



## JOURNEY ENERGY INC. ANNOUNCES CLOSING OF STRATEGIC ACQUISITION, DIVESTMENT OF NON-CORE PROPERTY, INCREASE TO CREDIT FACILITY AND HEDGING UPDATE

CALGARY, April 28, 2017 /CNW/ - Journey Energy Inc. (JOY – TSX) (“**Journey**” or the “**Company**”) is pleased to announce it has closed on its previously announced strategic acquisition in its Central Alberta core area (the "Acquisition").

The Acquisition consists of approximately 2,000 boe/d (average for 2017; 28% oil & NGL’s) of high value; long life; operated; high working interest (75% average); and liquids-rich gas production. This low-decline (16%) production base provides annual, net operating income of approximately \$8-9 million. Journey has also acquired high working interests in two strategic gas plants as well as a network of more than 250 kilometers of pipelines. Journey has identified a number of low-risk, low-capital cost, development opportunities, which will allow the Company to maintain production on the assets over the remainder of the year for approximately 30% of forecasted funds flow. The base purchase price (before closing adjustments) was \$35.6 million.

Journey also announces today that it has disposed of a non-core property in the Sylvan Lake Area for approximately \$5.0 million (before closing adjustments), which was producing approximately 185 boe/d (83% oil and NGL’s) at closing.

The Acquisition is consistent with Journey’s expansion strategy within its Central Alberta core area by building on its extensive network of strategic infrastructure and further expanding its portfolio of low-risk multi-zone liquids focused horizontal drilling opportunities.

Journey’s independent evaluator, GLJ Petroleum Consultants, has completed an evaluation of the Acquisition reserves as contained in their report with an effective date of February 28, 2017 and using the 2016 year-end 3 Consultants average pricing. A summary of the reserves is included in the table below:

Purchase price (before closing adjustments)	\$35.6 million
Production	2,000 boe/d (28% oil and NGL’s)
Company Gross Reserves <sup>(1)</sup>	
Proved producing	7.0 Mmboe (28% oil and NGL’s)
Total proved	9.5 Mmboe (27% oil and NGL’s)
Proved + probable producing	9.0 Mmboe (28% oil and NGL’s)
Proved + probable	14.3 Mmboe (26% oil and NGL’s)
Net present value – 10% discount <sup>(1)</sup>	
Proved producing	\$56.2 million
Total proved	\$66.2 million
Proved + probable producing	\$66.2 million
Proved + probable	\$89.2 million

Notes:

(1) As evaluated by GLJ Petroleum Consultants Ltd. Forecast pricing used is the average of the published price forecasts for GLJ Petroleum Consultants Ltd., Sproule Associates Ltd. and McDaniel & Associates as at December 31, 2016. The figures shown represent the reserves and values for the acquisition effective February 28, 2017.

The \$30.6 million net acquisition cost (before adjustments) for the two deals was funded through:

1. The issuance of 4.95 million shares to Alberta Investment Management Corporation for \$13.6 million (see Press Release dated March 3, 2017)
2. The issuance of 2.1 million shares to the vendor for \$6.0 million at a deemed price of \$2.89 per Journey share; and
3. The balance using Journey's credit facility.

To maintain financial flexibility Journey has entered into additional hedges of 5.0 mmcf/d on gas and 500 bbl/d of oil for the second half of 2017, and is planning to shift approximately \$5.0 million of capital expenditures from the second and third quarters to the fourth quarter.

**Credit Facility**

Concurrently with the closing of the two transactions above, Journey concluded the annual review of its credit facility with its syndicate of banks. The new credit facility is \$125 million (previously \$90 million) comprised of a \$15 million working capital facility and a \$110 million revolving borrowing base production based facility. After closing both the Acquisition and the divestment, the amount drawn on the bank line was approximately \$65 million.

**2017 GUIDANCE**

Journey's 2017 guidance, which reflects the Acquisition and the divestment, is as follows:

Annual average production	10,100 – 10,500 boe/d (46% liquids)
Exit 2017 production	10,700 – 11,100 boe/d (48% liquids)
Exploration and development capital	\$35 million
Net acquisition capital	\$33 million
Funds flow	\$46 - 50 million
Year-end net debt	\$89 - 93 million
Funds flow per basic share (weighted average shares)	\$0.93 – 1.01 share
Corporate annual decline rate	17%

Journey's revised 2017 forecasted funds flow from operations of \$46-50 million is based upon the following average prices: WTI of US\$52/bbl; AECO gas of CDN\$2.90/mcf; and a foreign exchange rate of \$0.75 US\$/CDN\$. The Company will operate substantially all of its 2017 capital program with an average working interest in excess of 90%. Because of this, Journey can remain flexible with its budget by increasing or decreasing its spending levels should commodity prices change materially. Although Journey has the ability to provide additional growth within funds flow, Journey remains steadfast in its commitment to preserve financial flexibility during volatile times.

## Hedging Update

Journey currently has 56% of its oil and 57% of its natural gas volumes hedged for the remaining three quarters of 2017. This is expected to provide a high level of confidence for the funding of the capital program, while maintaining significant financial capability and security to pursue future acquisition opportunities.

<b>Oil Hedging</b>		
<b>Period</b>	<b>Bbls/d</b>	<b>Average Floor price per bbl</b>
Q2 2017	2,000	CDN\$62.50
Q3 2017	2,500	CDN\$64.41
Q4 2017	2,500	CDN\$64.41
Q1 2018	1,000	CDN\$65.00

<b>Gas Hedging</b>		
<b>Period</b>	<b>GJ's/d</b>	<b>Average Floor price per GJ</b>
Q2 2017	21,100	CDN\$2.88
Q3 2017	21,100	CDN\$2.89
Q4 2017	17,602	CDN\$2.98
Q1 2018	8,968	CDN\$2.94
Q2 2018	3,693	CDN\$2.62
Q3 2018	3,693	CDN\$2.61
Q4 2018	3,693	CDN\$2.77

## About the Company

Journey is a Canadian exploration and production company focused on conventional oil and liquids-rich natural gas operations in western Canada. Journey's strategy is to grow its production base by drilling on its existing core lands, implementing water flood projects, executing on accretive acquisitions. Journey seeks to optimize its legacy oil pools on existing lands through the application of best practices in horizontal drilling and, where feasible, with water floods.

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## **FORWARD LOOKING STATEMENTS AND OTHER ADVISORIES**

*This press release contains forward-looking statements and forward-looking information (collectively "forward looking information") within the meaning of applicable securities laws relating to the Company's plans and other aspects of our anticipated future operations, management focus, strategies, financial, operating and production results, industry conditions, commodity prices and business opportunities. In addition, and without limiting the generality of the foregoing, this press release contains forward-looking information regarding decline rates, anticipated netbacks, drilling inventory, estimated average drill, complete and equip and tie-in costs, anticipated potential of the Assets including, but not limited to, EOR performance and opportunities, capacity of infrastructure, potential reduction in operating costs, production guidance, total payout ratio, capital program and allocation thereof, future production, decline rates, funds flow, net debt, net debt to funds flow, exchange rates, reserve life, development and drilling plans, well economics, future cost reductions, potential growth, and the source of funding our capital spending. Forward-looking information typically uses words such as "anticipate", "believe", "project", "expect", "goal", "plan", "intend" or similar words suggesting future outcomes, statements that actions, events or conditions "may", "would", "could" or "will" be taken or occur in the future.*

*The forward-looking information is based on certain key expectations and assumptions made by our management, including expectations and assumptions concerning prevailing commodity prices and differentials, exchange rates, interest rates, applicable royalty rates and tax laws; future production rates and estimates of operating costs; performance of existing and future wells; reserve and resource volumes; anticipated timing and results of capital expenditures; the success obtained in drilling new wells; the sufficiency of budgeted capital expenditures in carrying out planned activities; the timing, location and extent of future drilling operations; the state of the economy and the exploration and production business; results of operations; performance; business prospects and opportunities; the availability and cost of financing, labour and services; the impact of increasing competition; the ability to efficiently integrate assets and employees acquired through acquisitions, including the Acquisition, the ability to market oil and natural gas successfully and our ability to access capital. Although we believe that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information because Journey can give no assurance that they will prove to be correct. Since forward-looking information addresses future events and conditions, by its very nature they involve inherent risks and uncertainties. Our actual results, performance or achievement could differ materially from those expressed in, or implied by, the forward-looking information and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking information will transpire or occur, or if any of them do so, what benefits that we will derive therefrom. Management has included the above summary of assumptions and risks related to forward-looking information provided in this press release in order to provide security holders with a more complete perspective on our future operations and such information may not be appropriate for other purposes.*

*Readers are cautioned that the foregoing lists of factors are not exhaustive. Additional information on these and other factors that could affect our operations or financial results are included in reports on file with applicable securities regulatory authorities and may be accessed through the SEDAR website ([www.sedar.com](http://www.sedar.com)). These forward looking statements are made as of the date of this press release and we disclaim any intent or obligation to update publicly any forward-looking information, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.*

*This press release contains future-oriented financial information and financial outlook information (collectively, "FOFI") about Journey's prospective results of operations, funds flow, netbacks, debt, payout ratio well economics and components thereof, all of which are subject to the same assumptions, risk factors, limitations and qualifications as set forth in the above paragraphs. FOFI contained in this press release was made as of the date of this press release and was provided for the purpose of providing further information about Journey's anticipated future business operations. Journey disclaims any intention or obligation to update or revise any FOFI contained in this press release, whether as a result of new information, future events or otherwise, unless required pursuant to applicable law. Readers are cautioned that the FOFI contained in this press release should not be used for purposes other than for which it is disclosed herein. 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](http://www.SEDAR.com) on March 24, 2017. 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, and long-term objectives. 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 funds 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.*

### **Non-IFRS Measures**

*The company uses the following non-IFRS measures in evaluating corporate performance. These terms do not have a standardized meaning prescribed by International Financial Reporting*

*Standards and therefore may not be comparable with the calculation of similar measures by other companies.*

- (1) The Company considers “funds flow” as 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. Funds flow is calculated by taking cash from operating activities as reported in the Company’s financial statements and adding or deducting the following items: changes in non-cash working capital; transaction costs and decommissioning costs. Journey’s determination of funds flow may not be comparable to that reported by other companies. Journey also presents Funds Flow per share whereby per share amounts are calculated using weighted average shares outstanding consistent with the calculation of net income 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 is a non-IFRS measure and represents current assets less: current liabilities, bank debt and the promissory notes outstanding. For purposes of Journey’s net calculation, the impact of the potential future liability (or asset) related to the mark-to-market measurement of derivative contracts as well as the provision for decommissioning liabilities have been excluded from the calculation.*
- (3) Operating netback is a non-IFRS measure, is calculated on a per boe basis and equals total revenue (excluding hedging gains and losses); minus the aggregate of: royalties, transportation and field operating costs. Journey considers operating netback as an important measure to evaluate its operational performance as it demonstrates its field level profitability relative to current commodity prices.*

### **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.*

### **Oil and Gas Measures and Metrics**

*All reserve references in this press release are “Company Gross Reserves”. Company gross reserves are the Company’s total working interest share of reserves before deduction of any royalties and excluding any royalty interests of the Company.*

*All future net revenues are stated prior to provision of general and administrative expenses, interest, but after the deduction of royalties, operating costs, estimated abandonment and reclamation cost for wells with reserves attributed to them; and estimated future capital expenditures. Future net revenues have been presented on a before tax basis. Estimated values of future net revenue disclosed herein are not representative of fair market value.*

The Company uses the following metrics in assessing its performance and comparing itself to other companies in the oil and gas industry. These terms do not have a standardized meaning and therefore may not be comparable with the calculation of similar measures by other companies:

- 1) Corporate Decline is the rate at which production from a grouping of assets falls from the beginning of a fiscal year to the end of that year.
- 2) IP 365 is the average daily production rate of a well in its first 365 days of production expressed in boe's.

### **Oil and Gas Advisories**

The reserves information contained in this press release are based on Journey's independent reserves evaluator, GLJ Petroleum Consultants in accordance with National Instrument 51-101. These reserves reports contain various assumptions and estimates. Such estimates are based on values that Journey's management believes to be reasonable and are subject to the same limitations discussed above under "Forward-Looking Statements and Other Advisories". Listed below are cautionary statements applicable to the reserves information that are specifically required by NI 51-101: (i) individual properties may not reflect the same confidence level as estimates of reserves for all properties due to the effects of aggregation; and (ii) this press release contains estimates of the net present value of the future net revenue from the reserves to be acquired - such amounts do not represent the fair market value of such reserves.

### **Abbreviations**

<i>bbl</i>	<i>barrel</i>
<i>bbls</i>	<i>barrels</i>
<i>boe</i>	<i>barrels of oil equivalent</i>
<i>gj</i>	<i>gigajoules</i>
<i>Mbbls</i>	<i>Thousand barrels</i>
<i>MMBtu</i>	<i>Million British thermal units</i>
<i>NGL's</i>	<i>Natural gas liquids</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>Mboe</i>	<i>Thousand boe</i>
<i>\$M</i>	<i>Thousands of dollars</i>

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