JOURNEY ENERGY INC.

Condensed Consolidated Interim Statement of Financial Position *(unaudited)*

(in thousands of Canadian dollars)

	Note	June 30, 2026	December 31, 2025
ASSETS			
CURRENT			
Cash		**4**	1,541
Accounts receivable		**23,162**	24,639
Prepaid expenses and deposits		**9,849**	8,691
Financial derivative asset	14	**1,773**	1,333
Total current assets		**34,788**	36,204
Financial derivative asset	14	**1,458**	-
Property, plant and equipment	2	**475,246**	457,415
Exploration and evaluation assets	3	**5,735**	5,664
Deferred income tax asset		**73,394**	76,852
Total assets		**590,621**	576,135
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities		**43,731**	31,519
Bank debt	4	**1,327**	5,801
Term debt and delayed draw term debt	4	**6,007**	8,981
Other loans	5	**375**	375
Lease obligations	8	**495**	545
Decommissioning liabilities	7	**8,244**	8,244
Total current liabilities		**60,179**	55,465
Lease obligations	8	**1,617**	76
Financial derivative liabilities	14	**-**	315
Convertible debentures	6	**35,730**	35,396
Decommissioning liabilities	7	**123,851**	130,125
Total liabilities		**221,377**	221,377
EQUITY			
Share capital	9	**371,180**	371,180
Equity component of convertible debentures	6	**1,736**	1,736
Contributed Surplus		**116,170**	114,344
Deficit		**(119,842)**	(132,502)
Total equity		**369,244**	354,758
Total liabilities and equity		**590,621**	576,135
Commitments	16		
Subsequent events	20		

See accompanying notes.

APPROVED BY THE BOARD

"Signed" **Steve Smith, Director**

"Signed" **Alex G. Verge, Director**

JOURNEY ENERGY INC.

Condensed Consolidated Interim Statement of Comprehensive Income

For the three and six months ended June 30, 2026 and 2025

(unaudited) (in thousands of Canadian dollars, except per share data)

	Note	Three months ended June 30, **2026**	Three months ended June 30, 2025	Six months ended June 30, **2026**	Six months ended June 30, 2025
REVENUE					
Petroleum and natural gas sales	15(c)	**63,186**	45,196	**111,175**	97,228
Processing and other income		**1,459**	1,558	**2,899**	3,133
Royalties		**(13,804)**	(7,217)	**(21,473)**	(16,365)
Realized loss on financial derivatives	14	**(6,682)**	(134)	**(7,979)**	(134)
Unrealized gain on financial derivatives	14	**11,218**	3,224	**2,213**	1,274
Net revenue		**55,377**	42,627	**86,835**	85,136
EXPENSES					
Operating		**20,892**	18,628	**41,519**	38,636
Depletion and depreciation	2	**9,884**	10,810	**19,649**	21,357
Finance	11	**3,228**	3,390	**6,420**	6,407
General and administrative		**1,870**	2,525	**5,149**	4,869
Transportation		**1,598**	919	**3,112**	1,957
Share based compensation	10	**740**	843	**1,561**	1,404
Exploration and evaluation	3	**-**	121	**-**	138
Transaction costs		**200**	-	**200**	81
Gain on disposition	2	**(7,158)**	-	**(7,158)**	(5,237)
Total expenses		**31,254**	37,236	**70,452**	69,612
NET INCOME BEFORE INCOME TAXES		**24,123**	5,391	**16,383**	15,524
Deferred income tax expense	12	**5,614**	1,326	**3,723**	3,731
NET INCOME AND COMPREHENSIVE INCOME		**18,509**	4,065	**12,660**	11,793
NET INCOME PER SHARE	13				
Basic		**0.27**	0.06	**0.19**	0.18
Diluted		**0.26**	0.06	**0.18**	0.18

See accompanying notes.

JOURNEY ENERGY INC.

Condensed Consolidated Interim Statement of Changes in Equity *(unaudited)*

(in thousands of Canadian dollars)

	Note	Share Capital	Convertible Debentures – Equity Portion	Contributed Surplus	Warrants	Deficit	Total Equity
Balance, January 1, 2026		371,180	1,736	114,344	-	(132,502)	354,758
Net income and comprehensive income		-	-	-	-	12,660	12,660
Share based compensation, net of deferred tax	10	-	-	1,826	-	-	1,826
Balance, June 30, 2026		**371,180**	**1,736**	**116,170**	**-**	**(119,842)**	**369,244**

	Note	Share Capital	Convertible Debentures – Equity Portion	Contributed Surplus	Warrants	Deficit	Total Equity
Balance, January 1, 2025		367,989	1,736	115,232	-	(158,424)	326,533
Net income and comprehensive income		-	-	-	-	11,793	11,793
Share based compensation, net of deferred tax	10	-	-	1,404	-	-	1,404
Balance, June 30, 2025		367,989	1,736	116,636	-	(146,631)	339,730

See accompanying notes.

JOURNEY ENERGY INC.

Condensed Consolidated Interim Statement of Cash Flows *(unaudited)*

For the three and six months ended June 30, 2026 and 2025

(in thousands of Canadian dollars)

	Note	Three months ended June 30, **2026**	Three months ended June 30, 2025	Six months ended June 30, **2026**	Six months ended June 30, 2025
CASH FLOWS PROVIDED BY THE FOLLOWING ACTIVITIES:					
OPERATING					
Net income and comprehensive income		**18,509**	4,065	**12,660**	11,793
Adjustments for items not affecting cash:					
Deferred income tax expense	12	**5,614**	1,326	**3,723**	3,731
Share based compensation	10	**740**	843	**1,561**	1,404
Depletion and depreciation	2	**9,884**	10,810	**19,649**	21,357
Unrealized gain on financial derivatives	14	**(11,218)**	(3,224)	**(2,213)**	(1,274)
Gain on disposition	2	**(7,158)**	-	**(7,158)**	(5,237)
Non-cash finance charges	11	**1,817**	1,948	**3,666**	3,515
Exploration and evaluation	3	**-**	121	**-**	138
Decommissioning costs	7	**(780)**	(1,262)	**(2,520)**	(2,164)
Changes in non-cash working capital	15(a)	**2,082**	(3,515)	**4,489**	(8,489)
Cash flow provided by operating activities		**19,490**	11,112	**33,857**	24,774
FINANCING					
Repayment of term debt	4	**(3,160)**	-	**(9,160)**	(18,248)
Advance of term/delayed draw term debt, net of issue costs	4	**5,910**	-	**5,910**	11,617
Advance (repayment) of bank debt, net of issue costs	4	**(11,320)**	4,144	**(4,711)**	4,001
Lease payments	8	**(202)**	(199)	**(411)**	(390)
Cash flow (used in) provided by financing activities		**(8,772)**	3,945	**(8,372)**	(3,020)
INVESTING					
Property, plant and equipment expenditures	2	**(24,746)**	(25,066)	**(41,962)**	(37,803)
Exploration and evaluation expenditures	3	**(38)**	(74)	**(80)**	(142)
Proceeds from property dispositions	2	**7,000**	-	**7,225**	3,363
Property acquisitions		**(54)**	(395)	**(54)**	(527)
Changes in non-cash working capital	15(a)	**7,116**	3,847	**7,849**	5,413
Cash flow used in investing activities		**(10,722)**	(21,688)	**(27,022)**	(29,696)
CHANGE IN CASH AND CASH EQUIVALENTS		**(4)**	(6,631)	**(1,537)**	(7,942)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		**8**	6,902	**1,541**	8,213
CASH AND CASH EQUIVALENTS, END OF PERIOD		**4**	271	**4**	271
Supplementary cash flow information	15(b)				

See accompanying notes.

Journey Energy Inc. ("Journey" or "the Company"), is a publicly traded company engaged in the exploration, development and production of crude oil and natural gas in the province of Alberta, Canada. Journey also develops and operates power generation assets. Journey's shares trade on the Toronto Stock Exchange in Canada and the OTCQX exchange in the U.S. These condensed consolidated interim financial statements present the results of operations for the Journey group of entities.

The registered address for Journey is 4300, 888 3rd Street SW Calgary, Alberta, Canada and the corporate head office is located at 700, 517 - 10th Avenue SW, Calgary, Alberta, Canada.

1. BASIS OF PRESENTATION

a) Statement of compliance

These condensed consolidated interim financial statements as at June 30, 2026 (the "Financial Statements") are unaudited and have been prepared in accordance with IFRS Accounting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**"), applicable to the preparation of interim financial statements, including IAS 34 Interim Financial Reporting. Certain disclosures included in the notes to the annual financial statements have been condensed in the following interim note disclosures or have been disclosed on an annual basis only. Accordingly, these Financial Statements should be read in conjunction with the audited consolidated annual financial statements for the year ended December 31, 2025 (the "**2025 Annual Financial Statements**"). These financial statements have been prepared using material accounting policies consistent with those in the 2025 Annual Financial Statements, except as noted below. There were no new accounting standards or amendments to existing standards adopted in the six months ended June 30, 2026 that have a material impact on Journey's Financial Statements. The Company's Board of Directors approved these Financial Statements on August 6, 2026.

b) Basis of measurement

Unless otherwise indicated, all references to dollar amounts in these Financial Statements and related notes are in thousands of Canadian dollars ("**$**"), which is the functional and presentation currency of the Company and its subsidiaries.

The Financial Statements have been prepared on a historical cost basis, except for certain financial instruments which are recorded at fair value as detailed in the accounting policies disclosed in note 14 of these Financial Statements.

c) Significant estimates and judgements

The timely preparation of the Financial Statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ materially from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are reviewed and for any future years affected. Significant judgements, estimates and assumptions made by management in these Financial Statements are consistent with those outlined in note 4 of the 2025 Annual Financial Statements.

d) Comparative information

Certain prior period comparatives have been represented to confirm with current year's presentation.

2. PROPERTY, PLANT AND EQUIPMENT

	Petroleum and natural gas assets	Right of use assets	Power assets	Other assets	Total
Balance, January 1, 2025	1,520,087	4,876	38,356	4,421	1,567,740
Additions	37,914	-	16,505	91	54,510
Additions of ROU assets	-	145	-	-	145
Dispositions	(20,265)	-	-	-	(20,265)
Changes in decommissioning liabilities	(4,947)	-	-	-	(4,947)
Balance, December 31, 2025	1,532,789	5,021	54,861	4,512	1,597,183
Additions	26,278	-	15,685	(1)	41,962
Addition of ROU assets	-	1,878	-	-	1,878
Dispositions	(63,136)	-	(7,060)	-	(70,196)
Changes in decommissioning liabilities	4,569	-	-	-	4,569
Balance, June 30, 2026	**1,500,500**	**6,899**	**63,486**	**4,511**	**1,575,396**

	Petroleum and natural gas assets	Right of use assets	Power assets	Other assets	Total
Accumulated depletion, depreciation and impairment losses					
Balance, January 1, 2025	(1,093,007)	(4,306)	(1,465)	(4,341)	(1,103,119)
Provision for the period	(43,528)	(446)	(352)	(35)	(44,361)
Dispositions	7,712	-	-	-	7,712
Balance, December 31, 2025	(1,128,823)	(4,752)	(1,817)	(4,376)	(1,139,768)
Provision for the period	(19,301)	(179)	(149)	(20)	(19,649)
Dispositions	57,301	-	1,966	-	59,267
Balance, June 30, 2026	**(1,090,823)**	**(4,931)**	**-**	**(4,396)**	**(1,100,150)**

Carry amounts	Petroleum and natural gas assets	Right of use assets	Power assets	Other assets	Total
January 1, 2025	427,080	570	36,891	80	464,621
December 31, 2025	403,966	269	53,044	136	457,415
June 30, 2026	**409,677**	**1,968**	**63,486**	**115**	**475,246**

Future development costs for oil and natural gas reserves of $461,052 (December 31, 2025 - $461,052) were included in the depletion calculation.

Included in power assets at June 30, 2026 are $63,486 (December 31, 2025 - $47,802) of costs related to projects under development that are not currently being depreciated as they have not been placed into operation yet.

During the period ended June 30, 2025 the Company disposed of certain assets in its Countess CGU. The assets disposed of had a property, plant & equipment net book value of $2,327, exploration and evaluation net book value of $280, and an associated decommissioning liability of $4,481. Net proceeds on sale, after closing adjustments amount to $3,363 which resulted in a gain of $5,237. During the period ended June 30, 2026 the Company disposed of all assets in its Countess CGU, its power assets in the Countess area, and other minor interests. The assets disposed had a property, plant & equipment net book value of $10,929, exploration and evaluation net book value of $63, with an associated decommissioning liability of $10,925. Net proceeds on sale, after closing adjustments amount to $7,225 which resulted in a gain on sale of assets of $7,158.

At the end of each reporting period, the Company assesses whether there were indicators of impairment or impairment reversal. The assessment for each CGU considered significant changes in the forecasted cash flows, reservoir performance, forecasted oil and natural gas commodity prices, forecasted future sales volumes, forecasted operating costs, forecasted royalty costs and forecasted future development costs. At June 30, 2026, management determined that testing for impairment or impairment reversal was not required.

3. EXPLORATION AND EVALUATION ASSETS

Balance, January 1, 2025	4,758
Additions	629
Acquisitions	929
Dispositions	(502)
Lease expiries (i)	(150)
Balance, December 31, 2025	5,664
Additions	80
Acquisitions	54
Dispositions	(63)
Balance, June 30, 2026	**5,735**

(i) Amounts recognized as exploration and evaluation expense.

At June 30, 2026 it was determined that there were no indicators of impairment or impairment reversal for the exploration and evaluation assets.

4. BANK CREDIT FACILITIES

	Operating Bank Facility	Delayed Draw Term
Amounts drawn	1,664	7,000
Unamortized financing costs	(337)	(993)
Carrying value	1,327	6,007
Current	1,327	6,007
Long-term	-	-

Effective March 17, 2025, Journey entered into a credit agreement with a Canadian chartered bank. The credit agreement was comprised of three separate facilities with a $55 million borrowing base. On May 29, 2026, the credit agreement was renewed with a $45.8 million borrowing base.

This first facility is a $15.0 million revolving operating line of credit (the “Operating Facility”) for general corporate and working capital purposes. The maturity date of the Operating Facility is May 31, 2028.

The second facility is a $12.4 million term facility (“Term Facility”). The Term Facility was a single drawdown on March 17, 2025. The funds were used to repay the Company’s previously existing term debt balance of $12.4 million. Mandatory repayments of the Term Facility of $3,000 were required each fiscal quarter with the initial payment made on October 1, 2025. On May 29, 2026, the commitment amount of this credit facility was amended to $3.2 million to reflect the repayment of $9.2 million. On June 30, 2026, the remainder owing under the Term Facility was repaid and the borrowing base reduced by the same amount..

The third facility is a $27.6 million delayed draw term facility (“Delayed Draw Facility”). Proceeds from the Delayed Draw Facility may be drawn to fund the Company’s Duvernay joint venture capital requirements. Journey is permitted a maximum of five drawdowns. Any amounts repaid or prepaid may not be re-borrowed. The final advance date on the Delayed Draw Facility is the earlier of the day of the fifth draw down and June 30, 2026. Mandatory repayments of the Delayed Draw Facility of $3,000 commence on the last banking day of each fiscal quarter commencing with the first full fiscal quarter following June 30, 2026. The maturity date of the Delayed Draw Facility is the earlier of two years from the final advance date of the facility or March 17, 2028. As of June 30, 2026, there has been one draw on this facility for $7.0 million, which occurred in May of 2026.

As of June 30, 2026, excluding the $1,664 principal currently drawn on the revolving operating line the Company has $35.6 million available credit to borrow.

Until the repayment dates of the Term Facility and the Delayed Draw Facility, mandatory repayments are required on these facilities in an amount equal to 75% of excess cash flow for each fiscal quarter commencing with the fiscal quarter ending December 31, 2025. Excess cash flow is defined as consolidated earnings before interest, taxes, depreciation and amortization ("**EBITDA**") for the period less: capital and decommissioning expenditures, cash lease payments, cash taxes, aggregate interest expense, mandatory or voluntary repayments of any term facility and any cash extraordinary or non-recurring losses.

Interest on all drawn amounts under the facilities is payable monthly at a rate determined based on a pricing grid starting with either Canadian Prime, U.S. Base, Canadian Overnight Repo Rate Average ("CORRA"), and Secured Overnight Financing Rate ("SOFR"), plus a range of 2% to 7% depending on the type of facility, the base rate, and the Company's consolidated net debt to EBITDA ratio.

All credit facilities may be extended annually subject to lender approval, with a 364 day term-out period if not renewed. The credit facilities are subject to a semi-annual borrowing base review and redetermination in May and November. The credit facilities have the following financial covenants:

i) Consolidated net debt to EBITDA ratio as at the end of each fiscal quarter commencing with the full fiscal quarter following the closing date will not be greater than 2.00:1.00.
ii) Fixed charge coverage ratio at the end of each fiscal quarter will not be less than 2.00:1.00.

Covenant ratio	Threshold	Compliance
Net debt to EBITDA[2, 3]	Not greater than 2.00:1.00	Met
Fixed charge coverage[4]	Not less than 2.00:1.00	Met

(1) The covenants do not have standardized meanings under IFRS Accounting Standards and are calculated in accordance with the definitions in the credit agreements, as described further below.
(2) The net debt used in the covenant calculation primarily includes bank debt, convertible debentures, other borrowings and the working capital deficit, if any. Net debt excludes derivative financial instrument assets and liabilities which are not due and owing at the calculation date and the lease liabilities.
(3) EBITDA is defined as net income, plus or minus as required: tax expense; cash interest expense to the extent deducted in determining net income; depletion, depreciation and other amortization charges; mark-to market gains and losses on financial instruments; share based compensation; and gains and losses on dispositions. The definition of EBITDA is on a 12-month trailing basis, subject to adjustment for certain acquisitions or dispositions in excess of a threshold amount to give effect to the transaction as if it occurred at the beginning of the calculation period, among other potential adjustments.
(4) The fixed charge coverage ratio is calculated as the ratio of trailing twelve months EBITDA over the trailing twelve months scheduled principal repayments of debt and interest.

There are also non-financial covenants that are generally related to good operating and financial practices that are standard in the industry. At June 30, 2026 Journey is in compliance with all financial and non-financial covenants under the credit agreement

5. OTHER LOANS

As part of the Canadian federal and provincial government's COVID assistance plans, Journey obtained partially forgivable, emissions reduction based, interest free loans. The June 30, 2026 amount outstanding was $375.

The table below summarizes the activity for other loans:

	$
Balance at January 1, 2025	417
Government loan	(42)
Balance at December 31, 2025 and June 30, 2026	**375**
Expected to be paid within one year	375
Expected to be paid beyond one year	-

6. CONVERTIBLE DEBENTURES

	Number of Convertible Debentures	Liability Component ($)	Equity Component ($)
Balance at January 1, 2025	38,000	34,782	1,736
Accretion	-	614	-
Balance at December 31, 2025	38,000	35,396	1,736
Accretion	-	334	-
Balance at June 30, 2026	**38,000**	**35,730**	**1,736**

On March 20, 2024, the Company issued $38.0 million principal amount of Senior Convertible Unsecured Subordinated Debentures (the "Debentures") at a price of $1,000 per debenture. Due to the conversion feature into common shares, the Debentures have both a liability and an equity component. The liability component was calculated by discounting the future cash flows (interest and principal) at an interest rate comparable to similar debt instrument but without a conversion option. The value of the equity component was the residual calculation assuming the share option value is equal to the difference between the total issue proceeds and liability component.

The Debentures will mature and be repayable on March 31, 2029. The Debentures bear interest at the rate of 10.25 percent per annum payable semi-annually in arrears on March 31 and September 30 of each year. At the holder's option, the Debentures are convertible into Common Shares at any time prior to the close of business on the earlier of the business day immediately preceding (i) the maturity date, or (ii) if called for redemption, the date fixed for redemption by the Corporation, iii) if called for repurchase in the event of a change of control, the payment date, at a conversion price of $5.00 per share, subject to adjustment in certain events. This represents a conversion rate of approximately 200 Common Shares for each $1,000 principal amount of the Debentures.

Holders converting their Debentures will receive, in addition to the applicable number of Common Shares, accrued and unpaid interest from the date of the last interest payment date up to the date of conversion. Also, in the event of a change of control of the Corporation, holders of the Debentures will be entitled to convert them into Common Shares at the stipulated conversion price. In addition to the number of Common Shares they would otherwise be entitled to receive on conversion and depending on when and the price at which the acquisition of control occurs at, the holders may be entitled to an additional number of Common Shares according to the make-whole provisions contained in the indenture agreement.

The Debentures are direct, unsecured obligations of the Company, subordinated to all existing and future senior indebtedness of the Company. The Debentures will rank *pari passu* with one another and with such other series of Debentures issued under the indenture or other indentures supplemental to this indenture to the extent subordinated on the same terms.

The Debentures may not be redeemed by the Company prior to March 31, 2027. On or after March 31, 2027 and prior to March 31, 2029, the Debentures are redeemable by the Company, in whole or in part from time to time on not more than 60 days and not less than 30 days prior notice at a redemption price equal to their principal amount plus accrued and unpaid interest thereon up to (but excluding) the redemption date, provided that the current market price at the time of the redemption notice is at least 125 percent of the conversion Price.

7. DECOMMISSIONING OBLIGATIONS

The Company's decommissioning obligations result from the net ownership interests in petroleum and natural gas assets, which includes well sites, pipelines, processing facilities, oil batteries, and power generation. The Company estimates the total undiscounted, un-escalated amount of cash flows required to settle its decommissioning obligations at June 30, 2026 to be $197,727 (December

31, 2025 - $216,321) the majority of which will be incurred at various times between 2026 and 2059. The present value of the future liability at June 30, 2026 has been calculated using an inflation rate of 2.1% (December 31, 2025 – 2.0%) for the costs and the discounted using the risk-free rate of 3.8% (December 31, 2025 – 3.9%). Changes to decommissioning obligations during the respective periods below were as follows:

	June 30, 2026	December 31, 2025
Balance, beginning of period	**138,369**	163,026
Obligations acquired	**-**	112
Obligations disposed	**(10,925)**	(17,383)
Obligations settled	**(2,520)**	(7,717)
Net development activity	**172**	153
Revisions to estimates	**2,441**	11,798
Changes in discount rates	**1,956**	(17,009)
Accretion	**2,602**	5,389
Balance, end of period	**132,095**	138,369
Current provision	**8,244**	8,244
Non-current provision	**123,851**	130,125

8. LEASE OBLIGATIONS

The present value of Journey's lease obligations was as follows at the respective period ends:

	Total
Balance, January 1, 2025	1,194
Additions	144
Lease payments	(806)
Accretion	89
Balance, December 31, 2025	621
Additions	1,878
Lease payments	(411)
Accretion	24
Balance, June 30, 2026	**2,112**
Expected to be settled within one year	495
Expected to be settled beyond one year	1,617

The Company used an interest rate that approximated its incremental cost of borrowing at the inception of each lease to discount the future lease liabilities. The undiscounted lease liability at June 30, 2026 was $2,556 (December 31, 2025 - $647).

9. SHARE CAPITAL

The outstanding common shares of the Company at each respective period end are as follows:

	Common Shares (#)	**Share Capital ($)**
Balance, January 1, 2025	67,107	367,989
Issued on SPSU's, PPSU's and RSU's vesting	374	3,191
Balance, December 31, 2025 and June 30, 2026	**67,481**	**371,180**

On August 22, 2025, Journey received approval from the Toronto Stock Exchange ("TSX") to undertake a renewal of its proposed normal course issuer bid ("NCIB") to purchase up to 3,400,000 of its common shares. The NCIB renewal commenced on August 26, 2025 and terminates on August

25, 2026. All common shares purchased under the NCIB will be cancelled, subject to TSX NCIB rules. Throughout 2025 and 2026 to date, there were no repurchases of share capital under the NCIB that occurred.

10. SHARE BASED COMPENSATION

The Company uses a combination of share-based, long-term incentives as part of its compensation plans for employees and directors. These share-based incentives are Restricted Share Units ("RSU's"); Peer Performance Share Units ("PPSU's"); and Share Price Performance Share Units ("SPSU's").

The following RSU's, PPSU's and SPSU's were outstanding at the end of the respective periods:

	RSU's	**PPSU's**	**SPSU's**
Balance at January 1, 2025	1,334	575	575
Granted	613	265	265
Settled	(414)	(147)	(147)
Forfeited	(59)	(20)	(20)
Balance at December 31, 2025	1,474	673	673
Forfeited	(19)	(6)	(6)
Balance at June 30, 2026	**1,455**	**667**	**667**

Share based compensation expense for the three and six months ended June 30, 2026 was $740 and $1,561 respectively, while comparatively for the three and six months ended June 30, 2025 the expense was $843 and $1,404 respectively.

11. FINANCE EXPENSE

Finance expense is comprised of the following:

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	**2026**	2025
Interest and bank fees	**1,411**	1,442	**2,754**	2,892
Accretion of decommissioning obligations	**1,310**	1,311	**2,602**	2,631
Accretion of lease obligations	**9**	29	**24**	61
Accretion of term and bank debt	**328**	462	**706**	532
Accretion of convertible debentures	**170**	146	**334**	291
Total finance expense	**3,228**	3,390	**6,420**	6,407

12. DEFERRED INCOME TAX

Differences between the statutory and effective income tax rates for the three and six month periods ended June 30, 2026 and 2025 are accounted for as follows:

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	**2026**	2025
Net income before income tax	**24,123**	5,391	**16,383**	15,524
Statutory income tax rate	**23.0%**	23.0%	**23.0%**	23.0%
Expected income tax expense	**5,548**	1,240	**3,768**	3,571
Increase (decrease) resulting from:				
Share based compensation	**61**	85	**(50)**	159
Other	**5**	1	**5**	1
Deferred income tax expense	**5,614**	1,326	**3,723**	3,731

13. PER SHARE AMOUNTS

The following table summarizes the weighted average common shares used in calculating income per share:

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	**2026**	2025
Net income	**18,509**	4,065	**12,660**	11,793
Weighted average shares - basic	**67,481**	67,107	**67,481**	67,107
Weighted average shares - diluted	**70,266**	67,284	**69,377**	67,107
Net income per share – basic	**$0.27**	$0.06	**$0.19**	$0.18
Net income per share – diluted	**$0.26**	$0.06	**$0.18**	$0.18

The net income per basic share is calculated by dividing net income by the weighted average number of common shares outstanding during the respective periods. The impact of the issuance of the convertible debentures for the three and six month periods ending June 30, 2025 and the six months ended June 30, 2026, had an anti-dilutive effect and were therefore excluded from the calculation of diluted shares. For the three month period ended June 30, 2026 the dilutive impact of RSU's, PPSU's, SPSU's and convertible debentures was an additional 2,785 to the weighted average common shares. For the six month period ended June 30, 2026 the dilutive impact of RSU's, PPSU's, and SPSU's was an additional 1,896 to the weighted average common shares.

14. FINANCIAL INSTRUMENTS

(a) Risks

(i) Commodity price risk

Due to the volatility of commodity prices, the Company is exposed to adverse consequences in the event of declining prices. The Company entered financial derivate petroleum and natural gas contracts in order to partially protect its cash flow on future sales as part of a covenant in the credit facility agreement. These contracts reduce the fluctuation in sales prices by locking in prices with respect to future deliveries of petroleum and natural gas on the contracted volumes.

As at June 30, 2026, the Company had the following financial derivative contracts in place:

Term	Option traded	Daily Volume	Price	Reference	Fair Value
Jul 1, 2026 to Sep 30, 2026	Crude Oil Collar	750 bbl	$60-$72.15 USD	WTI Nymex	(148)
Jul 1, 2026 to Dec 31, 2026	Crude Oil Collar	750 bbl	$72.5-$98 CAD	WTI Nymex	(733)
Jul 1, 2026 to Dec 31, 2026	Crude Oil Swap	500 bbl	$67.57 USD	WTI Nymex	(146)
Jul 1, 2026 to Mar 31, 2027	Crude Oil Collar	300 bbl	$61.55-$75 USD	WTI Nymex	(35)
Jul 1, 2026 to Mar 31, 2027	Natural Gas Swap	10,000 GJ	$2.90 CAD	NGX AB-NIT 7A	2,093
Jul 1, 2026 to Dec 31, 2027	Crude Oil Put	1,500 bbl	$60 USD	WTI Nymex	233
Nov 1, 2026 to Mar 31, 2027	Natural Gas Swap	5,000 GJ	$3.50 CAD	NGX AB-NIT 7A	697
Jan 1, 2027 to Dec 31, 2027	Crude Oil Collar	500 bbl	$65-$89 USD	WTI Nymex	1,270
Total financial derivative contract asset					**3,231**

The loss on derivative contracts for the respective periods ended were as follows:

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	**2026**	2025
Unrealized gain on derivative contracts	**11,218**	3,224	**2,213**	1,274
Realized loss on derivative contracts	**(6,682)**	(134)	**(7,979)**	(134)
Total gain (loss)	**4,536**	3,090	**(5,766)**	1,140

(ii) Credit risk

A substantial portion of Journey's accounts receivable is with petroleum marketing entities. Receivables from these marketers are normally collected on the 25th day following the calendar month in which production has occurred. Journey has not experienced any material collection issues with its petroleum and natural gas marketers. Journey generally extends unsecured credit to these companies; therefore, the collection of accounts receivable may be affected by changes in economic or other conditions and may accordingly impact Journey's overall credit risk. Management believes the risk is mitigated by the size, reputation and diversified nature of the companies to which it extends credit.

Journey is exposed to losses in the event of non-performance by counterparties to financial risk management contracts. Journey minimizes credit risk associated with possible non-performance of these financial instruments by entering contracts with only investment grade counterparties, limiting exposure to any one counterparty and monitoring procedures around extending credit. Journey is managing this risk within its credit limit guidelines and procedures. While Management believes Journey's credit limit guidelines and procedures are sufficient to address credit risk, they are still subject to the volatility of the general financial credit environment. Journey's credit risk primarily relates to:

	June 30, 2026	December 31, 2025
Accounts receivable	**23,162**	24,639

At June 30, 2026, Journey estimated its provision for uncollectable accounts to be $1,026 (December 31, 2025 - $857). Accounts receivable balances outstanding greater than ninety days at June 30, 2025 were $1,469 (December 31, 2025 – $2,822).

(iii) Interest rate risk

The Company's convertible debentures bear interest at a fixed rate. The Company's credit facility loans bear interest depending on the Company's Consolidated Net Debt to EBITDA ratio and as well varies depending on the current Canadian Prime, U.S. Base, CORRA, and SOFR rates.

(iv) Foreign exchange risk

The Company is exposed to the risk of changes in the Canadian/U.S. dollar exchange rate on sales of commodities that are directly correlated to U.S. dollar benchmark prices.

(v) Liquidity risk

Journey is exposed to liquidity risk, which is the risk the entity may not be able to generate or obtain sufficient cash resources to meet its commitments as they become due. Journey works to mitigate this risk by management of cash and debt. Journey maintains short-term and long-term cash forecasting based on estimated production levels and estimated pricing in order to proactively enact changes to our capital spending.

On May 29, 2026 the Company's credit facility agreement was renewed and at June 30, 2026 the Company has a $15 million revolving credit facility and $20.6 million available to borrow on its delayed term debt facility (Note 4). The Company continues to make progress in reducing its overall net debt position primarily using the cash generated from operations. Commodity prices and the general economic environment continue to be volatile, increasing the risk that cash flow from operations could decline, which could result in Journey being unable to fund upcoming debt maturities. Journey is dependent on current commodity pricing to enable it to generate cash flow necessary to fund debt principal repayments and interest as they fall due. Journey also commenced a hedging program to secure minimum realized sales prices, which in turn will assist with debt repayments.

The following table details Journey's financial liabilities and other contractual obligations as at June 30, 2026:

	Total	**< 1 year**	**1-3 years**	**4-5 years**
Accounts payable and accrued liabilities	**43,731**	43,731	-	**-**
Bank debt	**1,327**	1,327	-	**-**
Delayed draw term debt	**6,007**	6,007	-	**-**
Interest on term debt	**270**	270	-	**-**
Other loans	**375**	375	-	**-**
Convertible debentures	**35,730**	-	35,730	-
Interest on convertible debentures	**11,696**	3,895	7,801	-
Natural gas transportation	**1,744**	1,112	398	234
Leases, including non-lease components	**2,837**	856	1,339	642
Total	**100,317**	51,903	47,538	876

15. SUPPLEMENTAL INFORMATION

a) *Changes in non-cash working capital*

	Three months ended June 30,		Six months ended June 30,	
Sources (uses) of funds	**2026**	2025	**2026**	2025
Accounts receivable	5,265	1,081	**1,477**	5,701
Prepaid expenses and deposits	(667)	(5,652)	**(1,158)**	(9,475)
Accounts payable and accrued liabilities	4,648	5,048	**12,212**	865
	9,246	477	**12,531**	(2,909)
Related to:				
Operating activities (i)	**2,130**	(3,370)	**4,682**	(8,322)
Investing activities	**7,116**	3,847	**7,849**	5,413
	9,246	477	**12,531**	(2,909)

(i) Excluded from the changes in operating non-cash working capital on the statement of cash flows is $48 and $193 for the three and six months ended June 30, 2026 respectively and $145 and $167 for the three and six months ended June 30, 2025 in relation to prepaid amortization of deferred financing charges. These expenses have been included in the non-cash financing charges of the operating activities in the statement of cash flows.

b) *Supplementary cash flow information*

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	**2026**	2025
Interest paid	**398**	304	**2,744**	2,654

c) *Petroleum and natural gas sales by product type*

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	**2026**	2025
Crude oil	**54,309**	36,512	**93,264**	77,580
Natural gas (i)	**3,432**	4,546	**8,402**	9,952
Natural gas liquids	**5,445**	4,138	**9,509**	9,696
Petroleum and natural gas sales	**63,186**	45,196	**111,175**	97,228

(i) During 2026, Journey held certain fixed-price physical natural gas delivery contracts as part of its commodity price risk management strategy. Revenue recognized from these physical gas contracts is included with the natural gas sales line item. The fixed pricing provided under these contracts results in revenue that may differ from prevailing market prices at the time of delivery.

16. COMMITMENTS

The Company has committed to firm-service contracts for transporting natural gas as well as payments under various operating leases. The amounts in the table below are the minimum cash obligations that the Company must pay under the terms of the contracts.

	Total	<1 year	1-3 years	4-5 years
Natural gas transportation	**1,744**	1,112	398	234
Leases, including non-lease components	**2,837**	856	1,339	642
Total	**4,581**	1,968	1,737	876

In addition to the commitments listed above, the Company has various indemnifications in place in the ordinary course of business, none of which, as assessed by management, are expected to have a significant impact on the Company's consolidated financial statements.

17. RELATED PARTY TRANSACTIONS

The Company considers its directors and executives to be key management personnel. As at June 30, 2026 there were thirteen (June 30, 2025 – twelve) individuals that were considered key management personnel. Compensation for these individuals for the three month periods ended June 30 was comprised of the following:

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	**2026**	2025
Salaries and fees	**1,498**	1,163	**2,015**	1,676
Short-term employee benefits	**41**	48	**84**	95
Share based payments (i)	**439**	382	**873**	760
Total	**1,978**	1,593	**2,972**	2,531

(i) These amounts represent the amortization of share-based compensation associated with the Company's share-based compensation plans.

The related party transactions above were recorded at the above disclosed exchange amounts. Management believes the amount agreed upon between the parties is reflective of comparable fair market value transactions.

18. SEGMENTED INFORMATION

The Company's operations are organized into two distinct reportable segments based on the nature of their products, activities, and the regulatory environments in which they operate.

i) Petroleum & Natural Gas: This segment focuses on the exploration, development, and production of crude oil and natural gas assets. It encompasses the full lifecycle of upstream oil and gas activities. As this represents the Company's core business, it aggregates all corporate and administrative functions, as these activities are primarily dedicated to supporting the upstream operations and are not separately allocated to the Power Generation segment.

ii) Power Generation: This segment involves the production and sale of electricity to the Alberta Electric grid and is intended to not only diversify Journey's revenue streams but also provide a natural hedge against its power consumption at different operating locations. During the six months ended June 30, 2026 this segment's assets became greater than 10% of Journey's total assets. Therefore, segmented information has been disclosed in accordance with IFRS 8.

	Petroleum and Natural Gas		**Power Generation**		**Total**	
Three months ended June 30,	**2026**	2025	**2026**	2025	**2026**	2025
Petroleum and natural gas sales	**63,186**	45,196	**-**	-	**63,186**	45,196
Processing and other income	**1,370**	1,401	**89**	157	**1,459**	1,558
Royalites	**(13,804)**	(7,217)	**-**	-	**(13,804)**	(7,217)
Realized and unrealized gain on financial derivatives	**4,536**	3,090	**-**	-	**4,536**	3,090
Net revenue	**55,288**	42,470	**89**	157	**55,377**	42,627
Operating costs	**20,784**	18,571	**108**	57	**20,892**	18,628
Depletion and depreciation	**9,825**	10,722	**59**	88	**9,884**	10,810
All other expenses excluding income tax	**478**	7,798	**-**	-	**478**	7,798
Net income (loss) before income tax	**24,201**	5,379	**(78)**	12	**24,123**	5,391
Deferred income tax expense (recovery)	**5,632**	1,323	**(18)**	3	**5,614**	1,326
Net income (loss)	**18,569**	4,056	**(60)**	9	**18,509**	4,065
Segmented assets	**527,135**	547,852	**63,486**	42,373	**590,621**	590,225

	Petroleum and Natural Gas		**Power Generation**		**Total**	
Six months ended June 30,	**2026**	2025	**2026**	2025	**2026**	2025
Petroleum and natural gas sales	**111,175**	97,228	**-**	-	**111,175**	97,228
Processing and other income	**2,721**	2,824	**178**	309	**2,899**	3,133
Royalites	**(21,473)**	(16,365)	**-**	-	**(21,473)**	(16,365)
Realized and unrealized gain (loss) on financial derivatives	**(5,766)**	1,140	**-**	-	**(5,766)**	1,140
Net revenue	**86,657**	84,827	**178**	309	**86,835**	85,136
Operating costs	**41,364**	38,429	**155**	207	**41,519**	38,636
Depletion and depreciation	**19,502**	21,181	**147**	176	**19,649**	21,357
All other expenses excluding income tax	**9,284**	9,619	**-**	-	**9,284**	9,619
Net income (loss) before income tax	**16,507**	15,598	**(124)**	(74)	**16,383**	15,524
Deferred income tax expense (recovery)	**3,752**	3,748	**(29)**	(17)	**3,723**	3,731
Net income (loss)	**12,755**	11,850	**(95)**	(57)	**12,660**	11,793

19. CAPITAL MANAGEMENT

Journey manages its capital structure with the goal of maintaining flexibility to respond to changing economic conditions, commodity prices, and the risk profiles of its assets. Journey has the ability to adjust its capital structure through various means, including issuing new shares and debt, repurchasing shares or debt, or changing capital expenditures relative to adjusted funds flow. Journey has established a long-term net debt target of less than 1.0 times adjusted funds flow, annualized for the current quarter. While the actual ratio may fluctuate on a quarterly basis due to factors such as facility outages, commodity price changes, capital expenditures, and the timing of acquisitions and dispositions, Journey monitors these variables to manage its capital structure. As of June 30, 2026, Journey's net debt was 0.8 times its annualized second quarter 2026 adjusted funds flow. This ratio represents a proxy for the number of years it would take to pay off the net debt if no additional capital expenditures were made and adjusted funds flow remained consistent.

Management views the capital structure as working capital (current assets less current liabilities, but excluding the fair value of other liability, derivative contracts and decommissioning liabilities), share capital, term-debt, convertible debentures and other loans. The Company's key objectives when managing its capital structure are to: 1) meet its financial obligations as they come due; 2) to ensure sufficient financial flexibility to achieve its continuing business objectives including the replacement of production, funding future growth opportunities, expanding its developing power business, and the pursuit of accretive acquisitions; and 3) repay its borrowings at their maturity dates (or renegotiate existing debt agreements upon acceptable commercial terms). To accomplish this Management strives to optimize its cost of capital while at the same time managing its leverage. To manage its capital structure Journey may issue equity, term-debt, convertible debentures, adjust discretionary capital spending, use its credit facilities, or dispose of non-core assets.

The Company's primary source of funds is the cash provided from operating activities. Management believes the Company is well positioned to execute on its future strategic growth plans, including funding debt payments as they come due. Future exploration and development capital expenditures are expected to be mainly funded through cash generated from operating activities.

Journey continually monitors its capital structure and adjusts it throughout the year as a result of general economic conditions, the state of the petroleum industry and global events, all of which may affect commodity prices. Journey prepares an annual capital budget, which is approved by the Board of Directors, and is updated quarterly for acquisition and divestiture activity as needed, changes in commodity prices, and drilling successes. Given the volatile commodity price environment, which is impacted significantly by both domestic and world events outside the control of the Company, the budget is intended to be flexible and is re-evaluated at each regularly scheduled board meeting. Journey's approach ensures its capital structure aligns with both short-term operational needs and long-term strategic goals, balancing liquidity with flexibility to support growth opportunities while maintaining financial strength.

Adjusted funds flow

Journey considers adjusted funds flow to be a key measure that provides a more comprehensive view of the company's ability to generate cash flow necessary for financing capital expenditures, meet its decommissioning obligations, and fulfilling its financial commitments. Adjusted funds flow is calculated by adjusting cash flow from operating activities to exclude changes in non-cash working capital and decommissioning obligation expenditures. Management believes these elements are subject to timing variations in collection, payment, and occurrence. By excluding them, management is able to provide a more meaningful performance measure of Journey's ongoing operations. Specifically, expenditures on asset retirement obligations may fluctuate depending on the company's capital programs and the maturity of its operating areas.

The settlement of decommissioning obligations is managed through Journey's capital budgeting process, which incorporates the available adjusted funds flow. A reconciliation of adjusted funds flow is presented in the following table:

	Three months ended June 30,	
	2026	2025
Cash flow provided by operating activities	**19,490**	11,112
Add (deduct):		
Changes in non-cash working capital	**(2,082)**	3,515
Transaction costs	**200**	-
Decommissioning costs incurred	**780**	1,262
Adjusted Funds Flow[1]	**18,388**	15,889

(1) Adjusted funds flow as presented does not have any standardized meaning prescribed by IFRS Accounting Standards and therefore it may not be comparable with the calculation of similar measures of other entities. Management considers adjusted funds flow to be a capital management measure.

Net debt

Net debt is used by management to provide a more comprehensive understanding of Journey's capital structure and to assess the Company's liquidity. Journey calculates net debt by considering cash, accounts receivable, prepaid expenses, accounts payable and accrued liabilities, short and long-term debt (the Credit Facility), senior unsecured notes, convertible debentures and other liabilities. Management uses total market capitalization and the ratio of net debt to annualized adjusted funds flow for the current quarter to analyze balance sheet strength and liquidity. Following is a summary of total market capitalization, net debt, annualized current quarter adjusted funds flow, and net debt to annualized current quarter adjusted funds flow:

	June 30, 2026	December 31, 2025
Principal amount of term and delayed draw term debt	**7,000**	9,160
Principal amount of bank debt	**1,664**	6,375
Principal amount of convertible debentures	**38,000**	38,000
Accounts payable and accrued liabilities	**43,731**	31,519
Other loans	**375**	375
Deduct:		
Cash in bank	**(4)**	(1,541)
Accounts receivable	**(23,162)**	(24,639)
Prepaid expenses	**(9,849)**	(8,691)
Net debt[1]	**57,755**	50,558
Annualized current quarter adjusted funds flow	**73,552**	60,068
Net debt to annualized current quarter adjusted funds flow	**0.8**	0.8

1) Net debt as presented does not have any standardized meaning prescribed by IFRS Accounting Standards and therefore it may not be comparable with the calculation of similar measures of other entities. Management considers net debt to be a capital management measure.