



MANAGEMENT'S DISCUSSION AND ANALYSIS – 2022

The following Management's Discussion and Analysis ("MD&A") was prepared on March 8, 2023 and is management's assessment of Journey Energy Inc.'s ("Journey" or the "the Company") financial and operating results for the three and Twelve months ended December 31, 2022 and 2021. This MD&A should be read in conjunction with the audited consolidated financial statements of the Company for the year ended December 31, 2022 and 2021 along with the notes related thereto.

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

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

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

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

Although Journey believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because Journey can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks

and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, the COVID-19 pandemic and the impact on the worldwide economy, risks associated with the oil and gas industry in general (e.g., operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses, and health, safety and environmental risks), commodity price and exchange rate fluctuations and constraint in the availability of services, adverse weather or break-up conditions, and uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures. Certain of these risks are set out in more detail in this MD&A under the heading 'Risk Factors'.

Non-GAAP Measures

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

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

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

	Three months ended December 31,			Twelve months ended December 31,		
	2022	2021	% Change	2022	2021	% Change
Cash flow provided by operating activities	25,346	16,007	58	106,623	40,930	161
Add (deduct):						
Changes in non-cash working capital	(3,427)	51	14,602	(10,521)	6,498	(162)
Capitalized interest	-	(46)	(100)	-	(2,916)	(100)
Non-recurring other income ¹	-	-	-	-	(902)	(100)
Transaction costs	1,266	(128)	(1,089)	1,489	231	545
Decommissioning costs	1,705	678	151	3,796	2,433	56
Adjusted Funds Flow	24,890	16,562	50	101,387	46,274	119

1. Non-recurring other income is comprised of a forfeited deposit related to a disposition that did not proceed.

“**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:

	Dec. 31 2022	Dec 31, 2021	%
			Change
Principal amount of term debt	67,580	67,580	-
Principal amount of vendor-take-back debt	43,000	-	-
Accounts payable and accrued liabilities	45,496	20,441	123
Other liability – principal amount ¹	5,000	5,750	(13)
Other loans	419	156	169
Deduct:			
Cash in bank	(31,400)	(15,677)	100
Accounts receivable	(29,677)	(20,180)	47
Prepaid expenses	(1,650)	(1,049)	57
Net debt	98,768	57,021	73

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 December 31, 2022 based on future, MSW strip prices and has a maximum remaining obligation of \$5,000 (December 31, 2021 - \$5,750). The 2021 comparative amounts have been adjusted to reflect the maximum principal amount payable, which will provide a more meaningful comparison with 2022. Previously the amount used was the discounted amount as reflected in the financial statements.

Abbreviations and BOE Advisory

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

<i>AIMCo</i>	<i>Alberta Investment Management Corporation</i>
<i>bbl</i>	<i>barrel</i>
<i>bbls</i>	<i>barrels</i>
<i>boe</i>	<i>barrels of oil equivalent (see conversion statement below)</i>
<i>boe/d</i>	<i>barrels of oil equivalent per day</i>
<i>gj</i>	<i>gigajoules</i>
<i>GAAP</i>	<i>Generally Accepted Accounting Principles</i>
<i>IFRS</i>	<i>International Financial Reporting Standards</i>
<i>Mbbls</i>	<i>thousand barrels</i>
<i>MMBtu</i>	<i>million British thermal units</i>
<i>Mboe</i>	<i>thousand boe</i>
<i>Mcf</i>	<i>thousand cubic feet</i>
<i>Mmcf</i>	<i>million cubic feet</i>
<i>Mmcf/d</i>	<i>million cubic feet per day</i>
<i>MSW</i>	<i>Mixed sweet Alberta benchmark oil price at Edmonton Alberta</i>
<i>NGL's</i>	<i>natural gas liquids (ethane, propane, butane and condensate)</i>
<i>VTB</i>	<i>Vendor-take-back term debt issued by Journey to Enerplus Corporation as partial payment of the purchase price for the acquisition on October 31, 2022</i>
<i>WCS</i>	<i>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%.</i>
<i>WTI</i>	<i>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%.</i>

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

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

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

Amounts

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

HIGHLIGHTS FROM THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2022

Financial

Journey recorded Adjusted Funds Flow of \$24,890 in the fourth quarter of 2022 as compared to \$16,562 in the fourth quarter of 2021. The combination of a 56% increase in average realized commodity prices; the corporate acquisition of approximately 600 boe/d in April and the larger asset acquisition of 4,000 boe/d (73% liquids) in October were the main drivers behind the increase in Adjusted Funds Flow. Cash flow from operating activities was \$25,346 in the fourth quarter of 2022 as compared to \$16,007 in the fourth quarter of 2021. The Company exited the fourth quarter of 2022 with net debt of \$98,768, which was 73% higher than the \$57,021 at December 31, 2021. The increase in net debt was mainly due to the vendor-take-back debt incurred on October 31 as part of the funding of the significant asset acquisition.

Capital spending

During the fourth quarter, Journey spent \$112,410 on its significant acquisition; \$5,472 in drilling and completing 4 (2.1 net) wells; and \$3,380 on facilities additions. In addition, \$2,509 was spent on decommissioning costs during the fourth quarter.

Sales volumes

Sales volumes increased 34% in the fourth quarter of 2022 to average 11,496 boe/d versus 8,554 boe/d in the fourth quarter of 2021. The increase in fourth quarter sales volumes from 2021 to 2022 was mainly the result of the corporate acquisition of approximately 600 boe/d in April and the asset acquisition in October for 4,000 boe/d.

Liquidity

Increased prices for natural gas, crude oil, NGL's and electricity in 2022 provided increased working capital that provided the funds which allowed Journey to complete its April and October acquisitions. In addition to the higher cash flows realized during 2022, Journey executed two flow-through share offerings in March and October that yielded net proceeds of \$14.6 million. In addition, AIMCo exercised 1,137 thousand warrants for gross proceeds of \$3.6 million, which further enhanced Journey's working capital. Journey utilized a significant portion of its cash resources to close the two acquisitions in April and October. For the October acquisition, Journey paid a portion of the acquisition with a \$45 million vendor-take-back loan, and issued 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.

Journey exited 2022 with \$31,400 in cash in the bank, which will provide a solid start for working capital in 2023. On February 28, 2022 Journey announced a bought-deal flow through share financing for gross proceeds of \$12.1 million. This financing partially funded the Company's drilling program for 2022 and gives further enhanced liquidity for the Company.

Outlook

On January 18, 2023, Journey announced its guidance for the first half of 2023. Journey remains poised to significantly ramp up capital expenditures in the second half of 2023 should commodity prices recover to previously forecast levels. The guidance incorporates many material underlying assumptions including but not limited to:

- Forecasted commodity prices by month;
- Assumptions of VTB principal payments based upon forecasted commodity prices;
- Forecasted operating costs, including forecasted prices for power;
- Forecasted costs for the capital program; and
- Forecasted results and phasing of production additions from the capital program;

	First Half 2023 Guidance
Annual average daily sales volumes	13,000-13,500 boe/d (54% crude oil and NGL's)
Adjusted Funds Flow	\$47-50 million
Adjusted Funds Flow per basic, weighted average share	\$0.81 - \$0.86
Capital spending (E&D, ARO, Power)	\$15 million
June 30, 2023 exit Net Debt	\$67 - \$70 million
Commodity Prices:	
WTI (USD \$/bbl)	\$80.00
MSW oil differentials (USD \$/bbl)	\$4.00
AECO natural gas (CAD \$/mcf)	\$4.00
CAD/USD foreign exchange	\$0.75

Note:

1. The weighting of the corporate sales volumes guidance is as follows:
 - a. Heavy oil: 5%
 - b. Light/medium crude oil: 40%
 - c. NGL's: 9%
 - d. Coal-bed methane natural gas: 6%
 - e. Conventional natural gas: 40%

2. Commodity prices in the above table represent the average forecast price for the first half of 2023.

Journey's goals for improving corporate sustainability in 2023 include:

- Continuing to reduce leverage that was increased with the transformational acquisition in 2022;
- Adding inventory in repeatable plays;
- Advancing the power generation business;
- Managing ARO; and
- Continuing to search for creative ways to expand the Company's business

DETAILED FINANCIAL REVIEW

PRODUCTION REVENUE AND VOLUMES

Daily Sales Volumes

Total daily sales volumes increased 34% to 11,496 boe/d for the fourth quarter of 2022 from 8,554 boe/d in 2022. The increase was mainly attributable to the asset acquisition, which closed on October 31. The acquisition added approximately 4,000 boe/d (71% crude oil and NGL's) of production. For the twelve-month periods, daily sales volumes increased 22% to 9,778 boe/d for 2022 from 8,004 boe/d in 2022. The corporate acquisition that closed in April plus the asset acquisition that closed in October were the main contributors to the increase for the year. Natural gas consumed in power generation for 2022 was approximately 875 mcf/d and 752 mcf/d for 2021. The natural gas volumes supplied to the power generation asset are not included in the sales volumes in the table below.

	Three months ended December 31,			Twelve months ended December 31,		
	2022	2021	% Change	2022	2021	% Change
Natural gas (Mcf/d)						
Conventional	27,929	22,552	24	25,492	20,641	24
Coal bed methane	4,011	4,592	(13)	4,293	4,877	(12)
Total natural gas volumes	31,940	27,144	18	29,785	25,518	17
Crude oil (Bbl/d)						
Light/medium	3,378	2,609	29	2,922	2,395	22
Heavy	1,616	658	146	904	684	32
Total crude oil volumes	4,994	3,267	53	3,826	3,079	24
Natural gas liquids (Bbl/d)	1,179	763	55	988	672	47
Barrels of oil equivalent (boe/d)	11,496	8,554	34	9,778	8,004	22

Volumetric Product Mix

Due to the acquisition in October being weighted to crude oil and NGL's, the product mix shifted away from natural gas by 13% while oil increased 16% and NGL's increased by 11%.

% of Aggregate Production	Three months ended December 31,			Twelve months ended December 31,		
	2022	2021	% Change	2022	2021	% Change
Natural gas	46	53	(13)	51	53	(4)
Crude oil	44	38	16	39	39	-
Natural gas liquids	10	9	11	10	8	25
Total	100	100		100	100	

Average Benchmark Price Indices

	Three months ended December 31,			Twelve months ended December 31,		
	2022	2021	% Change	2022	2021	% Change
Crude Oil						
WTI (US\$/Bbl)	82.65	77.19	7	94.23	67.91	39
Canadian MSW (CDN\$/Bbl)	108.23	92.14	17	119.75	80.31	49
WTI/MSW differential (USD\$/Bbl)	(2.64)	(4.01)	(34)	(1.93)	(3.83)	(50)
WCS (CDN\$/Bbl)	77.39	78.71	(2)	98.51	68.73	43
WTI/WCS differential (USD\$/Bbl)	(25.49)	(14.64)	74	(18.17)	(13.05)	39
Natural Gas						
NYMEX (US \$/Mmbtu)	5.55	4.77	16	6.42	3.91	64
AECO - Daily (CDN\$/Mcf)	5.24	4.74	11	5.43	3.64	49
Foreign Exchange						
US to Canadian	1.358	1.26	8	1.3017	1.2537	4
Canadian to US	0.7364	0.7937	(7)	0.7688	0.7978	(4)

WTI oil prices increased 7% in the fourth quarter of 2022 to average \$82.65 US/bbl as compared to \$77.19 US/bbl in the fourth quarter of 2021. This increase was largely a recovery to pre-pandemic levels as global demand for oil returned. This coupled with the reduced worldwide spending on exploration and development over many years of low prices has led to a greatly reduced spare capacity from OPEC+. In addition the Russia-Ukraine conflict created supply concerns throughout the world. The Canadian dollar in relation to the US dollar in the fourth quarter of 2022 was higher by 8% from the fourth 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. Changes to the Canadian dollar vis a vis the US dollar are based on many factors including the strength of the Canadian economy, Canadian and US interest rates, the political environment and exports. In addition, the WTI/MSW oil price differential improved by 34% as it averaged USD \$2.64/bbl during the fourth quarter as compared to USD \$4.01/bbl in the fourth quarter of 2021. The WTI/MSW differential and foreign exchange rates resulted in the average Canadian MSW oil price increasing 17% from \$92.14/bbl in the fourth quarter of 2021 to \$108.23/bbl in the fourth quarter of 2022. WCS prices contracted as the differential attributable to heavier oil expanded from \$14.64 in the fourth quarter of 2021 to \$25.49 in the fourth quarter of 2022. Given that approximately one-quarter of Journey's crude oil production realize prices similar to WCS, the fourth quarter, 2022 pricing for WCS had a muting effect on corporate realized oil prices.

United States natural gas prices are usually referenced to the New York Mercantile Exchange Henry Hub in Louisiana (NYMEX), while in Canada the generally recognized benchmark is the AECO hub in Alberta. Natural gas prices are influenced by a variety of factors such as: weather patterns; LNG imports and exports; supplies in western Alberta; pipeline capacity for Alberta exports; demand in eastern Canada and

the United States, relative storage levels in North America and alternative fuel sources. AECO benchmark pricing was 10% higher at \$5.24/mcf in the fourth quarter of 2022 as compared to \$4.74/mcf during the same period in 2021. The 2022/2023 winter started off very cold in November and December which assisted natural gas prices but more recently in January and February of 2023 the prices have contracted considerably due to warmer weather and increasing continental supplies.

Realized Prices

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

	Three months ended December 31,			Twelve months ended December 31,		
	2022	2021	% Change	2022	2021	% Change
Natural gas (\$/Mcf)	5.39	4.64	16	5.38	3.59	50
Crude oil (\$/Bbl)	91.01	80.84	13	105.47	70.57	49
Natural gas liquids (\$/Bbl)	60.90	53.67	13	64.69	45.20	43
Average (\$/boe)	63.82	50.40	27	66.00	42.39	56

The 16% increase in realized natural gas prices and 13% higher crude oil and NGL prices each, led the way to a 27% increase in average corporate prices during the fourth quarter of 2022. The combination of a heavier weighting to crude oil and NGL's and solid global oil demand were the main drivers behind the increased realized prices.

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

Journey had a combination of physical oil and natural gas hedges in 2022 but for 2021 operated with no hedging exposure. Taking into account the impact of Journey's hedging, the realized prices are as follows:

	Three months ended December 31,			Twelve months ended December 31,		
	2022	2022	% Change	2022	2022	% Change
Natural gas (\$/Mcf)	6.49	4.64	40	5.97	3.59	66
Crude oil (\$/Bbl)	91.09	80.84	13	105.50	70.57	49
Natural gas liquids (\$/Bbl)	60.90	53.67	13	64.69	45.20	43
Average (\$/boe)	63.85	50.40	27	66.01	42.39	56

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

In the fourth quarter of 2022, aggregate P&NG sales increased 70% to \$67,531 as compared to \$39,664 for the same period in 2021. The increase in sales revenue in the fourth quarter of 2022 was mainly the result of the 27% increase in average commodity prices over the same period of 2021. The strengthening of both oil and natural gas prices at the onset of the Russia-Ukraine conflict in early 2022 subsided later in the year in conjunction with worries about inflation and a possible recession. Crude oil revenue was the leader in all categories as it made up 62% of corporate commodity revenues in the fourth quarter of 2022 while contributing 44% to total boe production. Natural gas revenues were increasing in the fourth quarter of 2022 attributable to the acquisition in October and early cold weather. As a result, natural gas revenues were 23% of total revenues, while accounting for 46% of total boe production.

For the twelve months ended December 31, aggregate P&NG sales increased 90% to \$235,583 in 2022 from \$123,843 in 2021. For 2022 the increase in P&NG sales was primarily the result of the increase in realized prices for all commodities. The average, corporate realized price increase of 56% was made up of increases of 50% for natural gas, 49% for crude oil, and 43% for NGL's compared to the same twelve-month period in 2021. Similar to the quarters' results, crude oil revenue made up 62% of corporate P&NG revenues for the year to date in 2022 while contributing 39% to total boe production. Natural gas was 25% of total revenues while comprising 51% of total boe production.

\$	Three months ended December 31,			Twelve months ended December 31,		
	2022	2021	% Change	2022	2021	% Change
Natural gas	15,841	11,598	37	58,539	33,439	75
Crude oil	41,811	24,296	72	147,280	79,314	86
Natural gas liquids	6,604	3,770	75	23,327	11,090	110
Physical hedges	3,275	-	-	6,437	-	-
P&NG sales	67,531	39,664	70	235,583	123,843	90

Sales - % Contribution	Three months ended December 31,			Twelve months ended December 31,		
	2022	2021	% Change	2022	2021	% Change
Natural gas	23	29	(21)	25	27	(7)
Crude oil	62	61	2	62	64	(3)
Natural gas liquids	10	10	-	10	9	11
Physical hedges (oil and natural gas)	5	-	-	3	-	-
Total	100	100		100	100	

RISK MANAGEMENT ACTIVITIES

At December 31, 2022, the Company had the following physical commodity contracts in place:

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

ROYALTIES

For the fourth quarter of 2022, total royalties were \$13,509 as compared to \$7,454 for the same period in 2021. On a per boe basis, the royalty rate increased to \$12.77 in 2022 as compared to \$9.47 in 2021. As a percentage of revenue, the rate for the fourth quarter of 2022 increased 6% to 20.0% in 2022 from 18.8%, which was realized in 2021. The increase in aggregate royalty expense, as well as the increase in the royalty rate, as a percentage of revenues was attributable to the increase in realized commodity prices for all products and also the higher oil weighting from the October acquisition.

For the twelve months ended December 31, royalties were \$46,976 in 2022 as compared to \$19,210 for the same period in 2021. On a per boe basis, the royalty rate increased 29% to \$13.16/boe in 2022 as

compared to \$6.58/boe in 2021. As a percentage of revenue, the rate for the twelve months of 2022 was 19.9% or 29% higher than the 15.5% realized in 2021.

Benchmark MSW oil prices increased 17% in the fourth quarter and 49% for the twelve months ended December 31 2022 as compared to 2021. Similarly, benchmark AECO natural gas prices increased by 11% for the comparative three-month periods and 49% for the twelve-month periods of 2022 compared to 2021. The price appreciation for all commodities were the main reasons for the increase in both aggregate royalties and the royalty rate a percentage of revenues. However, for the future, this could change significantly as Crown royalty percentage rates are dependent on a combination of realized commodity prices as well as specific well production volumes.

\$	Three months ended December 31,			Twelve months ended December 31,		
	2022	2021	% Change	2022	2021	% Change
Crown	9,694	5,058	92	34,090	11,695	191
Freehold/gross over-riding	3,815	2,396	59	12,886	7,515	71
Total royalties	13,509	7,454	81	46,976	19,210	145
Royalties (as a % of P&NG sales)	20.0	18.8	6	19.9	15.5	28

\$ / boe	Three months ended December 31,			Twelve months ended December 31,		
	2022	2021	% Change	2022	2021	% Change
Crown	9.16	6.43	43	9.55	4.01	139
Freehold/gross over-riding	3.61	3.04	19	3.61	2.57	40
Total royalties	12.77	9.47	35	13.16	6.58	100

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, Journey's electricity generation business in Countess has been producing electricity since late 2020. The third component is miscellaneous other income, which includes SRP income and in 2021, there was a \$902 forfeited deposit. The breakdown of processing and other income by category is as follows:

	Three months ended December 31,			Twelve months ended December 31,		
	2022	2021	% Change	2022	2021	% Change
Processing and other cost recoveries	943	914	3	3,890	3,180	22
Electricity income before expenses	1,978	1,067	85	5,731	3,608	59
Other income	849	458	85	1,747	3,781	(54)
Processing and other income	3,770	2,439	55	11,368	10,569	8
Less:						
Processing and other cost recoveries ²	(944)	(914)	3	(3,890)	(3,180)	22
Electricity related operating expenses	(600)	(443)	35	(2,438)	(1,497)	63
Adjusted processing and other income	2,226	1,082	106	5,040	5,892	(14)

Notes:

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

Electricity income

Electricity income grew by 85% in the fourth quarter of 2022 to \$1,978 as compared to \$1,067 in 2021. The increase was attributable to an 8% increase in MW generated but also an 86% increase in the price per MW to \$241.25 from \$129.82 in the fourth quarter of 2021. For the entire year, Journey generated 31,167 MW at an average price of \$183.88/MW as compared to 27,228 MW at an average price of \$128.32/MW in 2021.

	Three months ended December 31,			Twelve months ended December 31,		
	2022	2021	% Change	2022	2021	% Change
Electricity income	1,978	1,067	85	5,731	3,608	59
Electricity related expenses	(600)	(443)	35	(2,438)	(1,497)	63
Net electricity income	1,378	624	121	3,293	2,111	56
Megawatts generated	8,199	7,623	8	31,167	27,228	14
Realized prices (\$/MW):	241.25	129.82	85	183.88	128.32	43

OPERATING EXPENSES

Net operating expenses were \$24,998 or \$23.64 per boe for the fourth quarter of 2022 as compared to \$13,309, or \$16.92 per boe in 2021. For the twelve months ended December 31, net operating costs were \$72,356 or \$20.27 per boe in 2022 as compared to \$48,064 or \$16.45 per boe in 2021. Higher aggregate costs in the fourth quarter were caused by: the significant asset acquisition that closed on October 31; the corporate acquisition from April; higher power costs from the cold months of November and December; workovers; well reactivations; and third party turnarounds. \$1,439 of workover, reactivations, site clean-up, and turnaround costs were incurred in the fourth quarter of 2022 as compared to \$2,142 in the same quarter of 2021. These costs amounted to a per boe rate of \$1.36 in the fourth quarter of 2022 as compared to \$2.72/boe in the fourth quarter of 2021. For the entire year of 2022 Journey spent \$6,218 on workovers, reactivations and turnarounds, equating to \$1.74/boe for these activities as compared to \$5,065 or \$1.74/boe in 2021.

	Three months ended December 31,			Twelve months ended December 31,		
	2022	2021	% Change	2022	2021	% Change
Operating expense per the financial statements	26,542	14,666	81	78,684	52,741	49
Less:						
Processing and other cost recoveries	(944)	(914)	3	(3,890)	(3,180)	22
Power generation expenses	(600)	(443)	35	(2,438)	(1,497)	63
Net operating expenses	24,998	13,309	88	72,356	48,064	51
Net expense (\$ per BOE)	23.64	16.92	40	20.27	16.45	23
Net expense (% of P&NG sales)	37.0	33.6	10	30.7	38.8	(21)

TRANSPORTATION

Transportation expenses were \$914 for the fourth quarter of 2022, and represented 1.4% of P&NG sales for the period as compared to \$288 and 0.7% for the same quarter of 2021. The cost per boe averaged \$0.86 in the fourth quarter of 2022, which was 132% higher than the same period in 2021. For the twelve months ended December 31, transportation expenses were \$2,485 for 2022 or 79% higher than \$1,385 for the comparable period in 2021. On a per boe basis, costs were \$0.70 for 2022 and \$0.47 for 2021.

53% higher crude oil sales volumes for the fourth quarter, which was mainly attributable to the liquids weighted acquisition in October, and 24% for the year was the main reason for the increase in aggregate transportation expense. In addition, inflationary pressures in the field have caused 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 December 31,			Twelve months ended December 31,		
	2022	2021	% Change	2022	2021	% Change
Transportation expense	914	288	217	2,485	1,385	79
Expense (\$ per boe)	0.86	0.37	132	0.70	0.47	49
Expense (% of P&NG sales)	1.4	0.7	100	1.1	1.1	-

GENERAL AND ADMINISTRATIVE (“G&A”) EXPENSE

For the fourth quarter of 2022, gross G&A expense (before recoveries) was higher by 104% at \$3,086 as compared to \$1,510 in 2021. The increase in G&A for the year to date in 2022 was attributable to increased staff due to the acquisitions in 2022, severance pay, and payment of bonuses. On a per boe basis, Journey realized gross G&A of \$2.92 for the fourth quarter of 2022, or 52% higher than the \$1.92 realized in the same quarter of 2021. For the twelve months ended December 31, 2022 gross G&A expense was 103% higher at \$12,293 as compared to \$6,011 in 2021. Gross G&A per boe was \$3.44 in 2022 or 67% higher than \$2.06 in 2021.

Overhead recoveries are a function of the number of wells that are operated as well as the magnitude of the capital program. Attributable to the acquisitions and the increased capital spending the three month recoveries increased from \$656 in 2021 to \$913 in 2022. For the entire year, recoveries increased to \$3,439 from \$2,649 in 2021.

	Three months ended December 31,			Twelve months ended December 31,		
	2022	2021	% Change	2022	2021	% Change
Expense per financial statements	2,173	948	129	8,854	3,411	160
Add:						
Overhead recoveries	913	656	39	3,439	2,649	30
Non-recurring items	-	(94)	(100)	-	(49)	(100)
Gross G&A expense	3,086	1,510	104	12,293	6,011	105
Expense (\$ per boe)						
Expense per financial statements	2.05	1.20	71	2.48	1.17	112
Gross expense	2.92	1.92	52	3.44	2.06	67

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 increased 61% from the fourth quarter of 2021 to the fourth quarter of 2022 mainly due to the additional term debt on the vendor-take-back financing related to the October asset acquisition. The original amount was \$45 million on closing and monthly repayments are required. The vendor-take-back debt bears interest at the rate of 10% per annum. In addition, amortization of deferred finance charges increased significantly in the fourth quarter of 2022 as there were costs associated with putting into place the new debt. Borrowing costs for the fourth quarter of 2022 increased 43% to \$2,471 in 2022 from \$1,731 in 2021. For the fourth quarter of 2022, the average interest-bearing debt was \$96,743, which was 41% higher than the \$68,741 for the comparable period in 2021. The average effective interest rate on outstanding borrowings was 10.1% for 2022 as compared to 10.0% in 2021. On a per boe basis, the non-accretion related finance expense was \$2.33 for the fourth quarter of 2022 as compared to \$2.19 for the same quarter in 2021, representing a 6% increase, period over period. The higher aggregate borrowing costs were primarily the result of the new vendor-take-back debt incurred on October 31.

	Three months ended December 31,			Twelve months ended December 31,		
	2022	2021	% Change	2022	2021	% Change
Expense per financial statements	5,062	3,141	61	14,811	17,567	16
<u>Add (Deduct):</u>						
Accretion expense	(1,788)	(1,081)	65	(5,723)	(4,956)	15
Other amortization costs	(806)	(333)	142	(1,763)	(5,001)	(65)
Bank fees and other charges	3	4	(25)	45	15	200
Expense related to borrowings	2,471	1,731	43	7,370	7,625	(3)
Average interest-bearing debt	96,743	68,741	41	74,930	79,562	(6)
Effective interest rate (%)	10.1	10.0	1	9.8	9.6	3
<u>Finance expense (\$ per boe)</u>						
Related to borrowings & fees	2.33	2.19	6	2.05	2.60	(21)
Accretion & other amortization	2.45	1.80	36	2.10	3.41	(38)
Total finance expense	4.78	3.99	20	4.15	6.01	(31)

SHARE BASED COMPENSATION

Share based compensation expense was \$918 for the fourth quarter of 2022 as compared to \$442 in 2021. For the 2022 year the aggregate expense was \$2,086 in 2022 as compared to \$1,009 in 2021. The higher stock based compensation in the fourth quarter and the year to date in 2022 was attributable to the combination of the settlement of long term incentives, and amortization of share based compensation expense for new long term incentives that were granted in the fourth 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 for purposes of calculating the expense to be amortized.

	Three months ended December 31,			Twelve months ended December 31,		
	2022	2021	% Change	2022	2021	% Change
Expense per financial statements	918	442	108	2,086	1,009	107
Expense (\$ per boe)	0.87	0.56	55	0.58	0.35	66

DEPLETION AND DEPRECIATION (“D&D”)

Aggregate D&D increased to \$12,808 in the fourth quarter of 2022 from \$8,302 in the fourth quarter of 2021. The increase in the aggregate D&D expense was primarily the result of the 34% increase in sales volumes in the fourth quarter of 2022. In addition the acquisition costs from the acquisitions that closed in April and October contributed significantly to the increase. On a per boe basis, D&D was \$12.11 for the fourth quarter of 2022 as compared to \$10.55 in the fourth quarter of 2021, representing a 54% increase. For the 2022 year aggregate D&D increased by 28% from \$22,645 in 2021 to \$28,898 in 2022. On a per boe basis D&D was \$8.10 in 2022, representing a 5% increase from \$7.75 in 2021.

	Three months ended December 31,			Twelve months ended December 31,		
	2022	2021	% Change	2022	2021	% Change
Depletion and depreciation (\$)	12,808	8,302	54	28,898	22,645	28
Expense (\$ per boe)	12.11	10.55	15	8.10	7.75	5

PROPERTY, PLANT AND EQUIPMENT IMPAIRMENT (RECOVERY)

As at December 31, 2022, the Company assessed whether there were indicators of impairment or Impairment reversals. The assessment factored in changes in reserves; changes in commodity prices during 2022; interest rates; the health of the oil and gas industry and the general economy; well performance and near term development plans. It was determined that there were no indicators of impairment or reversals of previous impairments for 2022. For 2021 it was determined that there indicators of impairment reversals for the Matziwin, Skiff, Herronton, Gilby and Cherhill CGU’s and as a result, the CGU’s were tested for impairment reversal at December 31, 2021. It was ultimately determined that the recoverable amount for all tested CGU’s had significantly exceeded their carrying amount and therefore an impairment reversal of \$84,957 should be realized. The recoverable amount was calculated as the fair value of the assets less cost of disposal in an assumed asset sale. The fair value less costs to dispose was determined using a discounted cash flow approach based on the internal reserve evaluation of proved plus probable reserves and using an average of three major independent reserve engineer’s forecast commodity prices. Journey used an after-tax risk adjusted discount rate that was based on the nature of the assets held in the CGU to determine the fair value at the measurement date.

Journey recognized an impairment of its exploration and evaluation assets of \$21 in the fourth quarter of 2022 as compared to \$400 in 2021. Management determined that the fair value less costs of disposal of certain undeveloped lands had declined below Journey’s carrying values. Management estimated fair value by analyzing comparable Crown mineral rights sales in each of the respective CGUs.

	Three months ended December 31,			Twelve months ended December 31,		
	2022	2021	% Change	2022	2021	% Change
PP&E impairment (recovery)	-	-	-	-	(84,957)	(100)
E&E impairment	21	400	(95)	21	400	(95)
Total impairments	21	400	(95)	21	(84,557)	(100)
Impairment expense (recovery) - \$ per boe	0.02	0.51	(96)	0.01	(28.94)	(100)

EXPLORATION AND EVALUATION (E&E) EXPENSE

E&E expense relates to a combination of expiries of mineral rights as well as costs related to undeveloped lands that have been transferred to PP&E assets by virtue of the lands becoming developed during the accounting period. During the three months ended December 31, 2022 Journey incurred an expense of \$21, as compared to \$1,045 expensed in 2021. For the twelve months ended December 31, 2022, the expense was \$1,946 as compared to \$1,636 in 2021.

	Three months ended December 31,			Twelve months ended December 31,		
	2022	2021	% Change	2022	2021	% Change
E&E expense	21	1,045	(98)	1,946	1,636	19
\$ per boe	0.02	1.33	(98)	0.55	0.56	(2)

GAIN ON DEBT MODIFICATION

Journey entered into an amendment with respect to one tranche of AIMCo term debt on September 30, 2022. To assist with Journey's cash requirements needed to close the acquisition on October 31, AIMCo consented to the extension of the maturity of \$23,816 from September 30, 2022 to March 31, 2023. This change resulted in a gain, which will be amortized over the additional six months to the new maturity.

	Three months ended December 31			Twelve months ended December 31		
	2022	2021	% Change	2022	2021	% Change
Gain on debt modification	281	-	-	281	-	-
\$ per boe	0.27	-	-	0.08	-	-

DEFERRED INCOME TAXES

For the three months ended December 31, 2022 Journey recognized a significant income tax recovery of \$89,405 and for the year the recovery was \$94,216. The most significant component of the recovery was the reversal of a previous valuation allowance taken on Journey's deferred tax asset. The recognition of the deferred tax asset was attributable to the strong projected cash flows from the most recent reserve evaluation by Journey's independent reserve evaluators. For 2021 there was no deferred tax expense or recovery as Journey was in a full valuation allowance for its excess tax pools over the book value of its assets. In addition, Journey recognized a \$4,811 deferred income tax recovery in the second quarter of 2022, which resulted from recognizing a deferred tax liability on the corporate acquisition and then immediately offsetting this amount with Journey's deferred tax asset.

	Three months ended December 31			Twelve months ended December 31		
	2022	2021	% Change	2022	2021	% Change
Income tax expense (recovery)	89,405	-	-	94,216	-	-
(\$ per boe)	84.54	-	-	26.40	-	-

The income tax pool balances, by category, at December 31, 2022, were as follows:

Tax Pool	Deductible rate	Amount
Canadian oil & gas property expenses	10% declining balance	175,613
Canadian development expenses	30% declining balance	68,929
Canadian exploration expenses	100%	22,736
Undepreciated capital costs	7-100% declining balance	76,043
Financing costs	5 year straight line	3,263
Non-capital losses	100%	345,895
Total		692,479

On March 18, 2022 the Company issued 2,852 thousand flow-through shares for gross proceeds of \$12,121. On October 1, 2022 the Company issued 657 thousand flow-through shares for gross proceeds of \$2,982. Under the terms of the flow-through share subscription agreements, the Company was obligated to renounce \$15,103 of qualifying income tax expenditures to the subscribers before the end of 2022. Journey fulfilled its spending commitments under both agreements as of December 31, 2022. Qualifying expenditures are defined as eligible Canadian Development Expenses under the Income Tax Act.

NETBACKS (per BOE)

The operating netback of \$26.58 for the fourth quarter of 2022 increased by 12% from \$23.65 for the same period in 2021. The increase in the operating netback was mainly due to the 27% increase in average, realized commodity prices. Commensurate with the increase in sales prices, there was a 35% increase in royalty expense on a per boe basis in the fourth quarter. Operating expenses increased by 40% to \$23.64 and transportation costs increased by 132% to \$0.86 in the fourth quarter.

For the twelve months ended December 31, 2022 the operating netback was \$31.88, which was a 69% increase from \$18.89 for 2021. While royalty and operating expenses were 100% and 23% higher than in 2022, the increase in average commodity prices of 56% year over year led the way to the increase.

The Adjusted Funds Flow netback per boe for the fourth quarter of 2022 was \$23.54 per boe, which was 9% higher than the \$21.63 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 71% higher at \$2.05 per boe in the fourth quarter of 2022 from \$1.20 per boe in the same quarter of 2021. Interest costs on borrowings increased to \$2.33 per boe in the fourth quarter of 2022 from \$2.19 per boe in the fourth quarter of 2021 as the additional term debt taken on to complete the acquisition on October 31 increased the borrowings by \$45 million. For the twelve month periods, the Adjusted Funds Flow netback increased 66% from \$17.14 per boe in 2021 to \$28.41 in 2022. The increase in the year-to-date netback was driven primarily by a 22% increase in sales volumes as well as a 56% increase in realized sales prices.

After taking into account the non-cash items, there was a net income netback of \$92.44 per boe for the fourth quarter of 2022 as compared to \$7.04 per boe in 2021. The net income in the fourth quarter of 2022 was largely attributable to the reversal of a valuation allowance taken in prior years for Journey's excess tax pools, which has largely been reversed in 2022. For the twelve months ended December 31, 2022 the net income netback was \$43.48 per boe as compared to net income of \$33.93 in the same period of 2021.

(\$ per boe)	Three months ended December 31,			Twelve months ended December 31,		
	2022	2021	% Change	2022	2021	% Change
Realized price	63.85	50.40	27	66.01	42.39	56
Royalties	(12.77)	(9.47)	35	(13.16)	(6.58)	100
Operating expenses	(23.64)	(16.92)	40	(20.27)	(16.45)	23
Transportation expenses	(0.86)	(0.37)	132	(0.70)	(0.47)	49
Operating	26.58	23.65	12	31.88	18.89	69
General and administrative	(2.05)	(1.20)	71	(2.48)	(1.17)	112
Finance expense – interest	(2.33)	(2.19)	6	(2.05)	(2.60)	(21)
Other income	1.34	1.37	(2)	1.06	2.02	(48)
Adjusted Funds Flow	23.54	21.63	9	28.41	17.14	66
Other income	0.76	-	-	0.35	-	-
Share based compensation	(0.87)	(0.56)	55	(0.58)	(0.35)	66
Depletion and depreciation	(12.11)	(10.55)	15	(8.10)	(7.75)	5
Impairments (recoveries)	(0.02)	(0.51)	(96)	(0.01)	28.94	(100)
Finance expense - accretion	(2.45)	(1.80)	36	(2.10)	(3.41)	(38)
Exploration & evaluation	(0.02)	(1.33)	(98)	(0.55)	(0.56)	(2)
Gain on debt modification	0.27	-	-	0.08	-	-
Transaction costs	(1.20)	0.16	(850)	(0.42)	(0.08)	425
Deferred income tax recovery	84.54	-	-	26.40	-	-
Net income	92.44	7.04	1,213	43.48	33.93	28

NET INCOME, ADJUSTED FUNDS FLOW AND CASH FROM OPERATING ACTIVITIES

There was net income of \$97,753 for the three months ended December 31, 2022 as compared to income of \$5,545 in 2021. During the fourth quarter of 2022, Journey realized basic weighted average net income per share of \$1.73 and \$1.55 per share on a diluted basis. There was net income of \$155,198 for the twelve months ended December 31, 2022, which translated into \$2.95 per basic share and \$2.64 per diluted share as compared to income of \$99,134 or \$2.18 per basic share and \$1.93 per diluted share in 2021. The largest change to net income was the result of a deferred tax recovery of \$89,096 in the fourth quarter of 2022.

Adjusted Funds Flow during the fourth quarter of 2022 were \$24,890, an increase of 50% from \$16,562 realized in 2021. For the twelve months ended December 31, Adjusted Funds Flow increased 119% from \$46,274 in 2021 to \$101,387 in 2022. Adjusted Funds Flow per basic and diluted share for the fourth quarter of 2022 was \$0.44 and 0.40 respectively, while for 2021 it was \$0.35 per basic shares and \$0.31 per diluted share. For the full year, Journey realized \$1.92 per basic share and \$1.73 per diluted share while in 2021 it was \$1.02 per basic share and \$0.90 per diluted share. The increase in the per share numbers in 2022 was mainly attributable to the increase in both crude oil and natural gas prices throughout the year.

Cash flow provided by operating activities (“Cash Flow”) is the IFRS financial statement measure, which represents how much cash, was generated by Journey’s business operations. Cash Flow for the fourth quarter of 2022 was \$25,346 versus \$16,007 during the same quarter of 2021. For the twelve month periods Cash Flow was \$106,623 in 2022 as compared to \$40,930 in 2021.

Per share data	Three months ended December 31,			Twelve months ended December 31,		
	2022	2021	% Change	2022	2021	% Change
Net income	97,753	5,545	1,663	155,198	99,134	57
Basic (\$/share)	1.73	0.12	1,342	2.95	2.18	35
Diluted (\$/share)	1.55	0.10	1,450	2.64	1.93	37
Adjusted Funds Flow	24,890	16,562	50	101,387	46,274	119
Basic (\$/share)	0.44	0.35	26	1.93	1.02	89
Diluted (\$/share)	0.40	0.31	29	1.73	0.90	92
Cash flow provided by operating activities	25,346	16,007	58	106,623	40,930	161
Basic (\$/share)	0.45	0.33	36	2.02	0.90	124
Diluted (\$/share)	0.40	0.30	33	1.81	0.80	126

CAPITAL EXPENDITURES

Journey had capital expenditures of \$121,376 during the fourth quarter of 2022 as compared to \$3,398 in the same quarter of 2021. The largest component of the fourth quarter spending was \$112,410 for the acquisition that closed on October 31. Capital expenditures for entire year of 2022 were \$181,026. This amount was comprised mainly of \$112,410 for the acquisition in October; \$19,146 for the corporate acquisition that closed in April; and \$31,260 for drilling, completing and tie-in 13 (10.6 net wells).

	Three months ended December 31,			Twelve months ended December 31,		
	2022	2021	% Change	2022	2021	% Change
<u>Cash expenditures:</u>						
Land and lease rentals	113	311	(64)	919	616	49
Geological and geophysical	-	-	-	63	-	-
Drilling, completions and recompletions	5,472	317	1,626	31,260	456	6,755
Well equipment and facilities	3,063	1,105	177	9,335	1,918	387
Power generation	318	-	-	2,996	189	1,485
Administrative	-	70	(100)	-	70	(100)
Total capital expenditures	8,966	1,803	397	44,573	3,249	1,272
Corporate acquisition	-	-	-	19,146	6,174	210
PP&E acquisitions	112,410	1,595	6,948	120,307	1,595	7,443
PP&E dispositions	-	-	-	(3,000)	(47)	6,283
Capital expenditures including A&D	121,376	3,398	3,472	181,026	10,971	1,550
<u>Other expenditures:</u>						
Decommissioning liability costs incurred	2,509	1,136	121	5,035	5,312	(5)
Total capital expenditures	123,885	4,534	2,632	186,061	16,283	1,043

Decommissioning costs incurred in the above table reflect both Journey’s direct costs plus the amounts funded by the Site Rehabilitation Program.

Journey drilled 4 (2.1 net) wells in the fourth quarter of 2022. 2 (0.1 net) wells were in Gilby and 2 (2.0 net) were in Brooks. For the entire year to date the Company has drilled 13 (10.6 net) wells. All wells drilled during 2022 are on-production as of the end of the quarter.

	Three months ended December 31,				Twelve months ended December 31,			
	2022		2021		2022		2021	
Wells drilled	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Oil	4	2.1	-	-	12	9.6	-	-
Gas	-	-	-	-	1	1.0	-	-
Total	4	2.1	-	-	13	10.6	-	-
Success rate (%)	100	100	-	-	100	100	-	-

DECOMMISSIONING OBLIGATIONS (“DO”)

At December 31, 2022, Journey has recorded a DO of \$193,698 (\$182,955 at December 31, 2021) for the future abandonment and reclamation of the Company’s net ownership interests in its assets. The estimated DO includes numerous assumptions in respect of: the actual costs to abandon wells, pipelines and facilities; and reclaim the surface access; the time frame in which such costs will be incurred; and annual inflation factors in order to calculate the undiscounted total future liability. The present value of the future liability at December 31, 2022 has been discounted using a real rate of 1.2% (December 31, 2021 – minus 0.1%), which is comprised of a risk-free discount rate of 3.3% less an assumed inflation rate of 2.1% (December 31, 2021 – risk-free rate of 1.7% less estimated inflation rate of 1.8%). The Company estimates the total undiscounted, un-escalated amount of cash flows required to settle its decommissioning obligations at December 31, 2022 to be \$259,615 (December 31, 2021 - \$176,460) the majority of which, will be incurred at various times between 2023 and 2058. There was an increase of approximately \$62 million to the escalated, discounted liability that was attributable to the two acquisitions during the year.

Accretion charges of \$1,436 for the three months ended December 31, 2022 (December 31, 2021 - \$774), and \$4,443 (December 31, 2021 - \$3,275) for the three and twelve 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 twelve month periods ended December 31, 2022 was \$2,509 and \$5,035 respectively (December 31, 2021 - \$1,136 and \$5,312 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 December 31, 2022 and at the date of this MD&A. Journey has applied for and has been approved for DL funding under the Alberta Government’s Site Rehabilitation Program (“SRP”). This program was designed to accelerate the abandonment and reclamation of oil and gas wells and facilities in Alberta. Journey earned \$1,240 of SRP funding in 2022.

LEASE OBLIGATION LIABILITIES (“LO”)

Lease obligations are discounted at the incremental borrowing rate for the corporation if the implicit interest rate in the lease is not determinable. The discounted amount is then accreted up to its future cash obligation over the life of the lease, through a charge to finance expense. At December 31, 2022, Journey’s discounted lease obligations were \$1,709 (December 31, 2021 - \$1,061). Accretion charges of

\$48 and \$137 for the three and twelve months ended December 31, 2022 have been recognized in the statements of comprehensive net income to reflect the increase in the LO associated with the passage of time. For the three and twelve months ended December 31, 2021 accretion charges were \$29 and \$123 respectively. Expenditures for the LO for the three and twelve month periods ended December 31, 2022 were \$96 and \$343 respectively. For the three and twelve month periods in 2021, the expenditures were \$86 and \$355.

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 throughout 2021 and 2022. The improvement in commodity prices has been positive in improving the outlook for the Company's liquidity.

Net Debt of the Corporation at December 31, 2022 was \$98,768. 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 October, and the exercise of warrants in September for proceeds of \$3,582, Journey had a strong cash position of \$31,400. 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 were 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 December 31, 2022 and remains in compliance as of the date of these MD&A with a 2.03 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 of \$112,465 was financed through a \$45 million vendor-take-back loan; the issuance of 3 million Journey shares at a deemed price of \$6.05/share; and the balance owing at closing of \$25.0 million was from available cash in the bank. The \$45 million in vendor-take-back debt is subject to monthly payments from between \$1.0 million to \$4.0 million depending on the WTI price of oil for the respective payment month.

On April 1, 2022 Journey completed a corporate acquisition for \$19,146. The purchase price was made up of the issuance of 1,750 thousand Journey shares at a deemed price of \$6.24/share and the payment of \$8,000 of cash to the shareholders at closing. The balance of the purchase price was made up of working capital assumed.

Any balance remaining after taking into account these variable monthly payments will be due on October 31, 2024. 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. Recently, and with a view to assisting with the liquidity of Journey, AIMCo has agreed to extend the maturity of the \$24.7 million tranche of term debt that was due on October 31, 2023 for six months to now mature on April 30, 2024. The documents to extend this tranche are in the process of being finalized as of the date of these MD&A.

Journey's capital structure is made up of the following:

	2022	2021
Shares outstanding	57,882	48,060
Share closing market price (\$/share)	5.46	2.70
Market capitalization	316,036	129,762
Net debt	98,768	57,021
Total capitalization	414,804	186,783

RELATED PARTY TRANSACTIONS

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

	Three months ended December 31,			Twelve months ended December 31,		
	2022	2021	%	2022	2021	%
Salaries and director fees	425	175	143	1,565	988	58
Short-term employee benefits	36	8	350	120	37	224
Share based payments ¹	425	145	193	865	613	41
Total	886	328	170	2,550	1,638	56

Notes:

- 1) These amounts represent the amortization of share-based compensation associated with the Company's share based compensation plans.
- 2) As at December 31, 2022 there were eleven (2021 – seven) individuals that were considered key management personnel.
- 3) At December 31, 2022 there is a \$1,498 commitment (2021 - \$2,411) relating to a change of control or termination of employment for key management personnel.

In addition to the above certain officers of the Company purchased flow through shares of Journey in 2022. 24 thousand shares were purchased by an officer of the Company at a price of \$4.25 in March 18, 2022 private placement and 657 thousand shares were purchased at a price of \$4.54 in the October 1, 2022 issuance.

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

CONTRACTUAL OBLIGATIONS

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

(a) Contractual payments

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

	Total	< 1 year	1-3 years	4-5 years	After
Accounts payable and accrued liabilities	45,496	45,496	-	-	-
Term debt – principal	115,580	77,517	38,063	-	-
Interest on term debt	14,476	10,543	3,933	-	-
Contingent bank payments – principal	5,000	5,000	-	-	-
Natural gas transportation	4,268	1,661	2,213	394	-
Operating leases	4,865	1,017	2,828	1,020	-
Total contractual amounts	189,685	141,234	47,037	1,414	-

(b) Indemnifications

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

SUBSEQUENT EVENTS

On March 1, 2023 Journey entered into a bought-deal, flow-through share equity financing. Under the terms of the financing, and with the full underwriter over allotment exercised, Journey will issue 2.6 million flow-through common shares at a price of \$6.62 per share. The Company will use the proceeds from the Offering to incur eligible Canadian Development Expenses ("CDE") within the meaning of the Income Tax Act in an aggregate amount of not less than the gross proceeds raised from the Offering. Journey will renounce qualifying CDE to purchasers of the flow-through shares on or before March 31, 2024. Closing of the financing is anticipated to occur on or before March 23, 2023.

OFF BALANCE SHEET FINANCINGS

There were no off balance sheet financings during the period.

SHARE CAPITAL

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

<i>Outstanding at period end,</i>	March 8, 2023	December 31, 2022	December 31, 2021
Common shares	57,882	57,882	48,060
Options, warrants, restricted and performance share awards	6,911	6,928	8,360
Fully diluted shares	64,793	64,810	56,420

On April 1, 2022, 1.75 million shares were issued to the shareholders of the private company Journey acquired, as partial consideration for the purchase price. On September 29, 2022 1,137 thousand shares were issued to AIMCo on the exercise of warrants. On November 2, 2022 1,023 thousand shares were issued in settlement of the vesting of long term incentives for employees and directors. The basic and diluted weighted average shares for the respective reporting periods are as follows:

<i>Weighted average</i>	Three months ended December 31,			Twelve months ended December 31,		
	2022	2021	% Change	2022	2021	% Change
Basic	56,638	47,868	18	52,658	45,397	16
Diluted	62,912	54,108	16	58,773	51,301	15
Fully diluted	64,810	56,420	15	64,810	56,420	15

SELECTED QUARTERLY INFORMATION

Below is summarized quarterly information for the previous eight quarters.

	Dec. 31, 2022	Sep. 30, 2022	June 30, 2022	Mar 31, 2022
Production (boe/d)	11,496	9,504	9,590	8,492
Average prices realized, pre-hedging (\$/boe)	63.82	62.06	77.84	60.00
Petroleum and natural gas sales (\$000's)	67,531	54,265	67,929	45,858
Net income	97,753	15,479	28,197	13,769
Basic – per share (\$/share)	1.73	0.29	0.54	0.28
Diluted – per share (\$/share)	1.55	0.26	0.47	0.25
Adjusted Funds Flow	24,890	22,715	33,381	20,401
Basic – per share (\$/share)	0.44	0.43	0.63	0.42
Diluted – per share (\$/share)	0.40	0.38	0.56	0.36
Cash flow provided by operating activities	25,346	33,422	26,044	21,811
Total assets	639,195	413,626	389,186	361,683
Capital expenditures (net of dispositions)	121,376	12,236	34,801	12,162
Long term financial liabilities	226,026	175,364	182,000	198,089
Net debt	98,768	16,781	29,676	38,481

	Dec. 31, 2021	Sep. 30, 2021	June 30, 2021	Mar. 31, 2021
Production (boe/d)	8,554	8,164	7,709	7,577
Average prices realized, pre-hedging (\$/boe)	50.40	44.05	39.23	34.57
Petroleum and natural gas sales	39,664	33,083	27,521	23,575
Net income (loss)	5,545	92,243	(353)	1,699
Basic – per share (\$/share)	0.12	2.02	(0.01)	0.04
Diluted – per share (\$/share)	0.10	1.79	(0.01)	0.04
Adjusted Funds Flow	16,562	11,970	9,030	8,712

	Dec. 31, 2021	Sep. 30, 2021	June 30, 2021	Mar. 31, 2021
Basic – per share (\$/share)	0.35	0.26	0.21	0.20
Diluted – per share (\$/share)	0.31	0.23	0.19	0.18
Cash flow from operations	16,007	11,271	9,357	4,295
Total assets	357,211	331,468	262,704	258,234
Capital expenditures (net of dispositions)	3,398	6,776	332	465
Long term financial liabilities	225,109	205,077	250,800	239,658
Net debt	57,021	67,857	75,670	83,729

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

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

- Average commodity prices continued to be solid during the fourth quarter at \$63.82/boe (before hedging gains), which were consistent with the \$62.06/boe realized in the third quarter. Realized oil prices decreased 13% from the previous quarter while natural gas prices increased by 33%. Sales volumes increased in the fourth quarter to 11,496 boe/d as compared to 9,504 boe/d in the third quarter. The increase was largely due to the 4,000 boe/d acquisition that Journey closed on October 31. Journey generated quarterly adjusted funds flow of \$24,890 or \$0.44 per basic weighted average share. Journey's power project continued to perform well and generated 8,199 MW of electricity at an average price of \$241.25/MW (including Option M credits). Net debt at the end of the quarter was \$98,768, which was 489% above the September 30, 2022 amount of \$16,781. The increase in net debt was primarily due to the debt incurred to close the asset acquisition on October 31.
- Commodity prices continued to be solid in the third quarter at \$62.06/boe, but generally were lower than the \$77.84/boe realized in the second quarter. Realized oil prices decreased 17% from the previous quarter while natural gas prices decreased by 44%. Sales volumes were fairly flat during the third quarter at 9,504 boe/d as compared to 9,590 boe/d in the second quarter. Journey generated quarterly adjusted funds flow of \$22,715 or \$0.43 per basic weighted average share. Journey's power project continued to perform well and generated 7,610 MW of electricity at an average price of \$232.24/MW (including Option M credits). Net debt at the end of the quarter was \$16,781, which was 43% below the June 30, 2022 amount of \$29,676. The Company was positioning itself throughout the quarter financially to complete the acquisition that closed on October 31, 2022.
- Commodity prices continued to be strong in the second quarter with Journey realizing an average of \$77.84/boe. Realized oil prices increased 21% from the previous quarter while natural gas prices increased by 54%. Sales volumes were higher by 13% from the first quarter at 9,590 boe/d as compared to 8,492 boe/d in the previous quarter. Journey completed the corporate acquisition of a private company on April 1, 2022 which added approximately 770 boe/d (51% natural gas) for the quarter. Journey generated record quarterly adjusted funds flow of \$33,381 or \$0.63 per basic weighted average share. Journey also acquired a 43.75% working interest in a gas plant and a 50% ownership in a gathering system that it already had ownership in further buttressing and diversifying its cash flows. Journey's power project continued to perform well and generated

7,807 MW of electricity at an average price of \$137/MW. Net debt at the end of the quarter was \$29,676, which was 23% below the March 31, 2022 amount of \$38,481.

- The first quarter of 2022 showed continued improvement in all commodity prices with Journey realizing an average of \$60.00/boe. Realized oil prices increased 30% from the previous quarter while natural gas prices increased by 2%. Sales volumes were relatively flat from the further quarter of 2021 at 8,492 boe/d as compared to 8,554 boe/d in the previous quarter. Even with inflationary pressures on all operating costs Journey was able to generate net income of \$13,769 and \$20,401 in Adjusted Funds Flow. Journey returned to drilling its first wells in over two years and spent \$12,162 in net capital during the first quarter. Journey's power project continued to perform well and generated 7,550 MW of electricity at an average price of \$112/MW. Journey raised \$12.1 million in a flow-through share offering that closed on March 18. The proceeds from the offering will be used to help fund the Company's 2022 drilling program. Net debt at the end of the quarter was \$38,481, which was 33% below the December 31, 2021 amount.
- The fourth quarter of 2021 continued with strength in commodity prices. Journey realized an average of \$50.40/boe, a 14% improvement over the third quarter. Realized natural gas prices increased 30% from the previous quarter while realized crude oil prices increased 9%. PN&G sales volumes of 8,554 boe/d were 5% higher than the third quarter (53% natural gas). The increase was mainly attributable to there being a full quarter of production realized from the corporate acquisition on August 18 of approximately 600 boe/d (68% natural gas). Increased operating expenses from inflationary pressures and workover expenses, plus the increased royalties resulting from higher prices, offset some of the gains in commodity prices during the quarter. Journey generated strong Adjusted Funds Flow of \$16,562 in the quarter or \$0.35 per basic weighted average share. Capital spending was minimal at \$3,398 and was limited to small optimization projects, and several small strategic royalty acquisitions as Journey continued its theme of strengthening the balance sheet leading into 2022. Journey exited the quarter with net debt of \$57,021, which was 39% lower than the \$94,162 at the beginning of 2021.
- The third quarter of 2021 showed continued improvement in commodity prices. Journey realized an average of \$44.05/boe, a 12% increase from the second quarter. Realized natural gas prices increased by 18% from the previous quarter while realized crude oil prices increased 9%. PN&G sales volumes were 6% higher than the second quarter at 8,164 boe/d (53% natural gas). The increase was mainly attributable to the corporate acquisition of approximately 600 boe/d (70% natural gas) on August 18. Increased operating expenses and royalties offset some of the gains in commodity prices during the quarter. Journey realized an \$85 million impairment recovery and this coupled with the strong operating results, translated into net income of \$92,243 in the quarter. Journey generated strong Adjusted Funds Flow of \$11,970 in the quarter or \$0.26 per basic weighted average share. Other than the corporate acquisition of \$6,174, net capital spending was minimal at \$598 and was limited to small optimization projects. Journey repaid \$10.0 million of AIMCo term debt in the quarter and exited the quarter with net debt of \$67,857.
- The second quarter of 2021 showed continued improvement in commodity prices with Journey realizing an average of \$39.23/boe, a 13% increase from the fourth quarter. Realized natural gas prices increased marginally by 1% from the previous quarter while realized crude oil prices increased 19%. Commodity sales volumes were 2% higher than the fourth quarter at 7,709 boe/d. Increased operating expenses and royalties prices increased during the quarter, which all translated into a small net loss of \$353. However, Journey generated strong Adjusted Funds Flow of \$9,030 in the quarter or \$0.21 per basic weighted average share. Capital spending was minimal at \$332 and was limited to small optimization projects. Journey was able to optimize its power generation asset and by June brought it up to a 95% run-rate level for the month of June. Journey

generated 6,831 MW of electricity at an average price of \$123/MW. Journey repaid \$7.0 million of AIMCo term debt in the quarter and exited the quarter with net debt of \$75,670.

- 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.

CRITICAL ACCOUNTING ESTIMATES

A summary of the significant accounting policies used by Journey can be found in Note 3 of the December 31, 2022 audited consolidated financial statements. Note 4 of the Company's audited consolidated financial statements for the year ended December 31, 2022 discloses the areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Company's financial statements. The December 31, 2022, audited consolidated financial statements are available on SEDAR at www.sedar.com.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be material. Estimates and judgments are continuously

evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can materially differ from these estimates.

SELECTED ANNUAL INFORMATION

	2022	2021	2020
Petroleum and natural gas sales	235,583	123,843	67,912
Net income (loss)	155,198	99,134	(56,624)
Basic – per share (\$/share)	2.95	2.18	(1.31)
Diluted – per share (\$/share)	2.64	1.93	(1.31)
Total assets	639,195	357,211	287,673
Total non-current liabilities	226,026	225,109	265,931

Journey’s P&NG sales in 2022 of \$235,583, which were 90% higher than \$123,843 in 2021. This increase was mainly attributable to the 27% increase in average commodity prices. Oil prices increased 13% in 2022 and given that oil accounted for 62% of corporate revenues, the price increase had a significant impact on total revenues. Journey had net earnings of \$155,198 in 2022 as compared to income of \$99,134 in 2021. Total assets in 2022 increased mainly due to recognition of a significant deferred tax asset and the two acquisitions completed during the year. Total non-current liabilities were fairly stable between 2021 and 2022 as the increase in ARO from the acquisitions was offset by debt repayments moving to current status.

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 December 31, 2022 that will materially affect the Company’s future reporting periods.

RISK FACTORS AND RISK MANAGEMENT

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

Commodity Price Risk

The Company’s operating results and financial condition are dependent on prices received for the production of natural gas, NGL and oil. Commodity prices have historically been subject to wide fluctuations and have the most material impact on Funds Flow. These prices are determined by supply and demand factors including: weather and general economic conditions in places that Journey does not operate and therefore are largely outside of Journey’s control. Prices received in Canada also reflect changes in the Canadian/US currency exchange rate. Journey’s strategy to mitigate these risks focuses on the use of puts, swaps, costless collars and fixed price contracts to limit exposure to downturns in commodity prices while allowing, to the maximum extent possible, maximum exposure to commodity price increases. The Company’s hedging activities are conducted pursuant to the Company’s Risk Management policy approved by the Board of Directors. Revenues and the resulting Funds Flows

fluctuate with commodity prices, which are tied directly to the US/Canadian dollar exchange rate. Commodity prices are determined on a global basis and circumstances that occur in various parts of the world are outside of the control of the Company. The Company protects itself from fluctuations in prices by maintaining an appropriate hedging strategy, diversifying its asset mix and strengthening its balance sheet in order to take advantage of low price environments by making strategic acquisitions. Journey enters into commodity price contracts to actively manage the risks associated with price volatility and thereby partially protect Funds Flows, which are used to fund our capital program.

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

Foreign Exchange Risk

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

Liquidity Risk

Liquidity risk is impacted by many things both internal and external to Canada. Currently, the world is battling inflationary forces that requires governments to take fiscal action that can be detrimental to economies. The current challenging economic climate has had, and may continue to have significant adverse impacts on the Corporation including:

- material declines in revenue and cash flows a result of the collapse in commodity prices and reductions in production levels;
- reduced capital programs which could have further negative effects on production levels;
- declines in commodity prices, revenue and cash flows have resulted in material impairments and could result in further impairment charges;
- inability to comply with debt covenants and restrictions in lending agreements;
- increased risk of 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 December 31, 2022:

	Total	< 1 year	1-3 years	4-5 years	After
Accounts payable and accrued liabilities	45,496	45,496	-	-	-
Term debt ¹	115,580	77,517	38,063	-	-
Interest on term debt	14,476	10,543	3,933	-	-
Contingent bank payments ¹	5,000	5,000	-	-	-
Natural gas transportation	4,268	1,661	2,213	394	-
Operating leases	4,865	1,017	2,828	1,020	-
Total financial liabilities	189,685	141,234	47,037	1,414	-

Notes:

1. These amounts represent the principal amounts payable.

Credit Risk

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

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

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

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

Credit Facility Risk

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

not be made. In addition, the new vendor-take-back debt issued in 2022 has specific asset security associated it. Should Journey not make its monthly payments, Enerplus Corporation could enforce its right to this security in the event of a default.

Access to Capital Markets

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

- Internally generated 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 to the value of their assets versus the estimated abandonment and reclamation obligation. Operators with a rating of less than one-to-one, are required to post deposits with the AER. Journey's rating is currently 2.1 and the Company does not expect to post any such deposits in the near future.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Journey's Chief Executive Officer and Chief Financial Officer are responsible for establishing and managing internal control over financial reporting ("ICFR"). They have as December 31, 2022, designed ICFR, or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The control framework used to design the Corporation's ICFR is the Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations.

Management of Journey, including the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Corporation's ICFR as at December 31, 2022. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that the ICFR are effective as of the end of the year, in all material respects.

Journey is required to comply with National Instrument 52-109 Certification of Disclosure on Issuers' Annual and Interim Filings ("NI 52-109"). NI 52-109 requires that Journey's Chief Executive Officer and Chief Financial Officer disclose in its most recent interim period any material weaknesses in Journey's internal control over financial and/or any changes in Journey's internal control over financial reporting that occurred during the period that have materially affected, or are reasonably likely to materially affect Journey's internal controls over financial reporting. Journey confirms that no material weaknesses or such changes were identified in Journey's internal controls over financial reporting during the interim period that started on October 1, 2022 and ended on December 31, 2022.

It should be noted that while the Chief Executive Officer and Chief Financial Officer believe that the Corporation's design of DC&P and ICFR provide a reasonable level of assurance that they are effective, they do not expect that the control system will prevent all errors and fraud. A control system, no matter

how well conceived or operated, does not provide absolute assurance of its effectiveness. Rather the DC&P and ICFR are designed to provide reasonable assurance that the objective of the control system is met. The Corporation's ICFR may not prevent or detect all misstatements because of inherent limitations. Additionally, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with the Corporation's policies and procedures.

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