

Journey Energy Inc. Generates \$99 Million of Net Income and \$46 Million of Adjusted Funds Flow In 2021

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CALGARY, March 9, 2022 - [Journey Energy Inc.](#) (TSX: JOY); (OTCQX: JRNGF) ("Journey" or the "Company") is pleased to announce its operating and financial results. The complete set of financial statements and management discussion and analysis for the year ended December 31, 2021 are posted on [www.sedar.com](#) and on the Company's website [www.journeyenergy.com](#).

Highlights for 2021 and 2022 to date are as follows:

- Generated \$99.1 million of net income for 2021 or \$2.18 per basic, weighted average share (\$1.93 per diluted share). \$1.2 million of the net earnings in the quarter relate to a recovery of prior period impairments on oil and gas assets, the value of which has appreciated significantly during 2021. \$5.5 million of net income was realized in the fourth quarter.
- Realized Adjusted Funds Flow of \$16.6 million in the fourth quarter bring the total for 2021 to \$46.3 million or \$1.05 per weighted average basic share (\$0.90 per diluted share).
- Achieved sales volumes of 8,554 boe/d in the fourth quarter and 8,004 boe/d for the entire year. Volumes increased 10% in the fourth quarter of 2021 compared to the same quarter in 2020. Liquids (crude oil and natural gas liquids) accounted for 4,030 Boe/d or 47% of total production during the quarter and 3,751 boe/d and 47% for the entire year.
- Reduced exit net debt by 39% to \$57.0 million in 2021 from \$94.2 million at the end of 2020.
- Continued work on decommissioning non-producing sites. To date Journey has been allocated \$4.6 million under the Rehabilitation Program and has expended \$4.0 million of this allocation. In addition, the Company spent \$2.4 million in 2021 on decommissioning funds in addition to the SRP allocations in 2021.
- Generated 27,228 MWH of electricity in 2021 at an average price of \$128.32/MWH.
- On August 18, 2021, Journey closed a corporate acquisition. The company produces approximately 600 boe/d (70% liquids/gas) primarily in the Nordegg and Grande Cache areas of Alberta. The acquisition price was funded through the issuance of 3.5 million Journey shares plus \$2.9 million of cash.
- Repaid \$25.0 million of AIMCo term debt during 2021. Journey met all of its 2021 maturities ahead of schedule.
- On February 28, 2022 Journey entered into a bought-deal flow-through share financing to issue 2,852 million at \$1.99 per share. The 15% underwriter over-allotment was fully exercised and the financing is expected to close on March 18, 2022.

Financial (\$000's except per share amounts)	Three Months ended December 31,			Twelve months ended December 31,		
	2021	2020	% change	2021	2020	% change
Production revenue	39,664	19,651	102	123,843	67,912	82
Net income (loss)	5,545	32,343	(83)	99,134	(56,624)	(275)
Per basic share	0.12	0.75	(84)	2.18	(1.31)	(266)
Per diluted share	0.10	0.75	(87)	1.93	(1.31)	(247)
Adjusted Funds Flow	16,562	6,040	174	46,274	13,475	243
Per basic share	0.35	0.14	150	1.02	0.31	229
Per diluted share	0.31	0.14	121	0.90	0.31	190
Cash flow from operations	16,007	4,792	234	40,930	13,517	203
Per basic share	0.33	0.11	200	0.90	0.31	190
Per diluted share	0.30	0.11	173	0.80	0.31	158
Capital expenditures	3,398	817	316	10,971	7,066	55
Net debt	57,021	94,162	(39)	57,021	94,162	(39)
Share Capital (000's)						
Basic, weighted average	47,868	43,395	10	45,397	43,164	5
Basic, end of period	48,060	44,001	9	48,060	44,001	9
Fully diluted	56,420	52,608	7	56,420	52,608	7
Daily Sales Volumes						
Natural gas (Mcf/d)						
Conventional	22,552	18,295	23	20,641	18,764	10
Coal bed methane	4,592	7,871	(42)	4,877	8,506	(43)
Total natural gas volumes	27,144	26,166	(4)	25,518	27,270	(6)
Crude oil (Bbl/d)						
Light/medium	2,609	2,060	27	2,395	2,263	6
Heavy	658	992	(34)	684	906	(25)
Total crude oil volumes	3,267	3,052	7	3,079	3,169	(3)
Natural gas liquids (Bbl/d)	763	661	15	672	665	1
Barrels of oil equivalent (boe/d)	8,554	8,074	6	8,004	8,379	(4)

Average Prices (excluding hedging)

Natural gas (\$/mcf)	4.64	2.57	81	3.59	1.94	85
Crude Oil (\$/bbl)	80.84	42.46	90	70.57	37.97	86
Natural gas liquids (\$/bbl)	53.67	25.51	110	45.20	18.75	141
Barrels of oil equivalent (\$/boe)	50.40	26.46	90	42.39	22.15	91

Netbacks (\$/boe)

Realized prices (excl. hedging)	50.40	26.46	90	42.39	22.15	91
Royalties	(9.47)	(2.69)	252	(6.58)	(2.25)	192
Operating expenses	(16.91)	(12.06)	40	(16.45)	(12.48)	32

Transportation expenses (0.37) (0.61) (39) (0.47) (0.48) (2)

Annual 2021 volumes were 8,004 boe/d, which was 4% lower than the 8,379 boe/d realized in 2020.

~~Operating~~ Journey's sales volumes in 2021 increased 11% to 11,041 boe/d compared to 2020, where volumes declined throughout the year. Journey achieved sales volumes of 8,554 boe/d (47% crude oil and NGL's) in the fourth quarter of 2021 representing a 6% increase from the fourth quarter of 2020. The combination of Journey's low decline asset base, along with the acquisition in August of approximately 600 boe/d, were the primary drivers behind this increase.

Journey did not drill any wells in 2020 or 2021. Capital expenditures were limited to maintenance capital where deemed necessary in 2020. In 2021, Journey's production benefitted from twenty-seven workovers and well reactivations carried out during the year, all of which were classified as operating expenses. Incremental operating costs due to repair and maintenance, well servicing and expense projects was approximately \$4 million. Turnaround costs represented approximately half of this increment since there were limited turnarounds completed in 2020. Journey anticipates a normal turnaround budget of approximately \$1.5 million for 2022. The incremental costs associated with additional well workovers represented most of the remaining costs. These costs included both well workovers, tie-ins and pipeline replacements. If these incremental operating costs were considered capital it would only add \$0.30/boe to proved, developed, producing finding and development costs.

The increase in power costs was the single most significant driver in operating cost increases for 2021 over 2020. Power generation costs increased by \$4 million year over year. Journey has budgeted this increase into its cost projections moving forward. Journey will attempt to mitigate power increases in the future by looking at on-site generation to reduce power purchases and by looking at power generation from long life natural gas assets to offset increasing costs with other revenue. Both these initiatives are being explored in 2022.

After resolving some minor start up issues typical of a facility of this nature early in the year, the power plant in Countess operated at an average run-rate of 78% for 2021 and a peak efficiency was achieved in October at 99%. In 2021, Journey saw a dramatic increase in pricing for both natural gas and electricity, and remains well positioned to take full advantage of these increases. Journey's experience has been that the electricity generation project commands better profitability than just selling the associated natural gas. Journey realized net operating revenue from the power project in 2021 of \$2.1 million. This was equivalent to selling the natural gas used for power generation at \$11.83/mcf in 2021.

Journey has been able to take advantage of the previously announced Site Rehabilitation Program whereby Government funds are provided to industry to complete abandonment work. Journey has been allocated approximately \$4.6 million in programs 1-8. These funds have been, and will be utilized to abandon wells, facilities, and to conduct Phase 1 and Phase 2 environmental assessments. Approximately \$4.0 million of this allocation has been expended to date. The remainder of expenditures will be part of the 2022 program. In 2021 Journey expended \$5.6 million on ADR projects (55% SRP)

During the third quarter of 2021, Journey initiated a comprehensive re-evaluation of its cost estimates used

in determining the overall decommissioning obligations ("DO"). The result was a reduction to the DO of \$24.0 million for the entire year. The change mainly resulted from evaluating new abandonment techniques. The cost data used in updating the DO was obtained from actual costs related to the significant abandonments undertaken by both Journey and the industry throughout 2020 and 2021. The undiscounted, un-escalated future DO costs at December 31, 2021 were \$176,460 (December 31, 2020 - \$191,909). These DO obligations include the assets acquired in the private company acquisition that closed on August 18, 2021 and an additional asset acquisition that closed in the fourth quarter of 2021.

OPERATIONS (2022)

Journey was active during the fourth quarter of 2021 and to date in 2022, conducting four small acquisitions, purchasing four gross overriding royalties, and proposing two significant farm-ins that together provide optionality on over 19,000 acres of undeveloped land. These transactions, along with a recently announced equity financing are expected to shape and expand our capital program for 2022. Journey has increased its 2022 capital budget from \$36 million to \$43 million and now plans to drill 15 wells. Journey has already begun 2022 with a return to the drill-bit, completing a three well drilling program in Skiff so far in the first quarter. The horizontal development program in south Skiff follows up the three wells that were drilled there in 2018. During the third quarter of 2019, the central well of the three well pattern was converted to water injection, and the offsetting producers have now responded favorably to this injection. Based upon strip logs, all three wells are expected to meet or exceed expectations.

Journey plans on drilling up to 15 (14.7 net) wells with locations evenly distributed between our Northern and Southern core areas. Journey's production guidance reflects the fact that our capital program is weighted to the second half of 2022, with only 35% of capital expenditures occurring in the first half of 2022. Because of this phasing, exit rates have increased to 9,500-10,000 boe/d by the end of the year. Journey's 2022 capital program is expected to be funded from Company cash flows and the flow-through financing expected to close on March 18, 2022. Journey has spudded the first of two 1.5 mile horizontal wells in our Crystal light oil pool in Central Alberta. Following this Journey's development drilling program includes wells in Cherhill, Matziwin, Herronton, Brooks and Westerose.

Journey has been and continues to be active in evaluating opportunities to expand our business. The recent increase in commodity prices and the recent financing will provide Journey the opportunity to meet all of our obligations along with the potential to expand our business plan through acquisitions or additional exploration and development projects.

FINANCIAL

The story for 2021 was strength in all commodity prices. Average Journey realized prices were \$50.40/boe for the fourth quarter while for the entire year they were \$42.39/boe. Journey's realized crude oil prices during the fourth quarter averaged \$80.84/bbl, which was 90% higher than the \$42.46/bbl realized in the fourth quarter of 2020. Crude oil sales volumes for the fourth quarter and year to date of 2021 amounted to 38% and 39% respectively but contributed 61% and 64% to total revenues for the respective periods. Similarly, natural gas prices were 110% higher in the fourth quarter to average \$4.64/mcf and 85% for the entire year averaging \$3.59/mcf. Natural gas sales volumes contributed 53% of total boe sales volumes in 2021 while for total sales revenues they contributed 29% for the fourth quarter and 27% for the entire year. Journey remained unhedged throughout 2021 and took full advantage of the commodity price appreciation that took place throughout the year.

The theme for 2021 was to strengthen the balance sheet coming out of the most challenging year ever experienced by Journey in 2020. The plan was to spend minimal capital; keep production volumes reasonably consistent with 2020; and concentrate its cash generation on repaying the \$25.0 million of term debt that was maturing during the year. With maximum resources devoted to debt repayment, Journey's staff was tasked with a tall order and met this challenge head-on. The Company embarked on a robust well reactivation and workover program, which was very successful. The results of this program were highlighted in the strong finding and development cost results press released on February 23. In addition, Journey executed on a strategic corporate acquisition on August 18, which added approximately 600 boe/d and was funded by a combination of approximately equal portions of cash and equity. The strong acquisition metrics, coupled with the appreciating commodity prices was very timely as Journey is already more than half-way to payback on the purchase price as of today's date. The result of all these efforts was that sales volumes declined only 4% year over year from 8,379 boe/d in 2020 to 8,004 in 2021. The sales volumes in the fourth

quarter were 8,554 boe/d, which were 6% higher than the 8,074 realized in the fourth quarter of 2020 as the results of the reactivations and the corporate acquisition had their full impact for an entire quarter.

Field operating expenses increased in 2021 as the acquisition, workovers, reactivations, higher power prices, and plant turnarounds contributed to the total increase. The increase in turnaround costs was a direct result of Journey's financial challenges in 2020, which resulted in minimal capital spent and a deferral of normally scheduled maintenance work to 2021. Workover costs are associated with restoring production on wells, some of which had been left down in 2020 due to economics. Journey participated in twenty-seven workovers and twenty-four turnarounds during 2021. \$0.9 million and \$2.2 million of workover and reactivation costs were incurred in the fourth quarter and year to date; \$0.8 million and \$1.1 million of remediation costs were incurred in the fourth quarter and year to date; and \$0.5 million and \$1.8 million of facility turnarounds were incurred in the fourth quarter and year to date. All of these expenses taken together accounted for approximately \$2.72/boe of the total operating expenses for the fourth quarter and \$1.74/boe for the year to date. As a result, Journey averaged \$16.92/boe for operating expenses in the fourth quarter of 2021 as compared to \$12.56/boe in the same quarter of 2020. For the year to date Journey recognized \$16.45/boe in operating costs in all of 2021 and \$12.47/boe in 2020.

The cost reductions Journey initiated in 2020 in the general and administrative costs contributed significantly to the much lower 2021 expenses and will continue to do so well into the future. During 2020, Journey reduced compensation levels to its staff by approximately 10% on top of the already reduced workweek implemented in 2019; the Company laid off approximately one-quarter of its workforce; and obtained a new head office lease under favourable terms. While Journey returned its staff to a full work week in the fourth quarter of 2021, the other cost reduction initiatives were still significant and the benefits impacted 2021 and will continue to be realized in 2022 and beyond. On a per boe basis, Journey's general and administrative costs were \$1.20/boe for the fourth quarter of 2021 and \$1.17/boe for the entire year. General and administrative costs before recoveries for 2021 were more than \$3 million lower than the already lower costs incurred in 2020.

Finance expenses related to borrowings, or interest costs, decreased by 12% to \$1.7 million in the fourth quarter of 2021 from \$2.0 million in the same quarter of 2020. Average, interest-bearing debt decreased by 28% in the fourth quarter of 2021 compared to 2020 mainly due to the repayment of \$25.0 million of the AIMCo term debt throughout 2021. For the entire year, finance expenses related to borrowings was \$7.6 million, which was 23% lower than the \$9.9 million incurred in 2020. The bank debt restructuring in October of 2020 paved the way for Journey's much improved financial position in 2021.

Journey realized net income of \$5.5 million in the fourth quarter and \$99.1 million for the entire year of 2021. Commensurate with the higher commodity prices realized throughout 2021 as compared to 2020, a significant portion of the net income for 2021 was attributable to the \$85.0 million impairment recovery with respect to its property, plant and equipment assets. Net income per basic and diluted per share was \$0.12 and \$0.10 respectively for the fourth quarter and \$2.18 and \$1.93 respectively for the entire year. Adjusted Funds Flow in the fourth quarter was 174% higher in 2021, wherein the Company generated \$16.6 million, or \$0.35 and \$0.31 per basic and diluted share as compared to \$6.0 million, or \$0.14 basic and diluted per share in the same quarter of 2020. For the year to date in 2021 Adjusted Funds Flow was \$46.3 million as compared to \$13.5 million in 2020, which translated into \$1.02 per basic share and \$0.90 per diluted share. Cash flow from operations was \$16.0 million in the fourth quarter of 2021 (\$0.33 per basic share and \$0.30 per diluted share) and \$40.9 million (\$0.90 per basic share and \$0.80 per diluted share) for the year to date as compared to \$4.8 million in the fourth quarter and \$13.5 million for the year to date in 2020 or \$0.31 per basic and diluted share respectively.

Journey exited 2021 with net debt of \$57.0 million, which was 39% lower than the \$94.2 million at the end of 2020. The \$57.0 million of net debt at the end of 2021 amounts to 1.2 times trailing annual Adjusted Funds Flow or 0.9 times annualized fourth quarter Adjusted Funds Flow.

OUTLOOK & GUIDANCE

The continued strength in commodity prices, coupled with favorable price differentials, and a lower operating cost structure are combining to make Journey more sustainable well into the future. While Journey made great progress in 2021 in reducing its net debt, the Company will remain vigilante in reducing its debt further, while growing production. To date in 2022 Journey has drilled 3 (3.0 net) wells in Skiff and the plans are to drill 15 (14.7 net) wells for the entire year. The recently announced flow-through share financing will help in

funding this year's drilling program. Journey's updated 2022 guidance is presented in the table below:

Metric	Guidance
Annual average daily sales volumes	8,500 - 9,000 boe/d (48% crude oil and NGL)
Adjusted Funds Flow	\$80 - \$85 million
Adjusted Funds Flow per basic weighted average share	\$1.65 - \$1.75
Capital spending (excluding A&D)	\$43 million
Year-end net debt	\$16 - \$20 million
Year-end net debt (pro forma March 18 financing)	\$5 - \$15 million
Corporate annual decline rate	14%

Journey's 2022 forecasted adjusted funds flow is based upon the following assumed average prices: WTI of \$87.50/bbl USD; Company differentials of \$4/bbl USD for oil from Edmonton mixed sweet prices; Company realized natural gas price of CDN\$4.00/mcf CDN; and a foreign exchange rate of \$0.79 US\$/CDN\$.

RECENT EVENTS

Journey's practice is to continuously review our capital program throughout the year. Recent world events have resulted in a significant upward bias for commodity prices and cash flows. The duration of this impact remains uncertain. Journey's current guidance is not reflective of the full magnitude of these events and includes no component for acquisitions. Journey anticipates upward revisions to our capital program should market conditions persist and we will communicate these revisions in due course.

About the Company

Journey is a Canadian exploration and production company focused on 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, and by 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.

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). 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 Journeys 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 23, 2021. 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) "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, we believe these measures are more indicative of performance than the GAAP measured "cash flow generated from operating activities". In addition, Journey excludes transaction costs from the definition of Adjusted Funds Flow, as these expenses are generally in respect of capital acquisition transactions. 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.

(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) December 31, December 31,
2021 2020

Principal amount of term debt	67,580	89,664
Accounts payable and accrued liabilities	20,441	16,198
Principal amount of contingent bank debt ¹	5,750	5,750
Other loans	156	-
 Deduct:		
Cash in bank	(15,677)	(6,590)
Accounts receivable	(20,180)	(9,285)
Prepaid expenses	(1,049)	(1,575)
Net debt	57,021	94,162

(4) Journey uses "Capital Expenditures" 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 proposes 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:

	Year ended December 31	
	2021	2020
Land and lease rentals	616	333
Geological and geophysical	-	4
Recompletions	456	-
Well equipment and facilities	1,918	964
Capital Expenditures (excluding A&D)	2,990	1,301
Corporate acquisition - cash	2,530	-
Corporate acquisition - shares	3,643	-
Asset acquisitions - cash	1,589	-
Asset dispositions - cash	(40)	(37)
Capital Expenditures (including A&D)	10,712	1,264
Other capital - power generation	189	5,802

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

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.

SOURCE [Journey Energy Inc.](#)

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