical	**16**	-	-	**63**	-	-
Drilling and completions	**9,365**	147	6,271	**25,788**	139	18,452
Well equipment and facilities	**2,187**	412	431	**6,272**	813	671
Power generation	**350**	-	-	**2,678**	189	1,317
Total capital expenditures	**12,158**	642	1,794	**35,607**	1,446	2,362
Corporate acquisition (cash plus equity)	**-**	2,530	-	**18,920**	2,530	6,478
PP&E acquisitions	**2,945**	-	-	**7,897**	-	-
PP&E dispositions	**(2,641)**	-	-	**(3,000)**	(47)	6,283
Net capital expenditures	**12,462**	3,132	298	**59,424**	3,929	1,412
Other expenditures:						
ARO costs incurred (including SRP)	**1,228**	3,347	(73)	**2,526**	4,176	(40)
Total capital expenditures	**13,690**	6,479	111	**61,950**	8,105	664

Journey drilled 4 (3.5 net) wells in the third quarter of 2022. 3 (3.0) wells were in Westerose and 1 (0.5 net) was in Countess. For the entire year to date the Company has drilled 9 (8.5 net) wells. All wells drilled during 2022 are on-production as of the end of the quarter except the Westerose well which is still being tested and completed.

	Three months ended September 30,				Nine months ended September 30,			
	2022		2021		**2022**		2021	
Wells drilled	**Gross**	**Net**	Gross	Net	**Gross**	**Net**	Gross	Net
Oil	**3**	**2.5**	-	-	**8**	**7.5**	-	-
Gas	**1**	**1.0**	-	-	**1**	**1.0**	-	-
Total	**4**	**3.5**	-	-	**9**	**8.5**	-	-
Success rate (%)	**100**	**100**	-	-	**100**	**100**	-	-

DECOMMISSIONING LIABILITIES (“DL”)

At September 30, 2022, Journey has recorded a DL of $136,445 ($182,955 at December 31, 2021) for the future abandonment and reclamation of the Company’s net ownership interests in its assets. The estimated DL includes numerous assumptions in respect of: the actual costs to abandon wells, pipelines and facilities; and reclaim the surface access; the time frame in which such costs will be incurred; and annual inflation factors in order to calculate the undiscounted total future liability. The present value of the future liability at September 30, 2022 has been discounted using a real rate of 1.4% (December 31, 2021 – minus 0.1%), which is comprised of a risk-free discount rate of 3.0% less an assumed inflation rate of 1.7% (December 31, 2021 – risk-free rate of 2.4% less estimated inflation rate of 1.9%). The Company estimates the total undiscounted, un-escalated amount of cash flows required to settle its decommissioning obligations at September 30, 2022 to be $191,656 (December 31, 2021 - $176,460) the majority of which, will be incurred at various times between 2023 and 2058.

Accretion charges of $1,044 for the three months ended September 30, 2022 (September 30, 2021 - $788), and $3,007 (September 30, 2021 - $2,501) for the three and nine month periods respectively, have been recognized in the statements of comprehensive net income to reflect the increase in DL associated with the passage of time. Spending (including SRP grants) under Journey’s abandonment and reclamation program for the three and nine month periods ended September 30, 2022 was $1,228 and $2,526 respectively (September 30, 2021 - $3,347 and $4,176 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 Adjusted Funds Flow from operating activities. Journey's Liability Management Rating is within the Alberta Energy Regulator's requirements, such that no deposits are required or expected to be required at September 30, 2022 and at the date of this MD&A. Journey has applied for and has been approved for DL funding under the Alberta Government's Site Rehabilitation Program ("SRP"). This program was designed to accelerate the abandonment and reclamation of oil and gas wells and facilities in Alberta. So far to date Journey has been allocated $3.7 million under the program and we have used $1.1 million of this amount doing closure work on approximately 100 well sites. Journey earned $435 of SRP funding so far in 2022.

LEASE OBLIGATION LIABILITIES ("LO")

At September 30, 2022, Journey's discounted lease obligations were $1,757 (December 31, 2021 - $1,061). The increase of $854 from the end of 2021 was attributable to a new head office lease arrangement entered into on September 1, 2022. The discounted lease obligations are accreted up to their eventual future cash obligation through a charge to finance expense. Accretion charges of $34 and $89 for the three and nine months ended September 30, 2022 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 nine months ended September 30, 2021 accretion charges were $30 and $94 respectively. Expenditures for the LO for the three and nine month periods ended September 30, 2022 were $84 and $247 respectively. For the three and nine month periods in 2021, the expenditures were $89 and $269.

LIQUIDITY AND CAPITAL RESOURCES

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

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

Net Debt of the Corporation at September 30, 2022 was $16,781. This was 71% lower than at December 31, 2021 and 76% lower than at September 30, 2021. The Company's capital spending has been below its cash flow from operations and coupling this with the net proceeds of the flow through share equity issuance in March, and the exercise of warrants in September for proceeds of $3,582, Journey has a strong unrestricted cash position of $41,253. On March 18, 2022 Journey completed a flow-through share equity offering for gross proceeds (before costs) of $12,121. The proceeds of the offering will be used for funding Journey's drilling program in 2022. Effective April 1, 2022 Journey closed the previously announced acquisition of a private company which was paid for with $8.0 million of cash and the issuance of 1.75 million common shares.

Under the AIMCo credit facility, the Company is required to maintain a Liability Management Rating ("LMR") greater than 1.5. The Company was in compliance with this requirement as at September 30, 2022 and remains in compliance as of the date of these MD&A with a 1.81 rating. The Company has applied for and has received approval for funding under the Alberta Site Rehabilitation Program to reclaim and abandon certain properties. It is expected that the utilization of this program in addition to Journey's additional ARO spending will further improve Journey's Liability Management Rating.

On October 31, 2022 Journey closed the previously announced acquisition for the purchase of petroleum and natural gas assets currently producing approximately 4,000 barrels of oil equivalent per day for a total purchase price of $140 million, prior to closing adjustments. The net acquisition cost was financed through a $45 million vendor-take-back loan; the issuance of 3 million Journey shares at a deemed price of $4.72/share to the vendor; and the balance owing at closing of $25.0 million was from available cash in the bank. In conjunction with the acquisition, Journey's term debt holder, AIMCo, agreed to extend the maturity of the $23.8 million of term debt to March 31, 2023. This tranche was originally set to mature at September 30, 2022.

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 September 30, compensation for these individuals is comprised of the following:

	Three months ended September 30,			Nine months ended September 30,		
	2022	2021	% Change	**2022**	2021	% Change
Salaries and director fees[1]	**405**	212	91	**1,140**	813	40
Short-term employee benefits	**36**	3	1,100	**84**	29	190
Share based payments[2]	**132**	266	50	**440**	468	(6)
Total	**573**	481	19	**1,664**	1,310	27

Notes:

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

In the nine months year to date (second quarter) of 2022, $18 was billed to a company whose president is related to the president of Journey for a cost sharing arrangement on an emissions reduction project.

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.

SUBSEQUENT EVENT

On October 31, 2022 Journey closed the previously announced acquisition for the purchase of petroleum and natural gas assets currently producing approximately 4,300 barrels of oil equivalent per day (72% oil and natural gas liquids) primarily in the Medicine Hat, Kaybob, Ferrier, and Ante Creek areas of Alberta for a total purchase price of $140 million, prior to closing adjustments. The net acquisition cost was financed through a $45 million vendor-take-back loan; the issuance of 3 million Journey shares at a deemed price of $4.72/share to the vendor; and the balance owing at closing was from available cash in the bank. In conjunction with the acquisition, Journey's term debt holder, AIMCo, has agreed to extend the maturity of the $23.8 million of term debt to March 31, 2023. This tranche was originally set to mature at September 30, 2022. Also, as consideration for consenting to the acquisition, the future payments of $5,000 for the contingent bank debt will all become due on January 31, 2023. Previously $2,250 was due on January 31, 2023 and $2,750 was due on January 31, 2024.

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

	Total	< 1 year	1-3 years	4-5 years
Term debt – principal	**67,580**	23,817	43,763	-
Other loans	**419**	-	419	-
Interest on term debt	**10,442**	3,825	6,617	-
Contingent bank payments - maximum	**5,000**	5,000	-	-
Natural gas transportation	**2,261**	788	1,155	318
Operating leases	**5,106**	1,016	2,675	1,415
Total	**90,808**	34,446	54,629	1,733

(b) Indemnifications

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

OFF BALANCE SHEET FINANCINGS

There were no off balance sheet financings during the period.

SHARE CAPITAL

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

	Oct. 31, 2022	**Sep. 30, 2022**	Sep. 30, 2021
Common shares	**57,882**	**52,722**	47,525
Options, warrants, share awards	**7,186**	**7,186**	9,402
Fully diluted shares	**65,068**	**59,908**	56,927

The weighted average shares outstanding at the respective periods are:

	Three months ended September 30,			Nine months ended September 30,		
	2022	2021	% Change	**2022**	2021	% Change
Basic	**52,735**	45,661	15	**51,317**	44,552	15
Diluted	**59,563**	51,459	16	**58,064**	49,639	17

On March 18, 2022 Journey issued 2,852 thousand flow-through shares as part of a prospectus offering. On September 29, 2022 AIMCo exercised 1,137 thousand warrants at their strike price of $3.15 per warrant for proceeds of $3,583.

SELECTED QUARTERLY INFORMATION

Below is summarized quarterly information for the previous eight quarters.

	Sep. 30, 2022	June 30, 2022	Mar 31, 2022	Dec 31, 2021
Production (boe/d)	9,504	9,590	8,492	8,554
Average prices realized, pre-hedging ($/boe)	62.06	77.84	60.00	50.40
Petroleum and natural gas sales	54,265	67,929	45,858	39,664
Net income (loss)	15,479	28,197	13,769	5,545
Basic – per share ($/share)	0.29	0.54	0.28	0.12
Diluted – per share ($/share)	0.26	0.47	0.25	0.10
Adjusted Funds Flow	22,715	33,381	20,401	16,562
Basic – per share ($/share)	0.43	0.63	0.42	0.35
Diluted – per share ($/share)	0.38	0.56	0.36	0.31
Cash flow provided by operating activities	33,422	26,044	21,811	16,007
Total assets	413,626	389,186	361,683	357,211
Net capital expenditures	12,236	34,801	12,162	3,398
Long term financial liabilities	175,364	182,000	198,089	225,109
Net debt	16,781	29,676	38,481	57,021

	Sep. 30, 2021	June 30, 2021	Mar. 31, 2021	Dec. 31, 2019
Production (boe/d)	8,164	7,709	7,577	8,074
Average prices realized, pre-hedging ($/boe)	44.05	39.23	34.57	26.46
Petroleum and natural gas sales	33,083	27,521	23,575	19,651
Net income (loss)	92,243	(353)	1,699	32,343
Basic – per share ($/share)	2.02	(0.01)	0.04	0.75
Diluted – per share ($/share)	1.79	(0.01)	0.04	0.75
Adjusted Funds Flow	11,970	9,030	8,712	6,040
Basic – per share ($/share	0.26	0.21	0.20	0.14
Diluted – per share ($/share)	0.23	0.19	0.18	0.14
Cash flow from operations	11,271	9,357	4,295	4,792
Total assets	331,468	262,704	258,234	287,673
Net capital expenditures	6,776	332	465	817
Long term financial liabilities	205,077	250,800	239,658	265,931
Net debt	67,857	75,670	83,729	90,355

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

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

- Commodity prices continued to be solid in the third quarter at $62.06/boe, but generally were lower than the $77.84/boe realized in the second quarter. Realized oil prices decreased 17% from the previous quarter while natural gas prices decreased by 44%. Sales volumes were fairly flat during the third quarter at 9,504 boe/d as compared to 9,590 boe/d in the second quarter. Journey generated quarterly adjusted funds flow of $22,715 or $0.43 per basic weighted average share. Journey's power project continued to perform well and generated 7,610 MW of electricity at an average price of $232.24/MW (including Option M credits). Net debt at the end of the quarter was $16,781, which was 43% below the June 30, 2022 amount of $29,676. The Company was positioning itself throughout the quarter financially to complete the acquisition that closed on October 31, 2022.

- Commodity prices continued to be strong in the second quarter with Journey realizing an average of $77.84/boe. Realized oil prices increased 21% from the previous quarter while natural gas prices increased by 54%. Sales volumes were higher by 13% from the first quarter at 9,590 boe/d as compared to 8,492 boe/d in the previous quarter. Journey completed the corporate acquisition of a private company on April 1, 2022 which added approximately 770 boe/d (51% natural gas) for the quarter. Journey generated record quarterly adjusted funds flow of $33,381 or $0.63 per basic weighted average share. Journey also acquired a 43.75% working interest in a gas plant and a 50% ownership in a gathering system that it already had ownership in further buttressing and diversifying its cash flows. Journey's power project continued to perform well and generated 7,807 MW of electricity at an average price of $137/MW. Net debt at the end of the quarter was $29,676, which was 23% below the March 31, 2022 amount of $38,481.
- The first quarter of 2022 showed continued improvement in all commodity prices with Journey realizing an average of $60.00/boe. Realized oil prices increased 30% from the previous quarter while natural gas prices increased by 2%. Sales volumes were relatively flat from the further quarter of 2021 at 8,492 boe/d as compared to 8,554 boe/d in the previous quarter. Even with inflationary pressures on all operating costs Journey was able to generate net income of $13,769 and $20,401 in Adjusted Funds Flow. Journey returned to drilling its first wells in over two years and spent $12,162 in net capital during the first quarter. Journey's power project continued to perform well and generated 7,550 MW of electricity at an average price of $112/MW. Journey raised $12.1 million in a flow-through share offering that closed on March 18. The proceeds from the offering will be used to help fund the Company's 2022 drilling program. Net debt at the end of the quarter was $38,481, which was 33% below the December 31, 2021 amount.
- The fourth quarter of 2021 continued with strength in commodity prices. Journey realized an average of $50.40/boe, a 14% improvement over the third quarter. Realized natural gas prices increased 30% from the previous quarter while realized crude oil prices increased 9%. PN&G sales volumes of 8,554 boe/d were 5% higher than the third quarter (53% natural gas). The increase was mainly attributable to there being a full quarter of production realized from the corporate acquisition on August 18 of approximately 600 boe/d (68% natural gas). Increased operating expenses from inflationary pressures and workover expenses, plus the increased royalties resulting from higher prices, offset some of the gains in commodity prices during the quarter. Journey generated strong Adjusted Funds Flow of $16,562 in the quarter or $0.36 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.

CRITICAL ACCOUNTING ESTIMATES

The consolidated interim financial statements for the three and nine months ended September 30, 2022 have been prepared using the same accounting policies and methods as those used in the Company's audited consolidated financial statements for the year ended December 31, 2021.

A summary of the significant accounting policies used by Journey can be found in Note 3 of the December 31, 2021 audited consolidated financial statements. Note 4 of the Company's audited consolidated financial statements for the year ended December 31, 2021 discloses the areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Company's financial statements. The December 31, 2021, audited consolidated financial statements are available on SEDAR at www.sedar.com.

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

CHANGES IN ACCOUNTING POLICIES

There were no new IFRS accounting standards adopted in 2022.

There were no new or amended accounting standards or interpretations issued during the period ended September 30, 2022 that will materially affect the Company's future reporting periods.

RISK FACTORS AND RISK MANAGEMENT

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

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

The risk associated with using these derivative contracts include: commodity prices moving materially in favor of the counter-party and the credit risk associated with the collection of settlements from price movements in Journey's favor. Journey mitigates these risks by dealing with its lending banks as the primary counterparties.

<u>Foreign Exchange Risk</u>
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.

<u>Liquidity Risk</u>
Liquidity risk is impacted by many things both internal and external to Canada. Currently, the world is battling inflationary forces that requires governments to take fiscal action that can be detrimental to economies. In addition, the Ukraine-Russia war is impacting energy prices worldwide. The current challenging economic climate has had, and may continue to have significant adverse impacts on the Corporation including:

- material declines in revenue and cash flows a result of the collapse in commodity prices and reductions in production levels;
- reduced capital programs which could have further negative effects on production levels;

- declines in commodity prices, revenue and cash flows have resulted in material impairments and could result in further impairment charges;
- inability to comply with debt covenants and restrictions in lending agreements;
- increased risk of non-payment of accounts receivable and customer defaults.

Estimates and judgements made by management in the preparation of these financial statements are increasingly difficult and subject to a high degree of measurement uncertainty during this volatile period.

Journey maintains short-term and long-term cash forecasting based on estimated production levels and estimated pricing in order to proactively enact changes to its capital spending to maintain a reasonable working capital balance. The projected balance of cash reserves (existing and forecasted) for Journey is assessed by Management to be sufficient to ensure obligations will be met as they come due.

The following table details Journey's financial liabilities as at September 30, 2022:

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

Credit Risk

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

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

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

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

Credit Facility Risk

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 residual impact of the pandemic, the Ukraine-Russia war, and the resulting volatility surrounding commodity prices, that Journey may not be able to make its scheduled principal and interest payments on its term debt. While AIMCo, as the largest shareholder of Journey, has been supportive of Journey, there is no assurance that they will not enforce their security should the payments not be made.

Access to Capital Markets

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

- Internally generated 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 CEO and CFO are responsible for establishing and maintaining internal control over financial; reporting ("ICFR"). They have as at the interim period ending September 30, 2022, designed ICFR, or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The control framework used to design the Corporations ICFR is the Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations.

Journey is required to comply with National Instrument 52-109 Certification of Disclosure on Issuers' Annual and Interim Filings ("NI 52-109"). NI 52-109 requires that Journey disclose in its most recent interim period any material weaknesses in Journey's internal control over financial and/or any changes in Journey's internal control over financial reporting that occurred during the period that have materially affected, or are reasonably likely to materially affect Journey's internal controls over financial reporting. Journey confirms that no material weaknesses or such changes were identified in Journey's internal controls over financial reporting during the third quarter of 2022.

The September 30, 2022 condensed consolidated interim financial statements are available on SEDAR at www.sedar.com as well as the Company's website at www.journeyenergy.ca.