



JOURNEY REPORTS A SERIES OF TRANSACTIONS TO TRANSITION THE COMPANY TO A LOWER OPERATING COST GROWTH BUSINESS; REPORTS SECOND QUARTER 2016 FINANCIAL RESULTS AND AN UPWARD REVISION TO FIRST QUARTER REPORTED FINANCIAL RESULTS

CALGARY, August 8, 2016 /CNW/ - Journey Energy Inc. (JOY – TSX) (“**Journey**” or the “**Company**”) is pleased to announce significant progress in its efforts to transform our asset base into a more focused lower operating cost core in order to position the company for rapid growth beginning in 2017. Over the last two months Journey has closed (or is in the process of closing) six transactions, and expects to close an additional two transactions by mid-September.

Journey also announces its financial and operating results for the first six months of 2016, including an upward revision to first quarter 2016 results previously reported on May 9, 2016. The complete set of financial statements and management discussion and analysis for the periods ended June 30, 2016 and 2015 will be posted on www.sedar.com and on the Company’s website www.journeyenergy.ca in due course.

HIGHLIGHTS OF 2016 TO DATE

Financial highlights for the first half of 2016 are as follows:

- Achieved a production level of 9,087 boe/d in the first half of 2016, with production of 8,640 boe/d in the second quarter.
- Production of liquids (oil and natural gas liquids) accounted for 4,678 boe/d or 54% of total production during the second quarter.
- Higher prices for oil and natural gas liquids in the second quarter more than offset declining natural gas prices, resulting in cash flow of \$8.2 million (\$0.19/share).
- Achieved a 35% year over year reduction in absolute operating costs from \$28.9 million in the first half of 2015 to \$18.9 million in the first half of 2016. These lower operating costs (\$40 million annualized) are more representative of Journey’s cost structure moving forward.
- Achieved a 59% year over year reduction in transportation expense from \$1.7 million in the first half of 2015, to \$0.7 million in the first half of 2016.
- Reduced net debt by \$3.5 million to \$103.5 million, after giving effect to a \$8.1 million capital program (50% acquisitions) during the first half of the year.

- The lower cost structure generated a higher operating net back of \$12.75/boe (excluding hedging) for the second quarter. Journey considers this operating netback to be more representative of the operating netback for the year moving forward, based upon the current strip prices.
- Continued to forward sell commodities to protect capital programs and debt levels. Journey now has over 70% of oil volumes and 40% of gas volumes (net after royalty), hedged for the second half of 2016.

Acquisition and divestiture (“A&D”) highlights for the second quarter and deals currently in progress during the third quarter, which will contribute to Journey’s transformation to a lower cost, growth vehicle are as follows:

- Journey has closed the divestment of certain non-core operated and non-operated assets in the Pine Creek and Peace River Arch areas of Central and Northern Alberta, Pincher Creek assets in Southern Alberta and our 1% operated working interest in our Southern Alberta Gas assets in the Majorville, Leckie, Enchant, Carmangay, Herronton, and Shouldice properties. These assets produce approximately 590 boe/d (83% gas) net to the Company. This divestment includes over 1,900 gross wells, the majority of which are operated by Journey. The transaction is forecast to result in a 30% improvement in Journey’s liability management ratio (“LMR”) to 2.5. This disposition closed on August 5.
- Journey has closed the acquisition of a 100% working interest in an underutilized oil processing facility including key pipeline and water disposal infrastructure and 200 boe/d (70% liquids) of production in the Brooks area. The synergies associated with utilizing this infrastructure are forecast to provide operating costs savings of over \$1.0 million per year based upon Journey’s existing volumes. This infrastructure will dramatically improve the rate of return for drilling new wells in an area where Journey has identified over 20 potential drilling locations. This acquisition closed on June 24.
- Journey has signed a Purchase and Sale Agreement and is in the process of closing the acquisition of additional working interest, royalty interest and complementary working interest in wells producing approximately 320 boe/d of gas in the Countess area. This acquisition will provide Journey with a 100% working interest in two additional underutilized facilities where Journey is embarking on an extensive program to recomplete over 300 net wells in up-hole CBM zones. This project provides a low risk rate of return in excess of 200% at a gas price of \$2.50/mcf.
- Journey has closed, or is anticipating to close, additional transactions all of which, including the transactions described above, will result in net proceeds to the Company of approximately \$9 million. These dispositions, along with the impact of our remaining capital program for the year is forecast to result in year-end net debt of \$86-88 million. The net impact of these divestments is a short term reduction of approximately 715 boe/d (63% natural gas). Despite the near term reduction in production, Journey forecasts volumes to grow to over 9,000 boe/d in the first quarter of 2017, as higher-cost, gas weighted production is replaced with new, lower cost volumes associated with Journey’s internal capital program.

Second Quarter Financial Highlights

<i>Financial (\$000's except per share amounts)</i>	Three Months ended June 30,			Six months ended June 30,		
	2016	2015	% change	2016	2015	% change
Production revenue	20,450	35,329	(42)	38,505	66,283	(42)
Cash flow from operations	8,218	14,040	(41)	11,547	31,403	(63)
Per basic share	0.19	0.32	(41)	0.26	0.72	(63)
Per diluted share	0.19	0.32	(41)	0.26	0.71	(63)
Net income (loss)	(9,714)	6,846	(242)	(15,103)	3,474	(535)
Per basic share	(0.22)	0.16	(248)	(0.35)	0.08	(533)
Per diluted share	(0.22)	0.15	(248)	(0.35)	0.08	(533)
Capital expenditures, net cash	4,421	4,803	(8)	8,140	25,085	(68)
Net debt	103,477	97,849	6	103,477	97,849	6
 <i>Share Capital (000's)</i>						
Basic, weighted average	43,615	43,811	-	43,615	43,669	-
Basic, end of period	43,615	43,994	(1)	43,615	43,994	(1)
Fully diluted	49,805	49,311	1	49,805	49,311	1
 <i>Daily Production</i>						
Natural gas volumes (mcf/d)	23,775	29,779	(20)	24,752	30,845	(20)
Crude oil (bbl/d)	4,085	5,038	(19)	4,324	5,161	(16)
Natural gas liquids (bbl/d)	593	608	(2)	638	637	-
Barrels of Oil Equivalent (boe/d)	8,640	10,609	(19)	9,087	10,939	(17)
 <i>Average Realized Prices</i>						
Natural gas (\$/mcf)	1.27	2.61	(51)	1.51	2.66	(43)
Crude Oil (\$/bbl)	44.19	58.05	(24)	37.18	51.68	(28)
Natural gas liquids (\$/bbl)	23.53	29.83	(21)	21.16	27.42	(23)
Barrels of Oil Equivalent (\$/boe)	26.01	36.59	(29)	23.28	33.48	(30)
 <i>Netbacks (\$/boe)</i>						
Realized prices	26.01	36.59	(29)	23.28	33.48	(30)
Royalties	(1.72)	(4.18)	(59)	(2.16)	(4.12)	(48)
Operating expenses	(11.12)	(14.63)	(24)	(11.42)	(14.61)	(22)
Transportation expense	(0.42)	(0.61)	(31)	(0.41)	(0.83)	(51)
Operating netback	12.75	17.17	(26)	9.29	13.92	(33)
 <i>Wells drilled</i>						
Gross	-	-	-	1	6	(83)
Net	-	-	-	1.0	5.7	(82)
Success rate	-	-	-	100%	100%	-

OPERATIONS

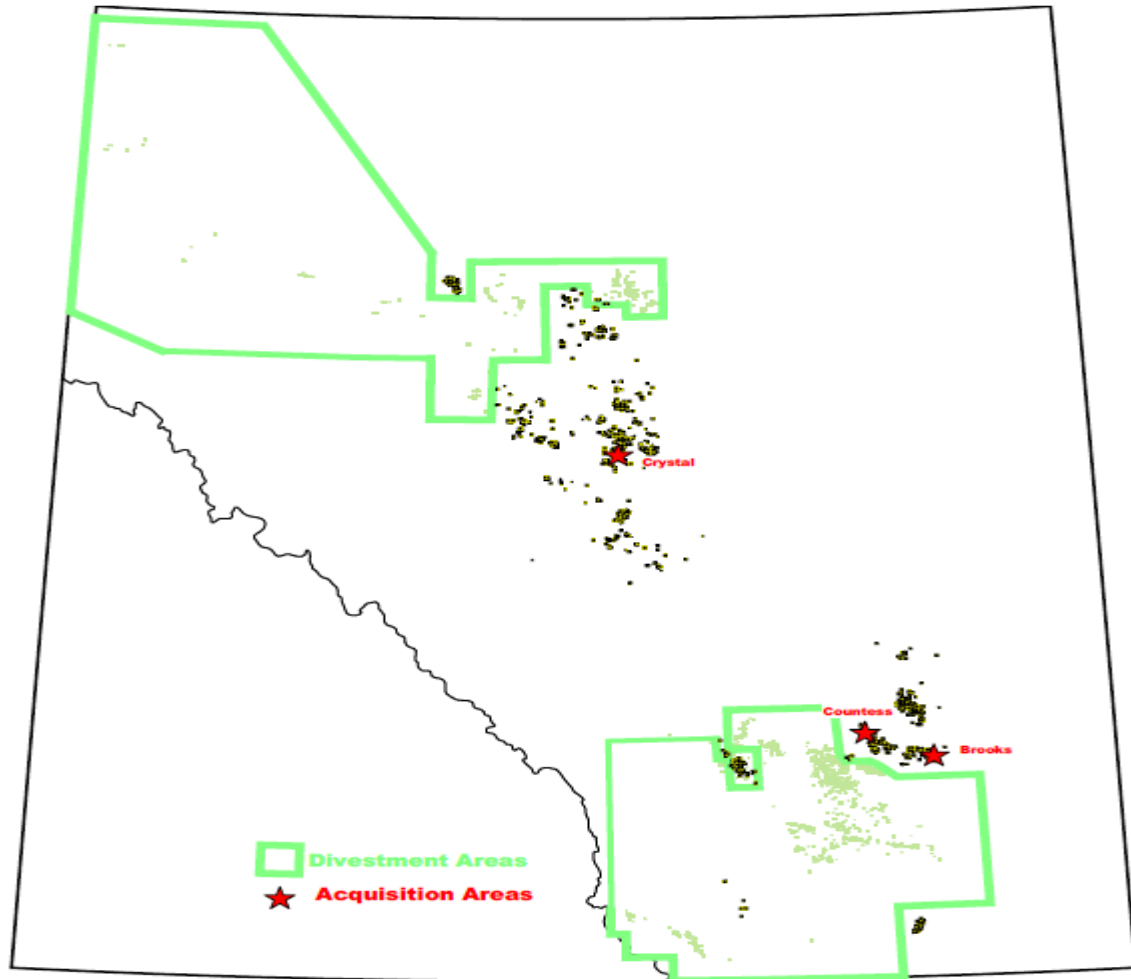
The second quarter of 2016 continued to be a challenging time for our industry, due to the continued weakness in commodity prices, for natural gas in particular, and due to ongoing challenges to reserve based lending values as the current downturn enters its third year. Journey achieved average production of 8,640 boe/d (54% liquids) in the second quarter. Like many of our peers, Journey responded by eliminating all non-essential capital expenditures to preserve balance sheet flexibility. This resulted in reduced development capital and reduced repair and maintenance costs as higher operating cost wells that went off-production were not repaired. Current production remains similar to second quarter levels; however, production is forecast to drop to 8,000 boe/d by the middle of the third quarter due to asset sales before climbing back to second quarter levels in the fourth quarter with the implementation of Journey's third quarter capital program.

A noteworthy highlight within the quarter was the impact of waterflood expansion into a newly acquired section in our Skiff property. A horizontal well drilled in February was placed on production in March and a horizontal producing well was converted to an injection well in mid-April. The offsetting well pair has increased production from 40 bbl/d to over 100 bbl/d over the past three months highlighting future opportunities within Skiff to expand the pool and waterflood to the south.

Although second quarter activities were limited, Journey plans to ramp up activity in the third quarter with a new well to be drilled on our Brooks farm in; tying-in Journey's Brooks development to our newly acquired oil battery; and the initiation of our coal bed methane ("CBM") recompletion program in Countess.

TRANSACTIONS UPDATE

By the end of the third quarter Journey anticipates completing eight transactions, capping off the busiest acquisition and divestiture ("A&D") period in its history. This initiative was targeted at reducing both our cost structure and corporate decline; strengthening our balance sheet; and creating a platform for profitable future growth that is resilient to dramatic fluctuations in commodity pricing. Below is a map showing the areas we have focused our A&D efforts on.



DIVESTMENTS

Outgoing properties consist of non-core assets characterized by operating costs that are higher than the corporate average due, in large measure to infrastructure challenges. In many cases the reliance on third party infrastructure, impedes Journey's ability to reduce per unit costs through capital projects to increase production.

Southern AB Gas & Non-Core Divestment

Journey has closed the divestment of certain non-core assets in the Pine Creek and Peace River Arch areas of Central and Northern Alberta, Pincher Creek assets in Southern Alberta and a 1% operated, working interest in our Southern Alberta Gas assets in the Majorville, Leckie, Enchant, Carmangay, Herronton, and Shouldice properties. These assets produce approximately 590 boe/d (83% gas) net to Journey. This divestment includes over 1,900 gross wells, the majority of which are operated by Journey. Journey estimates a 30% improvement in its LMR to approximately 2.5 pro forma after the divestment.

Other Non-Core Divestments

Journey recently closed the divestment of its Manola property which included approximately 280 boe/d (54% natural gas) of production and related field facilities and infrastructure.

Journey has signed a Purchase and Sale Agreement to dispose of its non-operated working interest in the Greater West Pembina area that includes production of approximately 350 boe/d (59% natural gas). Dundee Securities Ltd. acted as a financial advisor to Journey as part of this transaction which is currently anticipated to close in mid-September.

Journey has signed a Purchase and Sale Agreement to dispose of its non-operated unit and non-unit working interests in the Carson Creek area. This disposition includes net production of approximately 55 boe/d (43% natural gas). This transaction is anticipated to close in mid-September.

ACQUISITIONS

Incoming properties include both assets and key infrastructure, which will allow the Company to focus on high rate of return capital projects to add low operating cost volumes, in areas where we control the infrastructure or have defined processing agreements in place.

Brooks/Countess Area

Journey has closed the acquisition of a 100% working interest in an underutilized oil processing facility including key pipeline and water disposal infrastructure and 200 boe/d (70% oil and natural gas liquids) of production in the Brooks area. This facility is adjacent to Journey's Brooks farm-in block where we are in the early stages of developing a significant Sunburst oil pool. Journey intends to construct a six inch pipeline from our Brooks development area to the newly acquired oil battery, thus eliminating the trucking of fluids, reducing operating costs, and extending the productive life of the existing pool. The battery is pipeline-connected to a third party processing facility capable of more efficiently processing the Sunburst solution gas. The synergies associated with utilizing this infrastructure are currently forecast to provide operating cost savings of over \$1.0 million per year based upon Journey's existing volumes. In addition, this new infrastructure will dramatically improve the rate of return for drilling new wells in an area where Journey has identified over 20 potential drilling locations, and forecasts considerable future development activity. Both the pipeline tie-in project and the drilling of the next development location are scheduled to start by mid-August.

Journey has signed a Purchase and Sale Agreement and is in the process of closing the acquisition of complementary working interests, and royalty interests in wells producing approximately 320 boe/d of shallow gas in the Countess area. This acquisition provides Journey with a 100% working interest in two underutilized facilities, and eliminates the need for duplicate operating personnel, thereby providing for significant cost reductions. With this consolidation of interests in place, Journey will then embark on an extensive program to recomplete over 300 net wells in up-hole CBM zones. Journey's lands are surrounded by over 700 CBM recompletions over the past five years and the type curves for the anticipated production additions are well established.

Total costs for completion of this project are estimated to be approximately \$2.1 million. Due to the existing, underutilized infrastructure, the existing shallow gas wells with no tubing, and low incremental operating cost for production additions, this project provides a low risk rate of return in excess of 200% at a gas price of \$2.50/mcf. This will more than replace the divested gas volumes and will be added at materially lower operating costs.

Crystal Area

Journey has signed a Purchase and Sale Agreement and is in the process of closing an acquisition of over 10 kilometers of operated pipeline infrastructure as well as approximately 40 boe/d of 100% working interest gas production. With this acquisition Journey will be looking to reroute gas to our Crystal facility and re-establish third party production in this underutilized facility in order to reduce per unit through-put costs.

Cherhill Area

Journey has negotiated and closed the purchase of a rental compressor in our Cherhill facility. The \$568 thousand purchase price will have a payout period of approximately one and one half years and is forecast to result in annual operating cost savings of \$375 thousand.

SECOND QUARTER FINANCIAL RESULTS

Journey achieved cash flow from operations of \$8.2 million in the second quarter of 2016 compared to \$14.0 million in the same of quarter of last year. This 41% decline from the previous year was mainly due to daily production declining 19% from the second quarter of 2015 to 8,640 boe/d in the current quarter, and average realized commodity prices decreasing 29% from the comparable quarter in 2015. Helping to mitigate the lower realized commodity prices in the second quarter of 2016 was a \$1.7 million gain in respect of oil hedges. On a per share basis, cash flow was \$0.19 per basic and diluted weighted average share for the quarter, bringing the six month cash flow per share to \$0.26 (basic and diluted).

The net loss in the second quarter of 2016 was \$9.7 million compared to \$6.8 million of net income in the comparable quarter of 2015. In addition to production volumes being down 19% and average realized commodity prices being down 29% as compared to 2015, the largest single contributor to the net loss in the second quarter of 2016 was a \$10.1 million unrealized loss on hedging contracts. For the six months of 2016 the net loss was \$15.1 million, or \$0.35 per basic and diluted share as compared to \$3.5 million of net income or \$0.08 per basic and diluted share in 2015.

Journey's production mix was similar to the comparable quarter of last year, which was weighted 47% to oil; 46% to natural gas and 7% to natural gas liquids. As a percentage of revenue, 80% of our corporate revenues were derived from oil sales; 14% from natural gas and 6% came from natural gas liquids.

The decrease in royalty costs in the quarter was a significant contributor to cash flow. Royalty expense per boe was down 59% in the second quarter to average \$1.72/boe as compared to \$4.18/boe in the same quarter of 2015. Furthermore, the average royalty rate (as a percentage of revenue) was down 42% to 6.6%.

General and administrative costs, before capitalization and recoveries were 44% lower on a quarter to quarter comparison. The second quarter was the first full quarter reflecting our staffing and other cost rationalizations that we started in mid-2015 as oil and gas prices began their rapid descent. On a per boe basis the net cost (after recoveries and capitalization) is now \$2.91 as compared to \$3.29 in the second quarter of 2015.

Journey achieved a 35% reduction in absolute operating costs from \$28.9 million in the first half of 2015 to \$18.9 million in the first half of 2016. These lower operating costs (\$40 million annualized) are more representative of Journey's cost structure moving forward. Journey also realized a 59%

year over year reduction in transportation expense from \$1.7 million in the first half of 2015, to \$0.7 million in the first half of 2016, with the lower transportation expense being more representative of future transportation expense.

During the second quarter, Journey invested \$4.4 million in net capital, with over 75% of this capital attributable to acquisitions. The large acquisition in the second quarter was the strategic purchase of a producing property and included an underutilized oil battery in the Brooks Area. In addition, Journey spent \$568 thousand purchasing a rental compressor in the Cherhill field. This purchase will have an estimated payout in one and a half years and lower our annual operating costs by \$375 thousand. The reduced pace of spending during the quarter allowed us to reduce the net debt to \$103.5 million from \$107.1 million at the end of the first quarter. The Company plans to commence its second half capital program in the upcoming weeks. However, future capital requirements will be exceeded by cash flow and divestments, and debt levels are forecast to continue declining throughout the remainder of the year.

RESTATEMENT TO FIRST QUARTER REPORTED FINANCIAL RESULTS

The rapid decline in oil and natural gas prices in late 2015 and the first quarter of 2016 caused the industry to increase its focus on cost controls. The decline in operating costs for Journey was as expected throughout the last two quarters of 2015 but the cost savings and decrease in discretionary spending accelerated during the first quarter. Journey was realizing substantial gains to its operating cost structure due to: reduced maintenance, chemical and well servicing costs, and the curtailment of high-cost, uneconomic production. These savings were not easily quantifiable in the first quarter of 2016, and therefore, Journey has now identified that actual field operating costs for the first quarter were \$2.1 million less than what was previously reported. As a result, the net loss for the first quarter was \$1.6 million lower (\$2.1 million of operating expense reduction less \$0.5 million of income taxes) than what was previously reported in the first quarter financial results. Therefore, the net loss per share is \$0.04 lower at \$0.12 per basic and diluted share from the \$0.16 (basic and diluted) previously reported.

Accordingly, cash flow from operations is being restated from the \$1.1 million previously reported to the revised amount of \$3.3 million. Journey's auditors have withdrawn their review report in respect of the quarter due to the significance of the change. The Company will include the effects of the \$2.1 million change to cash flow from operations, net loss and net debt in the six month data in the financial statements filed today, as well as describing the impact to the March 31, 2016 first quarter financial statements in the notes to the financial statements. Given the recent volatility in commodity prices, the rapidly changing environment for services, and the challenges placed upon an industry to scale down and ultimately to ramp back up, investors are encouraged to view Journey's financial numbers over a longer period rather than one individual quarter. Journey management feels that the past six months performance should provide a better indication of the projected results for the remainder of 2016.

UPDATED 2016 GUIDANCE HIGHLIGHTS LOWER COST STRUCTURE MOVING FORWARD

Although each transaction described herein is minor with respect to the size of Journey's overall asset base, the cumulative effect of these transactions, coupled with other initiatives which have been the focus of the Company over the past six months, is forecast to have a material impact on Journey's operating cost structure moving forward. We estimate the annualized reduction in absolute operating costs to be approximately \$5.0 million/year. Further to this immediate reduction in costs, these transactions provide an even larger platform for Journey to cost effectively grow our production for the balance of 2016 and into 2017. Due to the timing of the transactions, the full impact of these initiatives may not be completely realized until the fourth quarter of 2016. These

acquisitions are not forecast to have a material impact on Journey's overall oil-in-place, opportunity inventory, forecasted reserves or corporate decline rates. However, the cost reduction strategies are expected to have a favorable impact on the operating expenses in the year-end reserve report.

After giving effect to these transactions Journey's production volumes are forecast to average approximately 8,200 boe/d in the third quarter of 2016, before climbing to over 8,600 boe/d in the fourth quarter and over 9,000 boe/d in the first quarter of 2017.

Journey is maintaining its current plan to spend \$9 million of net capital in 2016 comprised of: \$18 million devoted to exploration and development activities; \$5 million spent on strategic acquisitions; less \$14 million of asset divestitures. Journey is now forecasting 2016 cash flow of approximately \$24-26 million based on current strip pricing and incorporating the impact of our hedging program. The forecasted increase to cash flow from rising commodity prices and reduced operating costs, is anticipated to result in year-end net debt levels of \$86-88 million, or approximately 2.6 times, annualized fourth quarter cash flow. Our plans for 2017 are targeted towards continuing to grow production volumes while improving operating metrics. We expect to spend less than cash flow in 2017 while growing production from 2016 levels.

Journey's guidance for 2016 is revised as follows:

	Revised	Previous
Annual average production (boe/d)	8,600 - 8,900 (54% liquids)	8,500 - 8,900 (54% liquids)
Net capital program (including net A&D activity)	\$9 million	\$9 million
Exploration and Development Capital	\$18 million	\$8 million
Net acquisition (divestiture) capital	\$(9) million	\$1 million
Cash flow	\$24-26 million	\$12-14 million
Year end net debt	\$86-88 million	\$102-\$104 million
Cash flow per basic, weighted average share	\$0.55 - 0.60	\$0.28 - 0.32

Journey's second half exploration and development activities are scheduled to begin in early August. The exploration and development portion of our 2016 capital program will be allocated to drilling, completing, equipping and tying-in 6 (6.0 net) wells in Brooks, Crystal, Poplar Creek, and Skiff. Journey is increasing its emphasis on waterflood expansion with injection projects in Matziwin, Skiff and Herronton. These projects require longer lead times for production response, which in turn provide time for commodity prices to stabilize. The projects will also contribute to the reduction in our corporate decline rate to approximately 18% by 2017. Journey is also planning a number of recompletion projects including a 300 net well, \$2.1 million, CBM recompletion project in the Countess area. Although the CBM recompletion program is natural gas, the lower incremental operating cost and low royalty rates result in a payout of less than one year with favorable decline characteristics and a high rate of return. It must be emphasized that 100% of Journey's capital projects from now until the end of 2017 are into underutilized facilities where Journey controls the infrastructure or has defined processing agreements in place.

Journey's 2016 forecasted cash flow from operations of \$24-26 million is based on the following average prices: WTI of US\$42.50/bbl; AECO gas of C\$2.15/mcf; and a foreign exchange rate of \$0.76 US\$/CDN\$. The Company will operate substantially all of its 2016 capital program with an average working interest of over 90%. Because of this, Journey can remain flexible with this budget by increasing or decreasing its spending levels should prices materially change. Journey continues to review strategies to improve its financial flexibility including, but not limited to: asset sales; joint ventures; business combinations; sales of royalty interests; equity injections; and issuing new debt instruments. Journey will report the progress of these initiatives in due course.

Operating expenses are forecasted to average \$40-\$42 million per year on an annualized basis for the balance of 2016 and 2017, resulting in reductions in per unit costs as Journey's production grows.

Should the recent rally in oil prices to the low-\$40 WTI-USD level from the sub-\$30 WTI level which was experienced in the first quarter be sustained or move higher; coupled with the strengthening of natural gas prices; the tone will be set for a brighter future at Journey. Journey management has chosen to take a measured approach to this rally by continuing to focus on cost reductions over capital spending and by reducing our exposure to commodity price fluctuations by adding to our hedged volumes. A summary of Journey's hedging program is shown in the following table:

Type	Volume	Time Frame	Floor	Ceiling
Oil Swap	2,500 bbl/d	Jul 16-Dec 16	\$62.55/CDN	N/A
Oil Swap	1,000 bbl/d	Jan 17-Dec 17	\$60/CDN	N/A
Oil 3 Way Collar	1,000 bbl/d	Oct 16-Mar18	\$60/CDN*	\$65/CDN
Gas Swap	5,000 Gj/d	Aug 16-Oct 17	\$2.62/Gj	N/A
Gas Collar	5,000 Gj/d	Nov 16-Mar 17	\$2.35/Gj	\$2.86/Gj
Gas Collar	5,000 Gj/d	Nov 16-Mar 18	\$2.40/Gj	\$2.85/Gj

*put floor of \$39.50 CDN

Journey now has close to 50% of its net-of-royalty production (both liquids and natural gas) hedged for 2017. This level was designed to insure all operating and corporate costs were covered until the end of 2017. Journey will tailor its go forward capital program to our cash flow for the medium term. Under the current strip commodity prices, Journey forecasts cash flow in 2017 increasing to over \$35 million, a level which should be sufficient to increase production from 2016 levels, while reducing net debt to cash flow below 2.0 times by the end of 2017. Journey has a drill-ready inventory with over \$40 million of delayed capital projects and is poised to increase capital spending and grow production in 2017.

Journey remains in the fortunate position of owning and operating our own destiny. The Company faces no expiry issues since its legacy, low decline oil pools are held by current production. This allows Journey to have the flexibility to prioritize the maintenance or the reduction of debt levels, versus spending development capital. Journey intends to take advantage of low industry costs to prudently expand long lead time water flood projects and remains poised to ramp up capital expenditures and return production to previous levels as commodity prices improve.

On behalf of Journey's management team and directors we would like to thank our shareholders for their continued support through this challenging time. There are few companies within our peer group that share the same upside leverage to rising commodity prices that Journey does, and we remain steadfast in our goal to provide shareholders with superior returns over the longer term.

ABOUT THE COMPANY

Journey is a Canadian exploration and production company focused on conventional, oil-weighted operations in western Canada. Journey's strategy is to provide investors with growth plus a sustainable yield by focusing on drilling its existing core lands, implementing water flood projects, executing on accretive acquisitions and growing its production base. Journey seeks to optimize its legacy oil pools through the application of best practices in horizontal drilling and, where feasible, with water floods.

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ADVISORIES

Information in this press release that is not current or historical factual information may constitute forward-looking information within the meaning of securities laws, which involves substantial known and unknown risks and uncertainties, most of which are beyond the control of Journey, including, without limitation, those listed under “Risk Factors” and “Forward Looking Statements” in the Annual Information Form filed on www.SEDAR.com on March 31, 2015. Forward-looking information may relate to our future outlook and anticipated events or results and may include statements regarding the business strategy and plans and objectives. Particularly, forward-looking information in this press release includes, but is not limited to, information concerning Journey’s drilling and other operational plans, production rates, dividend policy, long-term objectives and the declaration and payment of dividends. Journey cautions investors in Journey’s securities about important factors that could cause Journey’s actual results to differ materially from those projected in any forward-looking statements included in this press release. Information in this press release about Journey’s prospective cash flows and financial position is based on assumptions about future events, including economic conditions and courses of action, based on management’s assessment of the relevant information currently available. Readers are cautioned that information regarding Journey’s financial outlook should not be used for purposes other than those disclosed herein. Forward-looking information contained in this press release is based on our current estimates, expectations and projections, which we believe are reasonable as of the current date. No assurance can be given that the expectations set out in the Prospectus or herein will prove to be correct and accordingly, you should not place undue importance on forward-looking information and should not rely upon this information as of any other date. While we may elect to, we are under no obligation and do not undertake to update this information at any particular time except as required by applicable securities law.

No securities regulatory authority has either approved or disapproved of the contents of this press release.

Readers are cautioned that the above list of risks and factors are not intended to be exhaustive. Additional information on these and other factors that could affect our operating and financial results are, or will be, included in reports filed with the applicable securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com).

Non-GAAP Measures

The company uses the following non-GAAP measures in evaluating corporate performance. These terms are not recognized under Generally Accepted Accounting Principles (“GAAP”).

- (1) **Cash flow from operations.** The Company considers cash flow from operations (also referred to as “cash 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. Cash flow from operations is calculated as cash from operating activities before changes in non-cash working capital, and decommissioning costs incurred. Cash flow from operations per share is calculated as cash flow from operations divided by the weighted-average number of shares outstanding in the period. Journey’s determination of cash flow from operations may not be comparable to that reported by other companies. Journey also presents cash flow from operations per share whereby per share amounts are calculated using weighted average shares outstanding consistent with the calculation of net earnings per share, which per share amount is calculated under IFRS and is more fully described in the notes to the financial statements.
- (2) **Net debt.** Net debt is a non-GAAP measure and represents current assets less current liabilities and bank debt (but excludes the potential future liability (or assets) related to the mark-to-market measurement of derivative contracts and decommissioning liabilities). It does not have a standardized meaning prescribed by International Financial Reporting Standards and it is therefore unlikely to be comparable to similar measures presented by other companies.
- (3) **Netbacks.** Operating netback is a non-GAAP measure and is calculated as petroleum and natural gas sales less royalties, transportation and operating costs calculated on a per boe basis. Cash flow netback equals the operating netback less cash finance costs, general and administrative costs, realized gains and losses on derivative contracts. Operating netback and funds flow from operations netback do not have a standardized measure prescribed by International Financial Reporting Standards and therefore may not be comparable with the calculations of similar measures for other companies.

Barrel of Oil Equivalents

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.

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