CALGARY, Feb. 22, 2017 /CNW/ - Journey Energy Inc. (JOY – TSX) ("Journey" or the "Company") is pleased to report its year-end 2016 oil and gas reserves evaluation. During 2016, the Company invested approximately $16 million in exploration and development activities, and realized $9 million of net proceeds from acquisition and divestiture ("A&D") activities. A&D initiatives throughout the year included the disposition of non-core assets, consolidation of working interests in core properties, and the acquisition of strategic infrastructure, which yielded significant reductions in operating costs. In response to declining commodity prices throughout 2016, Journey reduced its capital program while it focused on cost cutting initiatives, A&D activities, and preserving financial flexibility. Total capital and development capital expenditures for 2016 were 14% and 39% of 2015 levels respectively.

Highlights:

- Proved plus probable net asset value (using reserve values discounted at 10%) of $10.44 per basic share outstanding representing a 14% increase from $9.12 per share in 2015.
- Proved developed producing net asset value (using reserve values discounted at 10%) of $4.09 per basic share outstanding representing a 44% increase from $2.85 per share in 2015.
- Proved developed producing reserves accounted for 46% of total proved plus probable reserves while proved reserves accounting for 63%.
- Achieved finding, development, and acquisition ("FD&A") costs, including changes in future development capital of:
  - $4.67 per boe for proved reserves.
  - $(2.75) per boe for proved plus probable reserves with the negative figure reflecting a reduction in future development capital as well as lower capital spending.
- Achieved finding and development costs ("F&D") costs, including changes in future development capital, of:
  - $8.25 per boe for proved reserves.
  - $10.29 per boe for proved plus probable reserves.
- Journey has achieved strong proved recycle ratios. For the year ended December 31, 2016, we achieved a ratio of:
  - 2.6 times for FD&A costs with proved reserves.
  - 1.5 times for F&D costs with proved reserves.
- Proved plus probable reserve life index of 13.9 years, with only $3.50/boe of future development capital booked in the reserve report.
- Proved developed producing and proved plus probable developed producing reserve life index of 7.5 and 9.5 years respectively.

COMPANY GROSS WORKING INTEREST OIL AND GAS RESERVES AND NET PRESENT VALUES

The following table provides summary information presented in the GLJ Petroleum Consultants Limited ("GLJ") independent reserves assessment and evaluation effective December 31, 2016, (the "GLJ Report"). GLJ evaluated 100% of Journey's crude oil, natural gas liquids ("NGL") and natural gas reserves. The evaluation of all of its oil and gas properties was done in accordance with the definitions, standards and procedures contained in the Canadian Oil and Gas Evaluation Handbook ("COGE Handbook") and National Instrument 51-101, Standards of Disclosure for Oil and Gas Activities ("NI 51-101"). Detailed reserve information will be presented in the Company's upcoming Statement of Reserves Data and Other Oil and Gas Information section of the Company's Annual Information Form scheduled to be filed on SEDAR on or before March 31, 2017.

Company Gross Reserves
Based on Forecast Price and Costs as at December 31, 2016

Reserves Category	Light Medium Oil (Mbbl)	Heavy Oil (Mbbl)	Natural Gas (MMcf)	NGL (Mbbl)	Total[2] (Mboe)
Proved					
Producing	6,412	2,429	71,378	1,390	22,128
Developed non-producing	205	0	2,239	20	598
Undeveloped	3,868	825	12,807	542	7,369
Total proved	10,485	3,254	86,424	1,952	30,096
Probable	8,476	2,095	38,269	707	17,656
Total proved plus probable	18,961	5,350	124,693	2,659	47,751
Included in Above					
Proved plus probable producing	8,678	3,386	91,209	1,692	28,957

Notes:

(1) Company Gross Reserves consists of Journey's working interest (operated and non-operated) share of reserves before deduction of royalties payable and without including royalties receivable by the Company.

(2) In the case of natural gas volumes, boes are derived by converting natural gas to oil using the ratio of six thousand cubic feet natural gas to one barrel of oil (6 Mcf:1 bbl).

(3) Total values may not add due to rounding.

Net Present Values of Future Net Revenue (Based on Forecast Prices and Costs)

	Before Tax Net Present Value ($000's)				
Reserves category	0%	5%	10%	15%	20%
Proved					
Producing	368,820	303,281	250,004	211,987	184,483
Developed non-producing	11,349	9,066	7,380	6,173	5,290
Undeveloped	185,957	102,634	63,128	40,613	26,453
Total proved	566,126	414,981	320,512	258,774	216,227
Probable	509,975	309,488	207,116	148,791	112,386
Total proved plus probable	1,076,101	724,468	527,628	407,564	328,613
Included in Above					
Proved plus probable producing	546,900	405,710	315,305	257,449	218,309

Notes:

(1) Total values may not add due to rounding

(2) Forecast pricing used is the average of the published price forecasts for GLJ Petroleum Consultants Ltd., Sproule Associates Ltd. and McDaniel & Associates Consultants Ltd. as at December 31, 2016.

(3) It should not be assumed that the net present values of future net revenues estimated by GLJ represent fair market value of t reserves. There is no assurance that the forecast price and cost assumptions will be attained and variances could be materia

The forecast prices and foreign exchange rates used in the GLJ Report are as follows:

	WTI Cushing Oklahoma ($US/bbl)	Edmonton 40 API ($CDN/bbl)	Alberta AECO-spot ($CDN/Mmbtu)	Foreign Exchange ($US/$CDN)
2017	55.00	68.24	3.43	0.760
2018	60.90	73.16	3.17	0.790
2019	65.47	76.25	3.26	0.817
2020	69.13	79.37	3.67	0.833
2021	73.21	82.56	3.86	0.850
2022	75.19	84.85	3.97	0.850
2023	77.19	87.15	4.11	0.850
2024	79.23	89.50	4.23	0.850
2025	81.28	91.89	4.31	0.850
2026	83.39	94.01	4.41	0.850
2027	85.03	95.85	4.51	0.850
2028	86.73	97.78	4.60	0.850
2029	88.48	99.74	4.68	0.850
Thereafter	+2.0%/yr	+2.0%/yr	+2.0%/yr	0.850

FINDING, DEVELOPMENT AND ACQUISITION COSTS

Journey's finding and development ("F&D") and finding, development and acquisition ("FD&A") costs for 2016, 2015 and the three-year average are presented in the tables below. The capital costs used in the calculations are those costs related to: land acquisition and retention, seismic, drilling, completions, tangible well site, tie-ins, and facilities, plus the change in estimated future development costs ("FDC") as per the independent evaluator's reserve report. Net acquisition costs are the cash outlays in respect of acquisitions; minus the proceeds from the disposition of properties during the year. Due to the timing of capital costs and the subjectivity in the estimation of future costs, the aggregate of the exploration and development costs incurred in the most recent financial year and the change during that year in estimated FDC's generally will not necessarily reflect total FDC's related to reserve additions for that year. The reserves used in this calculation are working interest reserve additions, including technical revisions and changes due to economic factors. The 2016 and the three-year average capital expenditures are unaudited as the financial results are in the process of being finalized.

Proved Finding, Development & Acquisition Costs	2016	2015	3 Year Average
Capital expenditures (including A&D) ($000's)	6,961	48,050	
Change in future capital ($000's)	12,677	(16,911)	
Total capital for FD&A (000's)	19,638	31,139	
Reserve additions, including A&D (Mboe)	4,203	2,654	
Proved FD&A costs – including changes in future capital ($/boe)	4.67	11.73	12.79
Proved FD&A costs – excluding changes in future capital ($/boe)	1.66	18.10	11.82
Recycle ratio[1]			
Including changes in future capital	2.6	1.1	1.5

Proved plus Probable Finding, Development & Acquisition Costs	2016	2015	3 Year Average
Capital expenditures (including A&D) ($000's)	6,961	48,050	
Change in future capital ($000's)	(9,967)	(27,832)	
Total capital for FD&A (000's)	(3,006)	20,218	
Reserve additions, including A&D (Mboe)	1,093	3,942	
Proved plus Probable FD&A costs – including changes in future capital ($/boe)	(2.75)	5.13	10.53
Proved plus Probable FD&A costs – excluding changes in future capital ($/boe)	6.37	12.19	9.46
Recycle ratio [1]			
Including changes in future capital	(4.4)	2.6	1.8

Proved Finding & Development Costs	[illegible]	3 Year Average
Capital expenditures (excluding A&D) ($000's)[2]	[illegible]	
Change in future capital ($000's)[2]	[illegible]	
Total capital for F&D ($000's)	[illegible]	
Reserve additions, (excluding A&D) (Mboe)	[illegible]	
Proved F&D costs – including changes in future capital ($/boe)	[illegible]	12.58
Proved F&D costs – excluding changes in future capital ($/boe)	[illegible]	12.14
Recycle ratio [1]		
Including changes in future capital	[illegible]	1.5

Proved Plus Probable Finding & Development Costs	[illegible]	3 Year Average
Capital expenditures (excluding A&D) ($000's)[2]	[illegible]	
Change in future capital ($000's)[2]	[illegible]	
Total capital for F&D ($000's)	[illegible]	
Reserve additions (excluding A&D) (Mboe)	[illegible]	
Proved plus Probable F&D costs – including changes in future capital ($/boe)	[illegible]	11.23
Proved plus Probable F&D costs – excluding changes in future capital ($/boe)	[illegible]	11.37
Recycle ratio [1]		
Including changes in future capital	[illegible]	1.7

Notes:

(1) Recycle ratio is calculated as the operating netback per boe divided by F&D or FD&A costs per boe as applicable. The operating netbacks used in the respective years are as follows: 2016 (unaudited) - $12.22/boe; 2015 - $13.32 and the three year average is $19.08.

(2) Development capital has been adjusted for the effects of reserves categorized as acquisitions and dispositions.

Future Development Costs

The following table provides the breakdown of future development costs deducted in the estimation of the future net revenue attributable to the proved and proved plus probable reserve categories noted below:

Year	Proved Reserves ($000's)	Proved Plus Probable Reserves ($000's)
2017	14,848	26,012
2018	45,044	71,198
2019	24,883	60,017
2020	3,661	6,049
2021	11	11
Remaining	2,763	3,628
Total (Undiscounted)	91,210	166,915

Reserve Life Index

The Company's reserve life index ("RLI") is calculated by taking the Company Gross Reserves from the GLJ Report and dividing them by the projected 2017 production as estimated in the report.

	Company Gross Reserves	2017 Company Gross Production	RLI
Reserves Category	(Mboe)	(Mboe)	(Years)
Proved, developed, producing	22,128	2,961	7.5
Proved plus probable producing	28,957	3,050	9.5
Total proved	30,096	3,127	9.6
Proved plus probable	47,751	3,441	13.9

Net Asset Value

The following table provides a calculation of Journey's estimated net asset value ("NAV") and net asset value per share ("NAVPS") as at December 31, 2016 based on the estimated future net revenues associated with Journey's reserves as presented in the GLJ Report.

	Net Asset Value[1] (000's)			Net Asset Value Per Share[2] ($)		
Reserves category	2016	2015	%	2016	2015	%
Proved, developed, producing	178,857	124,222	44	4.09	2.85	44
Total proved	249,365	187,503	33	5.71	4.30	33
Proved plus probable producing	244,158	198,934	23	5.59	4.56	23
Proved plus probable	456,481	397,682	15	10.44	9.12	14

Notes:

(1) NAV is calculated by taking the future net revenues per the GLJ report, on a before tax basis, discounted at 10% and adjusti the following:

a) Add undeveloped land value, as per management's estimate, of $13,721 thousand at December 31, 2016 (December 3 $18,627 thousand).

b) Subtract net debt at December 31, 2016 of $84,868 thousand (unaudited); (December 31, 2015 - $106,746 thousand).

(2) NAVPS is calculated by taking the NAV and dividing it by the basic shares outstanding as at December 31, 2016 of 43,703 th (December 31, 2015 – 43,615 thousand).

2017 GUIDANCE

Journey's initial 2017 guidance is as follows:

Annual average production (boe/d)	8,800 – 9,200 (52% liquids)
Exploration and development capital	$33 million
Cash flow	$41-44 million
Year-end net debt	$74-77 million
Cash flow per basic share	$0.94 – $1.01
Corporate annual decline rate	18%

Journey's 2017 forecasted cash flow from operations of $41-44 million is based on the following average prices: WTI of US$50.00/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 prices change materially. Although Journey has the ability to provide additional growth within cash flow, Journey remains steadfast in its commitment to preserve financial flexibility during volatile times. With the execution of Journey's base budget Journey forecasts the net debt to annualized fourth quarter 2017 cash flow ratio to decrease to less than 1.5 times. Journey's 2017 cash flow guidance range represents a 60% improvement from 2016. This dramatic improvement in cash flow is expected to continue into 2018 if the current commodity strip prices materialize.

Journey forecasts annual production of between 8,800 and 9,200 boe/d in 2017, with the drilling of 15 gross (14.4 net) wells. Capital is allocated evenly between Journey's central and south core areas. Journey intends to prudently expand long lead-time waterflood projects in addition to its drilling program. Over 25% of Journey's 2017 growth capital is directed toward waterflood expansion projects. These exploitation projects do not provide immediate production uplifts but generate high rates of return as they contribute to the sustainability of Journey's long term business model, which is focused on low cost, low decline, high quality conventional oil pools.

To assist in achieving its goals for 2017, Journey has implemented a strategic hedging program. Journey now has close to 50% of its net-of-royalty production (both liquids and natural gas) hedged for 2017. This level of hedging was designed to ensure that all operating and corporate costs were covered until the end of 2017. A summary of Journey's current hedges is shown in the following table:

Type	Volume	Time Frame	Floor	Ceiling
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
Gas Swap	5,000 Gj/d	Jan 17 - Dec 17	$3.00/Gj	N/A

*put floor of $39.50 CDN

Journey's budgeted capital program does not include any component for acquisitions or divestments. To date in 2017, Journey has consummated a minor acquisition in the south Crystal pool. Journey has also completed a minor swap to acquire additional strategic infrastructure in south Crystal. In the first quarter, Journey drilled a successful development well in the south Crystal field and these acquisitions allow for Journey to initiate development drilling in an area where it has identified 18 development locations. Journey continues to pursue both non-core divestments and strategic acquisitions. The Company intends to provide further refinement of its 2017 guidance and capital program with the release of the 2016 annual, audited, financial results on March 20, 2017.

On behalf of Journey's management team and its directors, Journey would like to thank its shareholders for their continued support through this challenging time. There are few companies within Journey's peer group that share the same upside leverage to rising commodity prices that Journey does. With only 43.7 million outstanding shares and a development inventory of over twenty years, Journey is poised to provide significant growth in shareholder value 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 grow its production base by drilling on its existing core lands, implementing waterflood 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 waterfloods.

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, 2016. Forward-looking information may relate to Journey's 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 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 current estimates, expectations and projections, which Journey believes to be reasonable as of the current date. No assurance can be given that the expectations set out 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.

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 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-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 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, transaction costs 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 is a non-IFRS 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).

3) Operating netback is a non-IFRS measure and equals total revenue (excluding hedging gains and losses); less royalties, transportation and field operating costs and calculated on a per BOE basis.

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 to book those reserves. 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) Recycle ratio is calculated by taking the operating netback and dividing it by the finding and development or finding, development and acquisition costs (including changes in future development costs) per boe. The ratio gives an indication of how profitably the company is replacing its reserves. The higher the ratio the more profitably it is replacing reserves.

2) The Company's reserve life index ("RLI") is calculated using the Company Gross Reserves and dividing them by the projected, next years' production from the independent reserve engineers' year end reserve report. The RLI is used by management to assess the longevity of the reserves being added which in turn gives information about the corporate decline rates of the Company.

3) Corporate decline ("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.

Select Definitions

bbl	barrel
bbls	barrels
Mbbls	Thousand barrels
MMBtu	Million British thermal units
NGLs	Natural gas liquids
Mcf	thousand cubic feet
Mmcf	Million cubic feet
Mmcf/d	Million cubic feet per day
Boe	Barrel of oil equivalent
Mboe	Thousand boe
$M	Thousands of dollars

SOURCE Journey Energy Inc.

Contact
Alex G. Verge, President and Chief Executive Officer, 403.303.3232, alex.verge@journeyenergy.ca; or Gerry Gilewicz, Chief Financial Officer, 403.303.3238, gerry.gilewicz@journeyenergy.ca; Journey Energy Inc., 700, 517 - 10th Avenue SW, Calgary, AB T2R 0A8, 403.294.1635, www.journeyenergy.ca