

# **Journey Energy Inc. Generates \$155 Million Of Net Income And \$101 Million Of Adjusted Funds Flow In 2022**

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CALGARY, March 8, 2023 - [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 years ended December 31, 2022 and 2021 are posted on [www.sedar.com](http://www.sedar.com) and on the Company's website [www.journeyenergy.ca](http://www.journeyenergy.ca).

Highlights for 2022 are as follows:

- Generated net income of \$97.8 million in the fourth quarter of 2022 and \$155.2 million for the entire year. On a basic weighted average per share basis this amounted to \$1.73 for the fourth quarter and \$2.95 for the entire year.
- Realized Adjusted Funds Flow of \$24.9 million in the fourth quarter bringing the total for 2022 to \$101.4 million. On a basic weighted average per share basis this amounted to \$0.44 for the fourth quarter and \$1.93 for the entire year.
- Achieved record sales volumes of 11,496 boe/d in the fourth quarter of 2022 and 9,778 boe/d for the entire year. Total volumes increased by 34% in the fourth quarter of 2022 compared to the same quarter in 2021. Liquids volumes (crude oil and gas liquids) accounted for 6,172 boe/d or 54% of total volumes during the quarter and 4,814 boe/d or 49% for the entire year.
- Achieved a 138% increase in proved, developed, producing ("PDP") net asset value per share while adding sufficient reserves to replace 544% of production.
- Increased production per basic share and liquids weighting while simultaneously increasing PDP reserve life index and reducing corporate decline rate.
- On March 18, 2022 Journey closed a bought-deal flow-through share financing to issue 2.85 million flow-through shares at a price of \$4.25/share.
- Closed a 4,000 boe/d (71% crude oil and NGL's) acquisition on October 31, 2022 for \$112.5 million. Closed the acquisition of a private company in the Carrot Creek area effective April 1, 2022, adding approximately 610 boe/d of low decline production (54% crude oil and NGL's). Consolidated infrastructure and gathering facilities in the Gilby area on May 9, 2022 for \$10 million.
- Continued to advance the emerging power generation business:
- Continued work on decommissioning non-producing sites. Journey spent \$2.5 million in the fourth quarter and \$5.0 million for the entire year including Site Rehabilitation Program ("SRP") funds. To date Journey has been allocated \$4.6 million under the SRP and
- Generated 31,167 MWH of electricity in 2022.
- Procured 17 MW of power generation equipment in Gilby, Alberta which is currently forecast to be installed in the third quarter of 2023 for an acquisition price below \$10 million.

has expended \$4.0 million of this allocation.

#### 2023 Highlight:

- On March 1, 2023 announced a \$15 million issuance of flow-through common shares at a price of \$6.62 per share. The announcement was subsequently upsized to \$17.5 million later that day. This latter amount excludes the potential over-allotment granted to the Underwriters.

	Three Months ended			Twelve months ended		
	December 31,			December 31,		
Financial (\$000's except per share amounts)	%			%		
	2022	2021	change	2022	2021	change
Production revenue	67,531	39,664	70	235,583	123,843	90
Net income	97,753	5,545	1,657	155,198	99,134	57
Per basic share	1.73	0.12	1,342	2.95	2.18	35
Per diluted share	1.55	0.10	1,450	2.64	1.93	37
Adjusted Funds Flow	24,890	16,562	50	101,387	46,274	119
Per basic share	0.44	0.35	26	1.93	1.02	89
Per diluted share	0.40	0.31	29	1.73	0.90	92
Cash flow from operations	25,346	16,007	58	106,623	40,930	161
Per basic share	0.45	0.33	36	2.02	0.90	124
Per diluted share	0.40	0.30	33	1.81	0.80	126
Capital expenditures	121,376	3,398	3,472	181,026	10,971	1,550
Net debt	98,768	57,021	73	98,768	57,021	73
Share Capital (000's)						
Basic, weighted average	56,638	47,868	18	52,658	45,397	16
Basic, end of period	62,912	54,108	16	58,773	51,301	15
Fully diluted	64,810	56,420	15	64,810	56,420	15
Daily Sales Volumes						
Natural gas (Mcf/d)						
Conventional						

27,929

22,552



25,492

20,641







Coal bed methane	4,011	4,592	(13)	4,293	4,877	(12)
Total natural gas volumes	31,940	27,144	18	29,785	25,518	17
Crude oil (Bbl/d)						
Light/medium	3,378	2,609	29	2,922	2,395	22
Heavy	1,616	658	146	904	684	32
Total crude oil volumes	4,994	3,267	53	3,826	3,079	24
Natural gas liquids (Bbl/d)	1,179	763	55	988	672	47
Barrels of oil equivalent (boe/d)	11,496	8,554	34	9,778	8,004	22
Average Realized Prices						
Natural gas (\$/mcf) <sup>1</sup>	6.49	4.64	40	5.97	3.59	66
Crude Oil (\$/bbl) <sup>1</sup>	91.09	80.84	13	105.50	70.57	49
Natural gas liquids (\$/bbl)	60.90	53.67	13	64.69	45.20	43
Barrels of oil equivalent (\$/boe)	63.85	50.40	27	66.01	42.39	56
Netbacks (\$/boe)						
Realized prices	63.85	50.40	27	66.01	42.39	56
Royalties	(12.77)	(9.47)	35	(13.16)	(6.58)	100
Operating expenses	(23.64)	(16.92)	40	(20.27)	(16.45)	23
1. Natural gas and crude oil prices include physical hedging gains and losses.						
Transportation expenses	(0.86)	(0.37)	132	(0.70)	(0.47)	49
Operating netback	26.58	23.65	12	31.88	18.89	69
OPERATIONS						

Journey was busy during the fourth quarter of 2022 with the closing and integration of its 4,000 boe/d (71% crude oil and 29% natural gas liquids) acquisition from Enerplus Corporation. This transaction was the main contributor to the increase in sales volumes from 11,496 boe/d in the fourth quarter of 2021 to 11,496 boe/d in the current quarter of 2022. The acquisition had a positive impact on the production of liquids (crude oil and NGL's) as it increased from 47% in the third quarter of 2022 to 54% in the fourth quarter. This benefit Journey's Adjusted Funds Flow due to a significant shift toward more valuable liquids weighting. Current production capability from the combined asset base is approximately 13,000 - 13,500 boe/d.

Excluding acquisition and divestiture activity, Journey increased its exploration and development ("E&D") capital spending to \$3.2 million in all of 2021 to \$44.6 million in 2022. Journey drilled 4 (2.1 net) wells in the fourth quarter of 2022, bringing the total number of wells for the year to 13 (10.6 net). A key highlight of Journey's 2022 E&D program was the advancement of its Glaucon Westeros with one horizontal well and two vertical completions. A primary goal for Journey in 2023 is to add to, and expand its opportunity inventory in areas with repeatable plays.

Since the commissioning of the 4 MW Countess power facility in the fourth quarter of 2020, Journey has been assembled in procuring power equipment; cost effectively building the facilities; and ultimately connecting the assets to the power grid. In conducting a high level power distribution study in the Gilby area, Journey consolidated additional working interests in its processing facility and gathering system in Gilby in May of 2022 for \$4.8 million. Subsequently, Journey received preliminary approval to construct a 15.5 MW power generation facility at Gilby. Journey also purchased 8.4 MW of power generation capacity and is in the process of purchasing another 8.6 MW of generation capability in support of the Gilby facility. All equipment has been moved to site and Journey is now entering the final approval and construction stage for this project with an expected start of construction in early 2023.

date of the first quarter of 2024. When this project is operating Journey will be adding more power to the Alberta distribution system than it is utilizing, which will help mitigate the volatile swings in power pricing currently being experienced in its field operations. Total costs for the Gilby power project have been estimated to be approximately \$20 million, \$15 million of which will be paid in 2023.

In November of 2022 Journey was the successful bidder in a request-for-proposal process to acquire a 16.5 MW power generation facility in Southern Alberta. The purchase of this facility is expected to close in the second quarter of 2023. Journey will be acquiring the facility at a fraction of the replacement value. This facility was constructed with all new equipment and ran for approximately 18 months before being shut down as part of a corporate restructuring. Journey is currently researching opportunities to redevelop this facility in its current location and believes that this is in the best interests of all stakeholders. Failing this, Journey will relocate the facility to another location and is currently evaluating its alternatives.

## FINANCIAL

The fourth quarter was highlighted with the significant 4,000 boe/d acquisition that closed on October 31. The net acquisition cost was \$112.5 million and was financed with a \$45 million vendor-take-back term debt; the issuance of 3.0 million shares of common stock; and the balance of \$53.3 million from Journey's cash. The acquisition had an immediate, positive impact on the sales volumes during the fourth quarter. While the acquisition added new volumes for only two months of the quarter, Journey was able to achieve sales volumes of 11,496 boe/d. In addition, Journey's weighting to crude oil and NGL's increased from 41% in the third quarter to 54% in the fourth quarter, largely attributable to the 71% liquids weighting of sales volumes. The Company reported an Adjusted Funds Flow of \$24.9 million in the fourth quarter. Average corporate realized prices were \$63.85/boe for the fourth quarter and \$66.01/boe for all of 2022. The fourth quarter and year-to-date average realized prices were higher in 2022 as compared to 2021 by 27% and 56% respectively.

Realized crude oil prices during the fourth quarter of 2022 averaged \$91.09/bbl, which was 13% higher than the \$80.84/bbl in the fourth quarter of 2021. Production from the two significant acquisitions during 2022, which included the corporate acquisition of 610 boe/d on April 1 (54% oil and NGL's); and the 4,000 boe/d (71% crude oil and NGL's) asset acquisition on October 31, along with the 13 (10.6 net) successful wells that were drilled and placed on-production throughout the year, all contributed to the increase in sales volumes in 2022 over 2021. Crude oil sales volumes for the fourth quarter of 2022 represented 44% of total sales volumes but contributed 62% of total petroleum and natural gas revenues. Natural gas sales volumes contributed 46% of total sales volumes for 2022 while contributing 23% to total sales revenues. NGL sales volumes contributed 10% to aggregate sales volumes in 2022 while also contributing 10% of total revenues. Also contributing to total revenues were physical oil and gas hedges totaling \$6.4 million in additional revenue for 2022.

All field operating costs (royalties, operating and transportation expenses) experienced increases during the fourth quarter throughout 2022 as compared to 2021. The increase in operating costs was due to a combination of the large acquisitions during the fourth quarter; fuel and power costs for field operations which accounted for 25% of all operating costs; as well as inflationary pressures on all other costs. Royalty expense was higher by 35% in the fourth quarter of 2022 as compared to the same quarter of 2021 and for the entire year of 2022 the increase was 100% as compared to 2021. On a per boe basis royalty expense was \$12.77/boe for the fourth quarter of 2022 as compared to \$9.47/boe in the same quarter of 2021. For the entire year royalties were \$13.16/boe while in 2021 they were \$6.58/boe. Included in the fourth quarter expense was \$1.4 million of workover and maintenance costs. These costs were \$6.2 million for the entire year in 2022.

Journey's general and administrative ("G&A") costs were higher in 2022 by 112% as compared to 2021. G&A increased to \$2.05/boe in the fourth quarter of 2022 due to additional staff, the associated increase in leased space, and additional software licenses from integrating the acquisitions took hold. On a per boe basis, the rate increased by 71% to \$2.05/boe for the fourth quarter of 2022 as compared to \$1.20/boe for the same quarter in 2021.

Finance expenses related to borrowings, or in other words, interest costs, increased by 43% to \$2.5 million in the fourth quarter of 2022 from \$1.7 million in the same quarter of 2021. Average, interest-bearing debt increased by 41% in the fourth quarter of 2022 compared to the same quarter of 2021 mainly due to the vendor-take-back financing associated with the October acquisition.

Journey realized net income of \$97.8 million in the fourth quarter of 2022 compared to \$5.5 million in the same quarter of 2021. Net income in 2022 was positively impacted by the reversal of a significant portion of the valuation allowance of Journey's deferred tax asset that was taken in prior years. This reversal, and the associated recognition of the strong tax pool position of Journey's operations, is testimony to the robust operating income contained in the 2022 year-end reserve report. Net income per basic and diluted share was \$1.73 and \$1.55 respectively for the fourth quarter and \$2.95 and \$2.64 for the entire year respectively. Adjusted Funds Flow in the fourth quarter was 50% higher in 2022, wherein the Company generated \$24.9 million, or \$0.44 and \$0.31 per basic and diluted share respectively as compared to \$16.6 million, or \$0.35 basic and \$ 0.31 per diluted per share respectively.

the same quarter of 2021. For the entire year, Journey generated \$101.4 million of Adjusted Funds Flow or \$1.93 and \$1.81 per basic and diluted share respectively. Cash flow from operations was \$25.3 million in the fourth quarter of 2022 (\$0.45 per basic share and \$0.40 per diluted share) as compared to \$16.0 million in the fourth quarter of 2021 (\$0.33 and \$0.30 per basic and diluted share respectively). Cash flow from operations for the entire year of 2022 was \$106.6 million or \$2.02 and \$1.81 per basic and diluted share respectively.

Journey continued to be prudent with its capital spending during the fourth quarter. Excluding the October acquisition, Journey underspent its Adjusted Funds Flows to allow for the maximum flexibility in its cash position while integrating the acquisition. Capital expenditures in the fourth quarter were \$121.4 million. This included \$112.4 million on acquisitions and \$8.5 million on drilling, completing and tying-in 4 (2.1 net) wells in Gilby and Brooks. Journey exited 2022 with net debt of \$98.8 million compared to \$57.0 million at the end of 2021. The higher net debt was mainly attributable to vendor-take-back debt, which was incurred by Journey in completing the significant acquisition in October.

## OUTLOOK & GUIDANCE

In response to rapidly deteriorating commodity prices in January and February, Journey has adopted a prudent approach to its 2023 capital program and has delayed the start of 2023 drilling until after breakup. Given the deferral of a significant portion of its exploration and development capital program, Journey had provided updated guidance on January 18, 2023. The updated guidance reflected this deferral and was limited to the first half of 2023.

To assist in funding its 2023 drilling program, on March 1, 2023 Journey announced a \$15 million issuance of flow-through shares at a price of \$6.62 per share. This initial announcement was subsequently upsized to \$17.5 million later that day. The amount excludes the potential 15% over allotment granted to the Underwriters, which can be elected upon until March 31, 2023. The Company will use the proceeds from the Offering to incur eligible Canadian Development Expenses ("CDE") within the meaning of the Income Tax Act in an aggregate amount of not less than the gross proceeds raised from the Offering. Journey will renounce qualifying CDE to purchasers of the flow-through shares on or before March 31, 2024. The Company has a valid tax pool position and the renunciations will not have a significant impact on the quality and quantity of the pools going forward. The financing is expected to close on March 23, 2023. After closing Journey will provide further guidance for 2023 and announce its 2023 drilling program that will complement the funds being allocated to power generation.

Journey remains poised to significantly ramp up capital expenditures in the second half of 2023 should commodity prices return to previously forecast levels.

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 favorable expiry profile position 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 its longer term priorities of sustainability and enhancing shareholder value.

Journey continues to pursue 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 but would not be possible without the talented team at Journey, both in the office and in the field. Journey also recognizes the steady guidance supplied by its Board of Directors and the unyielding support of AIM, its Company's term debt provider and largest shareholder. Together, with the support of this combined team, Journey is excellently positioned to continue its journey of value creation and maintain its growth trajectory for years to come. The Company looks forward to updating the shareholders on Journey's progress as it continues on this exciting development path.

## 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 accretive acquisitions. Journey seeks to optimize its legacy oil pools on existing lands through the application of best practices.

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 its 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 equipment 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 for future production, decline rates, funds flow, net debt, net debt to funds flow, exchange rates, reserve life, development plans, well economics, future cost reductions, potential growth, and the source of funding its 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, but not limited to, expectations and assumptions concerning prevailing commodity prices and differentials, exchange rates, interest rates, royalty rates and tax laws; future production rates and estimates of operating costs; performance of existing and future reserves and resource volumes; anticipated timing and results of capital expenditures; the success obtained in drilling new wells; sufficiency of budgeted capital expenditures in carrying out planned activities; the timing, location and extent of future development operations; the state of the economy and the exploration and production business; results of operations; performance; prospects and opportunities; the availability and cost of financing, labour and services; the impact of increasing competition; ability to efficiently integrate assets and employees acquired through acquisitions, including the Acquisition, the ability to operate and natural gas successfully and the ability to access capital. Although Management believes that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on 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. Therefore, 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 occur, or if any of them do so, what benefits that will be derived 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 its 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 Company's operations or financial results are included in reports on file with applicable securities regulatory authorities and may be accessed through the SEDAR website ([www.sedar.com](http://www.sedar.com)). These forward looking statements are as of the date of this press release and Journey disclaims 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") relating to Journey's prospective results of operations, funds flow, netbacks, debt, payout ratio well economics and components thereof which are subject to the same assumptions, risk factors, limitations and qualifications as set forth in the above paragraph. The 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 the 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 those 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" in the "Forward Looking Statements" in the Annual Information Form filed on [www.SEDAR.com](http://www.SEDAR.com) on March 23, 2021. Forward-looking information may relate to the future outlook and anticipated events or results and may include statements regarding the Company's 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 is providing this information to 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 Management's current estimates, expectations and projections, which are believed to be reasonable as of the current date. No assurance can be given that the expectations and

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 the Company may elect to, it is under no obligation and do not undertake to update this information at any particular time except as required by applicable securities laws.

## 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 to 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 measure of "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.

	Three months ended			Twelve months ended		
	December 31,			December 31,		
	% Change			% Change		
	2022	2021		2022	2021	
Cash flow provided by operating activities	29,346	16,007	58	106,623	40,930	161
Add (deduct):						
Changes in non-cash working capital	(3,427)	51	14,602	(10,521)	6,498	(162)
Capitalized interest	-	(46)	(100)	-	(2,916)	(100)
Non-recurring other income <sup>1</sup>	-	-	-	-	(902)	(100)
Transaction costs	1,266	(128)	(1,089)	1,489	231	545
Decommissioning costs	1,705	678	151	3,796	2,433	56
Adjusted Funds Flow	24,890	16,562	50	101,387	46,274	119

- (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, 2022	December 31, 2021
Principal amount of term debt	67,580	67,580
Principal amount of vendor-take-back debt 43,000		-
Accounts payable and accrued liabilities	45,496	20,441
Principal amount of contingent bank debt	5,000	5,750
Other loans	419	156
Deduct:		
Cash in bank	(31,400)	(15,677)
Accounts receivable	(29,677)	(20,180)
Prepaid expenses	(1,650)	(1,049)
Net debt	98,768	57,021

- (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:



(000's)	Year ended December 31	
	2022	2021
Land and lease rentals	919	616
Geological and geophysical	63	-
Drilling, completions, recompletions	31,260	456
Well equipment and facilities	9,334	1,918
Power generation	2,996	189
Other	-	70
Exploration and development expenditures	44,573	3,249
Corporate acquisition	19,146	6,174
Asset acquisitions	120,307	1,595
Asset dispositions	(3,000)	(47)
Capital Expenditures (including A&D )	181,026	10,971
Decommissioning costs	5,035	5,312
Total capital expenditures	186,061	16,283

## 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
Contact Alex G. Verge, President and Chief Executive Officer, 403-303-3232, alex.verge@journeyenergy.ca or Gerry Gilewicz, Financial Officer, 403-303-3238, gerry.gilewicz@journeyenergy.ca; <a href="https://www.journeyenergy.ca">Journey Energy Inc.</a> , 700, 517 - 10th Avenue SW, C 2R NA, 403-244-1639, <a href="https://www.journeyenergy.ca">www.journeyenergy.ca</a>	
IFRS	International Financial Reporting Standards
Mbbls	thousand barrels
MMBtu	million British thermal units
MMcfe	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.](https://www.journeyenergy.ca)