



JOURNEY ENERGY INC. GENERATES \$18 MILLION IN ADJUSTED FUNDS FLOW FOR THE FIRST QUARTER OF 2023, REDUCES NET DEBT, TAKES FURTHER STEPS TO EXPAND ITS POWER BUSINESS

CALGARY, May 9, 2023 /CNW/ - Journey Energy Inc. (JOY – TSX; JRNGF - OTCQX) (“**Journey**” or the “**Company**”) announces its financial results for the first quarter of 2023. The complete set of financial statements and management discussion and analysis for the periods ended March 31, 2023 and 2022 are posted on www.sedar.com and on the Company’s website www.journeyenergy.ca.

Highlights for the first quarter, and to-date are as follows:

- Generated sales volumes of 12,920 boe/d in the first quarter (45% crude oil; 11% NGL’s; 44% natural gas). All of Journey’s production is currently unhedged. Year-over-year sales volumes increased 52%.
- Generated adjusted funds flow of \$18.0 million or \$0.31 per basic share and \$0.28 per diluted share. Quarter-over-quarter, Adjusted Funds Flow was impacted by a 16% decrease in average, corporate, realized pricing per boe. The corresponding 39% reduction in operating netback was largely offset by the by the quarter over quarter increase in sales volumes.
- Closed a Canadian Development Expense flow-through-share financing of 3.0 million shares at \$6.62/share for gross proceeds of \$20.1 million. The proceeds of the flow-through-share financing will be utilized to fund an 8 well drilling program in the second half of 2023.
- Produced 5,603 megawatts of electricity at Journey’s power generation facility in Countess, Alberta at an average price of \$159.65/MWH. The run-rate during the first quarter was 64% of capacity.
- Completed the purchase of the 16.5 MW power plant in Mazeppa Alberta on April 28. Journey continues to make progress with plans to re-activate this facility in its current location, most recently entering into an agreement to purchase the land the power facility resides on. In addition, the Company continues to advance the approval process for reconnecting and reactivating the facility to the power grid.

Financial (\$000's except per share amounts)	Three months ended March 31,		
	2023	2022	% change
Production revenue	58,443	45,858	27
Net income	6,440	13,769	(53)
Per basic share	0.11	0.28	(61)
Per diluted share	0.10	0.25	(60)
Adjusted Funds flow	17,959	20,401	(12)
Per basic share	0.31	0.42	(26)
Per diluted share	0.28	0.36	(22)
Cash flow from operations	11,461	21,811	(47)
Per basic share	0.20	0.45	(56)
Per diluted share	0.18	0.39	(54)
Net capital expenditures	6,818	12,162	(44)
Net debt	71,071	38,481	85
Share Capital (000's)			
Basic, weighted average	58,153	48,472	20
Diluted, weighted average	64,036	55,998	14
Basic, end of period	60,923	50,912	20
Fully diluted	67,863	59,272	14
Daily Sales Volumes			
Natural gas (Mcf/d)			
Conventional	30,608	22,836	34
Coal bed methane	4,279	4,163	3
Total natural gas volumes	34,887	26,999	29
Crude oil (Bbl/d)			
Light/medium	3,564	2,531	41
Heavy	2,175	629	246
Total crude oil volumes	5,739	3,160	82
Natural gas liquids (Bbl/d)	1,367	832	64
Barrels of oil equivalent (boe/d)	12,920	8,492	52
Average Realized Prices¹			
Natural gas (\$/mcf)	3.66	4.74	(23)
Crude Oil (\$/bbl)	79.16	104.80	(24)
Natural gas liquids (\$/bbl)	49.32	60.59	(19)
Barrels of oil equivalent (\$/boe)	50.26	60.00	(16)
Operating Netback (\$/boe)			
Realized prices ¹	50.26	60.00	(16)
Royalties	(10.38)	(10.63)	(2)
Operating expenses	(19.78)	(17.40)	14
Transportation expenses	(1.06)	(0.51)	108
Operating netback	19.04	31.46	(39)

Note:

1. Realized prices include physical hedging gains.

OPERATIONS

In the first quarter of 2023, Journey was busy continuing with the integration of its acquisition (the “**Acquisition**”) from Enerplus Corporation. This transaction was the primary contributor to the increase in sales volumes from 8,492 boe/d in the first quarter of 2022 to 12,920 boe/d in the first quarter of 2023. The acquisition had a positive impact on the liquids (crude oil and NGL’s) sales mix as it increased from 47% in the first quarter of 2022 to 55% in the current quarter. This change will benefit Journey’s netback going forward due to the significant shift towards the more valuable liquids weighting. Current production capability from the combined asset base is approximately 13,000 boe/d. Journey’s productive capability continues to be affected by minor unplanned outages that are expected to be resolved by early summer. However, Journey is still projecting to achieve its full year guidance, even with a capital program that is weighted to the back half of the year.

Along with the continued integration of the Acquisition, Journey’s activity levels in the first quarter of 2023 also included advancing the power business, and preparing for an active second half of the year. Journey’s capital program has shifted more towards oil-weighted opportunities by replacing natural gas weighted drilling in Westeros with oil weighted drilling in Matziwin. This is expected to result in lower aggregate boe volumes in favour of higher netback oil volumes. Journey’s 2023 drilling program now features 9 gross (7.6 net wells) including 4 wells in Medicine Hat; 3 wells in Cherhill; and 2 wells in Matziwin. It is important to note that \$20 million of Journey’s \$63 million capital program is directed toward sales volume growth. In addition, Journey plans to expand its polymer flood in Medicine Hat and its waterflood in Matziwin, which will result in a less immediate, but longer lasting positive impact on the sales volumes at these locations. Journey has allocated \$8 million of its 2023 capital budget to polymer costs, injector conversions, and facilities. Journey has also allocated \$5.4 million of capital toward end-of-life costs and an additional \$8 million in minor acquisition costs; land acquisitions; seismic data; and cost carry overs from projects started in 2022.

Even though Journey shifted its capital program towards oil weighted drilling, Journey continues to advance its repeatable plays in 2023. The Company is in final negotiations to enter into a farm-in agreement with a freehold mineral owner in the Gilby area of Alberta. This farm-in, combined with Journey’s existing acreage will give the company access to approximately fifty contiguous, gross sections for Duvernay development drilling. These mineral rights are adjacent to Journey’s Gilby gas processing facility. These rights are already overlain by liquid-rich, Glauconite production and contain two Duvernay test wells drilled as part of Journey’s previous joint venture with Kiwetinohk. The primary term of the option agreement is for four years with a further option to extend the term to seven years. Journey currently plans to drill a minimum of two Duvernay wells on this block during the four year primary term.

EXPANDING JOURNEY’S POWER BUSINESS

For 2023, Journey has continued to prioritize its emerging power generation business and has made significant strides in this regard. Journey allocated \$21 million in capital to its power generation business for 2023. The majority of this capital is associated with its Gilby power plant construction and the remainder to the Mazeppa power plant purchase. Although a portion of the Gilby capital may carry over into the first quarter of 2024, this is expected to be offset by an increased capital allocation devoted to re-energizing the purchased Mazeppa power plant. Therefore there is a potential upward bias to Journey’s capital allocation to its power business in 2023.

Journey has demonstrated, through the operation of its existing Countess power plant, that it is far more profitable to convert its natural gas into electricity, than to merely sell the natural gas at spot prices. The currently operating, 4 MW Countess facility, which was originally commissioned in the fourth quarter of 2020, is already close to paying out the original investment. Based on Journey’s realized power prices in 2022, the average, effective, net realized price for natural gas used to generate power for the year was approximately

\$10.54/mcf. For the first three months of 2023 the average, effective, net realized price was \$8.60. This price takes into account the cost of the natural gas and the incremental costs of operating the power plant. As a comparison, the average AECO benchmark price for 2022 was approximately \$5.43/mcf and \$3.23/mcf for the first three months of 2023. Average power prices have increased over 250% since this facility came on stream. Journey is planning to increase its power sales to the Alberta electricity grid by over 500% over the next year. The nature of Journey's asset base is such that it is a large power consumer, and power represents 25% of overall corporate operating costs.

Journey previously announced that it had entered into an agreement to purchase a 16.5 MW power generation facility through an open auction process that started in November 2022. This facility was originally commissioned by another operator in 2015, and ran for less than one year before being shut-in. The Mazeppa facility is located near the community of High River Alberta and consists of five, 3.3 MW Jenbacher generators and includes switch gear, coolers, and an export transformer. The generators, ancillary equipment, and buildings are in excellent condition as they previously had minimal run time. Journey estimates that the replacement value of this facility is in excess of five times the purchase price.

The Mazeppa power facility acquisition closed in April 2023 and its cost has been included in the capital guidance for 2023. Since agreeing to purchase this facility, Journey has been actively pursuing the option of re-energizing this facility in its existing location. This option was further advanced in early May when Journey entered into a definitive agreement to purchase the land the power project is currently occupying. The land purchase is forecast to close in mid-May. As each of these milestones are achieved, Journey is more certain that there is a viable path for re-energizing this facility in place at Mazeppa by early 2024. Journey intends to provide further guidance on the time-line to an on-stream date in August. Full costs for re-energizing this facility have not been included in the 2023 capital guidance, but are not forecast to materially affect the 2023 capital program.

Journey has received preliminary approval to construct a 15.5 MW generation facility at its Gilby gas plant and has procured 17 MW of generating capacity in support of this project. The Company has continued to advance the design and approval of this project. The primary construction phase of this facility is scheduled to begin after breakup and this power project is currently anticipated to commence operations in the first quarter of 2024.

When the Gilby and Mazeppa power projects are on-stream, Journey will be in a position to more than offset its corporate power usage with power sales to the Alberta power grid. This will help diversify the corporate revenue stream and improves the sustainability of the Company even when there is a volatile commodity pricing environment. The record power prices of \$311/MW realized in December of 2022, along with the expanding valuations demonstrated by recent market transactions continues to re-inforce the validity of this longer term strategy.

FINANCIAL

The first quarter of 2023 was the first full quarter operating the significant acquisition that closed on October 31, 2022. The 72% liquids (crude oil and NGL's) weighting from the Acquisition helped increase Journey's overall liquids weighting from 47% in the first quarter of 2022 to 55% in the first quarter of 2023. The Acquisition was well-timed as commodity prices started to soften in early 2023 and the increased emphasis on the higher netback liquids volumes contributed significantly to Journey's first quarter results. Average commodity prices decreased by 17% from the first quarter of 2022 to the current quarter with oil down by 25%, natural gas down by 35% and NGL's down by 19%. Journey still posted solid results with Adjusted Funds Flow for the first quarter of 2023 of \$18.0 million. Crude oil sales volumes for the first quarter of 2023 represented 44% of total boe volumes but contributed 70% of total petroleum and natural gas revenues. Natural

gas sales volumes contributed 45% of total boe sales volumes in 2023 while contributing 20% of total sales revenues.

As previously discussed, first quarter volumes and revenues were impacted by unplanned outages that are forecast to be resolved in the near term and full year guidance is still confirmed. First quarter revenues were also impacted by an unplanned maintenance outage at one of the power generation units at the Countess power plant. This resulted in an uncharacteristically low utilization rate of 64% for the quarter. This issue was resolved and utilization has returned to normal levels in March.

All of the field operating costs (royalties, operating and transportation expenses) experienced increases during the first quarter of 2023. Royalty expense was higher by 49% in the first quarter of 2023 compared to the first quarter of 2022. This was expected with the higher weighting to crude oil and the higher aggregate volumes sold. On a per boe basis royalty expense was \$10.38/boe in 2023 as compared to \$10.63 in the first quarter of 2022. Field operating expenses increased in 2023 as the acquisitions from 2022, workovers, reactivations, plant turnarounds and general inflationary pressures contributed to the total increase. In addition, \$2.4 million of workover and turnaround costs were incurred in the first quarter of 2023 and accounted for approximately \$2.05/boe of the total operating expenses on a per boe basis. As a result of these cost pressures, Journey averaged \$19.78/boe for operating expenses in the first quarter of 2023 as compared to \$17.40/boe in the same quarter of 2022.

Journey's general and administrative ("G&A") costs were lower in 2023 as compared to the same quarter in 2022 as field-related cost recoveries mitigated additional staff costs related to the acquisitions in 2022. G&A was \$1.8 million in the first quarter of 2023 as compared to \$2.4 million in the first quarter of 2022. On a per boe basis, Journey's general and administrative costs were \$1.57/boe for the first quarter of 2023 and \$3.15/boe for the first quarter of 2022.

Finance expenses related to borrowings, or interest costs, increased by 66% to \$2.7 million in the first quarter of 2023 from \$1.6 million in the same quarter of 2022. Average, interest-bearing debt increased by 60% in the first quarter of 2023 compared to the same quarter of 2022 mainly due to the vendor-take-back financing associated with the Acquisition.

Journey realized net income of \$6.4 million in the first quarter of 2023 compared to \$13.8 million in the same quarter of 2022. Net income per basic and diluted share was \$0.11 and \$0.10 respectively for the first quarter. Adjusted Funds Flow in the first quarter was 12% lower in 2023, wherein the Company generated \$18.0 million, or \$0.31 and \$0.28 per basic and diluted share respectively as compared to \$20.4 million, or \$0.42 basic and \$ 0.36 per diluted per share respectively in the same quarter of 2022. Cash flow from operations was \$11.5 million in the first quarter of 2023 (\$0.20 per basic share and \$0.18 per diluted share) as compared to \$21.8 million in the first quarter of 2022 (\$0.45 and \$0.39 per basic and diluted share respectively).

In March, Journey closed a bought deal flow-through share financing. The full 15% over-allotment was exercised bringing the total equity issuance to 3,040,031 flow-through common shares at a price of \$6.62 per share for total gross proceeds of \$20.1 million. The strong market pricing of the deal and the solid tax pool position of Journey made this transaction possible. The proceeds of the financing help fund Journey's drilling program which is currently expected to be begin in the summer.

Journey continued to be prudent with its capital spending during the first quarter as it underspent its Adjusted Funds Flows to allow for the maximum flexibility in its cash position while integrating the Acquisition. Total capital expenditures in the first quarter were \$9.2 million including \$2.4 million spent on abandonment and reclamation work. Journey exited the first quarter of 2023 with net debt of \$71.1 million as compared to \$38.5 million at March 31, 2022 and \$98.8 million at the end of 2022. The higher net debt was mainly attributable to vendor-take-back debt, which assisted Journey in completing the Acquisition in October. The initial amount of this debt was \$45 million and at March 31, 2023 the balance outstanding is \$37 million. During the quarter

Journey also fulfilled its obligation to repay AIMCo a balloon payment of \$23.8 million leaving approximately \$43.8 million of principal term debt owing to them. During January Journey also repaid the remaining \$5 million of contingent bank debt owing from 2020. Even with the lower Adjusted Funds Flow from declining commodity prices in the quarter and the extra debt taken on to close the Acquisition, Journey's net debt to annualized Adjusted Funds Flow is a very respectable 1.0 times.

OUTLOOK & GUIDANCE

Commensurate with the closing of its flow through share issuance on March 23, 2023, Journey has updated its 2023 guidance. The new guidance reflects minor sales volume adjustments to its base production, reductions in forecasted commodity prices and additions in the second half from a relatively small oil weighted development program. Journey remains poised to significantly ramp up capital expenditures in the second half of 2023 should commodity prices increase.

The early start of the forest fire season in Alberta is affecting many producers, including Journey. Journey's producing areas of Carrot Creek, Berrymoor, Ante Creek, Niton, Pine Creek, Kaybob, and Stolberg have all been affected to varying degrees. Field production has been directly impacted by evacuations and indirectly impacted by damage to the power grid and third party facility outages. Current production is impacted by approximately 1,200-1,300 boe/d (50% liquids), but has been as high as 2,000 boe/d. As always, Journey's first priority is the safety of both the nearby residents and its personnel. Journey personnel have worked with emergency services in its producing areas and will take all prudent and proactive measures to accomplish this objective. With recent rain and the diligent efforts of emergency services, the impact on Journey's production is gradually being resolved. However, it is difficult to quantify the length of time or the full extent of these outages and their impact on Journey's second quarter production.

This guidance incorporates many material underlying assumptions including but not limited to:

- Forecasted commodity prices by month;
- Assumptions of VTB principal payments since they are based upon realized 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;

	2023 Guidance
Annual average daily sales volumes	12,500-13,000 boe/d (54% crude oil & NGL's ¹)
Adjusted Funds Flow	\$75-78 million
Adjusted Funds Flow per weighted average share	\$1.24 - \$1.29
Capital spending (E&D, A&D, ARO and Power)	\$63 million
2023 ending Net Debt	\$65-68 million
<u>Commodity prices²:</u>	
WTI (USD \$/bbl)	\$75.00
MSW oil differentials (USD \$/bbl)	\$3.00
WCS oil differentials (USD \$/bbl)	\$15.00
AECO natural gas (CAD \$/mcf)	\$3.25
CAD/USD foreign exchange	\$0.74

Notes:

1. The weighting of the corporate sales volumes guidance is as follows:
 - a. Heavy oil: 18%
 - b. Light/medium crude oil: 25%
 - c. NGL's: 11%
 - d. Coal-bed methane natural gas: 6%
 - e. Conventional natural gas: 40%
2. Commodity prices represent 2023 forecast averages.

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

- Reducing leverage created by the transformational acquisition in 2022;
- Adding inventory in repeatable plays;
- Advancing the power generation business;
- Managing its ARO; and
- Continuing to search for creative ways to expand the Company's business.

Journey's low corporate decline, high working interest project inventory, operated infrastructure, and favourable expiry profile allow the Company to weather periods of lower than forecast commodity prices by proactively deferring portions of the capital program on a temporary basis. Journey is focused on adjusting its capital program to meet its near term obligations without sacrificing the longer term priorities of sustainability and enhancing shareholder value.

Journey continues to embark on a careful and prudent expansion of its business plan. Journey has achieved or exceeded all of its internal targets and created significant value for all stakeholders since the bottom of the market in 2020. This expansion has been buoyed by commodity price tailwinds and would not be possible without the talented team at Journey, both in the office and the field. Journey also recognizes the steady guidance supplied by its Board of Directors and the unyielding support of AIMCo, the Company's term debt provider and largest shareholder. Together, with the support of this combined team, your Company is extremely well positioned to continue its journey of value creation and maintain its growth trajectory for years to come. The Company looks forward to updating you on Journey's progress as it continues on this exciting development path.

Annual General Meeting

Journey's annual general meeting ("AGM" or the "Meeting") is scheduled for 3:00 pm (Calgary time) on May 24, 2023. Journey is offering shareholders an opportunity to listen to the business to be conducted at the Meeting by teleconference. Shareholders not attending in person must vote on the matters not less than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) before the time of the Meeting. Further instructions on how to listen to the Meeting and how to vote in advance of the Meeting can be found in Journey's management information circular that is posted on the Company's website and on SEDAR. Journey expects to only have a minimum number of in-person attendees present to conduct the formal business of the Meeting and does not intend to provide a corporate presentation after the Meeting.

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 grow its production base by drilling on its existing core lands, implementing water flood projects, and 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. In addition, Journey is seeking to grow its power generation business. Journey currently produces approximately 4 MW of electricity and with the recently announced facility acquisitions is anticipating to expand its productive capacity to approximately 36 MW within the next year.

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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 the 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 Journey's 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 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 the 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. The 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 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 the 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). 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 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 on March 31, 2023. Forward-looking information may relate to the 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 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) **"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; non-recurring "other" income; transaction costs; 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, Management believes 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. 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. Journey also presents “**Adjusted Funds Flow per basic 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.

	March 31, 2023	March 31, 2022
Cash flow provided by operating activities	11,461	21,811
<u>Add (deduct):</u>		
Changes in non-cash working capital	4,280	(2,320)
Transaction costs	2	8
Decommissioning costs incurred	2,216	902
Adjusted Funds Flow	17,959	20,401
Adjusted Funds Flow per basic (diluted) weighted average share	\$0.31	\$0.42
	(\$0.28)	(\$0.36)

- (2) “**Netback(s)**”. 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 netbacks to assess its own performance and performance in relation to its peers. These netbacks are operating, 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. There is no GAAP measure that is reasonably comparable to netbacks.
- (3) “**Net debt**” is calculated by taking current assets and then subtracting accounts payable and accrued liabilities; the principal amount of term debt; and the carrying value of the other liability. Net debt is used to assess the capital efficiency, liquidity and general financial strength of the Company. In addition, it is used as a comparison tool to assess financial strength in relation to Journey’s peers.

NET DEBT RECONCILIATION

(\$000’s)	March 31, 2023	March 31, 2022
Principal amount of term debt	43,763	67,580
Principal amount of vendor-take-back debt	37,000	-
Accounts payable and accrued liabilities	44,065	26,885
Principal amount of contingent bank debt	5,000	5,000
Other loans	419	410
<u>Deduct:</u>		
Cash in bank	(19,440)	(35,368)
Accounts receivable	(31,483)	(21,087)
Prepaid expenses	(3,253)	(1,739)
Net debt	71,071	38,481

- (4) Journey uses “**Capital Expenditures (excluding A&D)**” and “**Capital Expenditures (including A&D)**” to measure its capital investment level compared to the Company’s annual budgeted capital expenditures for its organic capital program, excluding acquisitions or dispositions. The directly comparable GAAP measure to capital expenditures is cash used in investing activities. Journey then adjusts its capital expenditures for A&D activity to give a more complete analysis for its capital spending used for FD&A purposes. The capital spending for A&D purposes has been adjusted to reflect the non-cash component of

the consideration paid (i.e. shares issued). The following table details the composition of capital expenditures and its reconciliation to cash flow used in investing activities:

	3 Months ended	
	2023	2022
Land and lease rentals	227	445
Geological & geophysical	225	-
Drilling and completions	2,156	9,148
Well equipment and facilities	3,716	2,520
Power generation assets	1,529	-
Total capital expenditures	7,854	12,113
PP&E acquisitions	-	73
PP&E dispositions	(1,036)	(24)
Net capital expenditures	6,818	12,162
Other:		
Decommissioning expenditures ¹	2,383	1,016
Total capital expenditures	9,201	13,178

Measurements

All dollar figures included herein are presented in Canadian dollars, unless otherwise noted.

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 nine (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.

Abbreviations

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

A&D	acquisition and divestiture of petroleum and natural gas assets
bbl	barrel
bbls	barrels
boe	barrels of oil equivalent (see conversion statement below)
boe/d	barrels of oil equivalent per day
E&D	exploration and development activities as defined in the COGE Handbook
gj	gigajoules
GAAP	Generally Accepted Accounting Principles
IFRS	International Financial Reporting Standards
Mbbls	thousand barrels
MMBtu	million British thermal units
Mboe	thousand boe
Mcf	thousand cubic feet
Mmcf	million cubic feet
Mmcf/d	million cubic feet per day

<i>MSW</i>	<i>Mixed sweet Alberta benchmark oil price</i>
<i>NGL's</i>	<i>natural gas liquids (ethane, propane, butane and condensate)</i>
<i>WCS</i>	<i>Western Canada Select benchmark oil price</i>
<i>WTI</i>	<i>West Texas Intermediate benchmark Oil price</i>

All volumes in this press release 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.

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