

JOURNEY ENERGY INC.**Condensed Consolidated Interim Statement of Financial Position (unaudited)***(in thousands of Canadian dollars)*

	Note	June 30, 2024	December 31, 2023
ASSETS			
CURRENT			
Cash		18,905	17,715
Accounts receivable		22,616	24,734
Prepaid expenses and deposits		9,386	4,271
Total current assets		50,908	46,720
Property, plant and equipment	2	463,517	476,055
Exploration and evaluation assets	3	4,950	4,847
Deferred tax asset	14	79,373	82,514
Total assets		598,747	610,136
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities		39,867	47,214
Term-debt	5	27,862	33,269
Other liability	4	-	1,305
Other loans	6	43	17,042
Lease obligations	9	627	496
Decommissioning obligations	8	6,649	6,650
Total current liabilities		75,048	105,976
Term-debt	5	-	9,970
Lease obligations	9	881	1,212
Other loans	6	386	377
Convertible debentures	7	34,495	-
Decommissioning obligations	8	167,178	176,187
Total liabilities		277,988	293,722
EQUITY			
Share capital	10	367,758	367,758
Equity component of convertible debentures	7	1,736	-
Contributed Surplus		110,840	109,151
Warrants	11	3,073	3,073
Deficit		(162,648)	(163,568)
Total equity		320,759	316,414
Total liabilities and equity		598,747	610,136
Commitments	18		
<i>See accompanying notes.</i>			

APPROVED BY THE BOARD***"Signed"* Steve Smith, Director*****"Signed"* Alex G. Verge, Director**

JOURNEY ENERGY INC.**Condensed Consolidated Interim Statement of Comprehensive Income (Loss)****For the three and six months ended June 30, 2024 and 2023***(unaudited) (in thousands of Canadian dollars, except per share data)*

		Three months ended		Six months ended	
		June 30,		June 30,	
	Note	2024	2023	2024	2023
REVENUE					
Petroleum and natural gas sales	17(c)	50,525	53,513	102,623	111,956
Processing and other income		1,682	2,108	3,667	4,180
Royalties		(10,274)	(11,020)	(20,438)	(23,088)
Net revenue		41,933	44,601	85,852	93,048
EXPENSES					
Operating		25,437	27,797	46,924	52,376
Transportation		1,503	714	2,577	1,946
General and administrative		3,693	2,681	5,765	4,504
Share based compensation	12	872	658	1,743	1,275
Exploration and evaluation	3	-	260	351	378
Exploration and evaluation asset impairment	3	-	-	79	-
Loss on debt modification	5	-	-	-	175
Depletion and depreciation	2	9,470	10,932	19,265	17,823
Transaction costs		-	-	189	2
Finance	13	3,584	3,781	6,775	8,280
Total expenses		44,559	46,823	83,668	86,759
NET INCOME (LOSS) BEFORE TAXES		(2,626)	(2,222)	2,184	6,289
Deferred income tax expense (recovery)	14	(298)	(449)	1,264	1,622
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)		(2,328)	(1,773)	920	4,667
NET INCOME (LOSS) PER SHARE					
Basic	15	(0.04)	(0.03)	0.01	0.08
Diluted		(0.04)	(0.03)	0.01	0.07

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, 2024		367,758	-	109,151	3,073	(163,568)	316,414
Comprehensive income		-	-	-	-	920	920
Convertible debentures, net of tax	7	-	1,736	-	-	-	1,736
Share based compensation	12	-	-	1,689	-	-	1,689
Balance, June 30, 2024		367,758	1,736	110,840	3,073	(162,648)	320,759

	Note	Share Capital	Convertible Debentures – Equity Portion	Contributed Surplus	Warrants	Deficit	Total Equity
Balance, January 1, 2023		351,485	-	109,505	3,073	(179,387)	284,676
Comprehensive income		-	-	-	-	4,667	4,667
Equity issued, net	10	15,430	-	-	-	-	15,430
Share based compensation	12	-	-	1,411	-	-	1,411
Balance, June 30, 2023		366,915	-	110,916	3,073	(174,720)	306,184

JOURNEY ENERGY INC.**Condensed Consolidated Interim Statement of Cash Flows** *(unaudited)***For the three and six months ended June 30, 2024 and 2023***(in thousands of Canadian dollars)*

	Note	Three months ended June 30,		Six months ended June 30,	
		2024	2023	2024	2023
CASH FLOW FROM THE FOLLOWING ACTIVITIES:					
OPERATING					
Net income (loss) and comprehensive income (loss)		(2,328)	(1,773)	920	4,667
Adjustments for:					
Other income	8	-	-	-	(167)
Deferred tax expense (recovery)	14	(298)	(449)	1,264	1,622
Share based compensation	12	872	658	1,743	1,275
Depletion and depreciation	2	9,470	10,932	19,265	17,823
Loss on debt modification	5	-	-	-	175
Change in fair value of other liability	4	-	-	-	45
Non-cash finance charges	13	1,791	1664	3,416	3,431
Exploration and evaluation	3	-	260	351	378
Exploration and evaluation asset impairment	3	-	-	79	-
Decommissioning costs incurred	8	(1,302)	(802)	(1,474)	(3,018)
Changes in non-cash working capital	17(a)	53	1,845	(9,312)	(2,435)
Cash flow provided by operating activities		8,258	12,335	16,252	23,796
FINANCING					
Common shares issued, net of issue costs	10	-	18	-	18,884
(Repayment) advances other loans		-	(6,000)	(16,990)	(12,000)
Repayment of term-debt		(3,000)	-	(15,700)	(23,817)
Convertible debentures issued, net of issue costs	7	-	-	36,597	-
Lease obligation payments	9	(166)	(93)	(290)	(185)
Repayment of other liability	4	-	-	-	(5,000)
Cash flow (used in) provided by financing activities		(3,166)	(6,075)	3,617	(22,118)
INVESTING					
Additions to property, plant and equipment	2	(3,968)	(2,370)	(17,901)	(9,984)
Additions to exploration and evaluation assets	3	(122)	(102)	(304)	(342)
Disposition of property, plant and equipment and exploration and evaluation assets		787	5	787	1,041
Acquisition of property, plant and equipment and exploration and evaluation assets		(57)	(11,539)	(229)	(11,539)
Changes in non-cash working capital	17(a)	(3,734)	(1,905)	(1,032)	(2,465)
Cash flow used in investing activities		(7,094)	(15,911)	(18,679)	(23,289)
CHANGE IN CASH		(2,002)	(9,651)	1,190	(21,611)
CASH, BEGINNING OF PERIOD		20,907	19,440	17,715	31,400
CASH, END OF PERIOD		18,905	9,789	18,905	9,789

Supplementary cash flow information

17 (b)

See accompanying notes.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements
For the three and six months ended June 30, 2024 and 2023
(thousands, except per share data)

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 properties. Journey’s shares trade on the Toronto Stock Exchange 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, 2024 (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, 2023 (the “2023 Annual Financial Statements”). These financial statements have been prepared using material accounting policies consistent with those in the 2023 Annual Financial Statements, except as noted below. On January 1, 2024 the Company adopted amendments to IAS 1 with respect to classification of financial liabilities as current versus long term. The adoption of these amendments had no material impact on the financial statements.

The Company’s Board of Directors approved these Financial Statements on August 8, 2024.

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 16 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 3 of the 2023 Annual Financial Statements.

2. PROPERTY, PLANT AND EQUIPMENT

	Petroleum and natural gas assets	Right of use assets	Power assets	Other assets	Total
Balance, January 1, 2023	1,490,808	4,717	9,822	4,410	1,509,757
Additions	23,645	201	14,636	-	38,482
Acquisitions	6,376	-	-	-	6,376
Dispositions	(1,452)	-	-	-	(1,452)
Changes in decommissioning obligations	(11,074)	-	-	-	(11,074)
Transfer from exploration and evaluation assets	102	-	-	-	102
Balance, December 31, 2023	1,508,405	4,918	24,458	4,410	1,542,191
Additions	13,384	-	4,507	10	17,901
Dispositions	(787)	-	-	-	(787)
Changes in decommissioning obligations	(10,387)	-	-	-	(10,387)
Balance, June 30, 2024	1,510,615	4,918	28,965	4,420	1,548,918

	Petroleum and natural gas assets	Right of use assets	Power assets	Other assets	Total
Accumulated depletion, depreciation and impairment losses					
Balance, January 1, 2023	(1,019,335)	(3,294)	(767)	(4,279)	(1,027,675)
Provision for the period	(37,566)	(516)	(346)	(33)	(38,461)
Balance, December 31, 2023	(1,056,901)	(3,810)	(1,113)	(4,312)	(1,066,136)
Provision for the period	(18,813)	(262)	(176)	(14)	(19,265)
Balance, June 30, 2024	(1,075,714)	(4,072)	(1,289)	(4,326)	(1,085,401)

Carry amounts	Petroleum and natural gas assets	Right of use assets	Power assets	Other assets	Total
January 1, 2023	471,473	1,423	9,055	131	482,082
December 31, 2023	451,504	1,108	23,345	98	476,055
June 30, 2024	434,901	846	27,676	94	463,517

Future development costs for oil and natural gas reserves of \$239,517 (December 31, 2023 - \$239,517) were included in the depletion calculation. During the period ended June 30, 2024, the Company capitalized \$134 (June 30, 2023 – nil) in salary, wages and benefits that was directly related to developmental drilling activities.

Included in power assets at June 30, 2024 are \$20,587 (December 31, 2023 - \$17,397) of costs related to projects under development that are not currently being depreciated as they have not been placed into operation yet.

At the end of each reporting period, the Company assesses whether there were indicators of impairment. The assessment criteria used include: changes in reserves; changes in forecasted commodity prices from the previous reserve report; interest rates; the health of the oil and gas industry; the status of the general economy; well performance; and near term development plans. At June 30, 2024 it was determined that tests for impairment or an impairment reversal were not required.

3. EXPLORATION AND EVALUATION ASSETS

Balance, January 1, 2023	5,383
Additions	1,644
Acquisitions	92
Dispositions	(1,143)
Lease expiries	(102)
Transfer to property, plant and equipment	(495)
Impairment	(532)
Balance, December 31, 2023	4,847
Additions	304
Acquisitions	229
Lease expiries	(351)
Impairment	(79)
Balance, June 30, 2024	4,950

4. BANK DEBT AND OTHER LIABILITY

a) Bank debt

Journey has a demand overdraft facility of \$7,000 at June 30, 2024 (December 31, 2023 - \$7,000) with a Canadian chartered bank. There were no amounts drawn on this facility as at June 30, 2024 and December 31, 2023. Advances under this facility bear interest at a rate of 2.5 percent above the banks' prime lending rate. The overdraft is secured by a security agreement over certain tangible field facilities of the Company.

b) Other liability

Other liabilities are comprised of:

(i) Contingent Liability

As a result of the October 30, 2020 debt restructuring, Journey was contingently liable to pay a maximum of \$5,750 over a three year period starting in 2021, with annual payments dependent on price ranges for mixed, sweet, blended oil prices at the Edmonton, Alberta hub. Payments were capped at a maximum amount of \$750 for 2021; \$2,250 for 2022; and for 2023 the payment was capped at the maximum total obligation remaining of up to \$5,750 less any previous repayments. The debt did not bear interest. As consideration for the banks consenting to the acquisition that closed on October 31, 2022, the remaining balance of \$5,000 was paid on January 31, 2023.

(ii) Flow-through shares

A deferred liability of \$3,739 was recognized for the premium on flow through shares issued on March 18, 2023 (Note 10). The liability was de-recognized through income tax expense when the Company incurred the qualifying expenditures.

The table below summarizes the change in fair value for the Other Liabilities:

	\$
Fair value at January 1, 2023	4,955
Increase in value for period	45
Repayment	(5,000)
Flow-through share issuance (Note 10)	3,739
Flow-through share renunciation	(2,434)
Fair value at December 31, 2023	1,305
Flow-through share renunciation	(1,305)
Fair value at June 30, 2024	-

5. TERM-DEBT

A summary of the Company's term-debt outstanding as at the respective period dates are as follows:

	June 30, 2024	December 31, 2023
Tranche:		
1 - matures April 30, 2025 (i)(ii)	8,953	24,700
2 - matures April 30, 2025 (iii)	13,584	13,580
3 - matures April 30, 2025 (iv)	5,483	5,483
Unamortized financing costs	(158)	(524)
Total carrying value	27,862	43,239
Expected to be paid within one year	27,862	33,269
Expected to be paid beyond one year	-	9,970

- (i) On March 30, 2023 the maturity date of this tranche was amended from October 31, 2023 to April 30, 2024. Due to the debt modification a loss of \$175 was realized in the year ended December 31, 2023. The interest rate on this tranche is 11.5%.
- (ii) On December 21, 2023, the maturity date of this tranche was amended from April 30, 2024 to April 30, 2025. Due to the debt modification, a gain of \$240 was realized in the year ended December 31, 2023. The repayment terms were also amended to repay \$12,700 on April 30, 2024 and \$1,000 monthly thereafter until April 30, 2025. On March 27, 2024 Journey early repaid the \$12,700 due on April 30, 2024. On May 31, 2024 Journey early repaid \$1,000 in addition to the two monthly payments required in the second quarter of 2024 totalling \$2,000.
- (iii) On December 21, 2023, the maturity date of this tranche was amended from April 30, 2024 to April 30, 2025. Due to the debt modification a loss of \$773 was realized in the year ended December 31, 2023. The repayment terms were also amended to repay \$7,169 on October 31, 2024 and \$1,069 monthly thereafter until April 30, 2025. The interest rate on this tranche is 12.95%.
- (iv) On December 21, 2023, the maturity date of this tranche was amended from April 30, 2024 to April 30, 2025. The repayment terms were also amended to repay \$2,894 on October 31, 2024 and \$431 monthly thereafter until April 30, 2025. The interest rate on this tranche is dependent on certain benchmark oil price thresholds. The rate as of June 30, 2023 was 10.0%.

The continuity of the remaining three tranches of term-debt for the current period is as follows:

	Tranche 1	Tranche 2	Tranche 3	Total
Balance January 1, 2024	24,563	13,193	5,483	43,239
Amortization of deferred finance costs	-	237	-	237
Accretion	90	(4)	-	86
Repayment	(15,700)	-	-	(15,700)
Balance, June 30, 2024	8,953	13,426	5,483	27,862

All tranches of the term-debt are secured by a floating charge debenture over all of the Company's assets. There is a financial covenant that requires the Company to maintain a Liability Management Rating greater than 1.50. In addition, there are certain standard, non-financial covenants in the term-debt agreement. Journey was in compliance with all covenants as at June 30, 2024. The Company anticipates compliance with the LMR threshold throughout 2024.

6. OTHER LOANS

a) Vendor Take Back ("VTB")

As part of the acquisition of petroleum and natural gas assets that closed October 31, 2022 the vendor issued Journey a loan in the amount of \$45,000. The loan bore interest at 10.0% per annum and was to be paid with the scheduled monthly payments commencing with December 1, 2022. The monthly repayment amount was determined by the monthly oil price of West Texas Intermediate ("WTI") for the relevant month on a per barrel basis. If the monthly WTI price is equal to or in excess of \$100 USD per barrel the monthly repayment is \$4,000 plus accrued interest on principal balance. If the monthly WTI price is equal to or in excess of \$85 USD per barrel but less than \$100 USD per barrel the monthly repayment is \$3,000 plus accrued interest on principal balance. If the monthly WTI price is equal to or in excess of \$70 USD per barrel but less than \$85 USD per barrel the monthly repayment is \$2,000 plus accrued interest on principal balance. If the monthly WTI price is below \$70 USD per barrel the monthly repayment was \$1,000 plus accrued interest on principal balance. The loan was secured by certain oil and natural gas properties acquired from the vendor. On March 21, 2024, the remaining outstanding amount of the VTB loan was repaid in full.

b) Government loans

As part of the Canadian federal and provincial government's COVID assistance plans, Journey obtained a partially forgivable, emissions reduction based, interest free loans. The June 30, 2024 amount outstanding was \$429.

The table below summarizes the activity for other loans:

	\$
Balance at January 1, 2023	43,419
Repayments of vendor take back loan	(26,000)
Balance at December 31, 2023	17,419
Government loan	10
Repayments of vendor take back loan	(17,000)
Balance at June 30, 2024	429
Expected to be paid within one year	43
Expected to be paid beyond one year	386

7. CONVERTIBLE DEBENTURES

	Number of Convertible Debentures	Liability Component (\$)	Equity Component (\$)
Balance at January 1, 2024	-	-	-
Issuance of convertible debentures	38,000	35,659	2,341
Issue costs	-	(1,317)	(86)
Accretion	-	153	-
Deferred income tax liability	-	-	(519)
Balance at June 30, 2024	38,000	34,495	1,736

On March 20, of 2024, the Company issued \$38.0 million principal amount of Senior Convertible Unsecured Subordinated Debentures ("the Initial Debentures") at a price of \$1,000 per debenture ("the Offering"), on a "bought deal" basis. The Initial 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 of a 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 Initial Debentures will mature and be repayable on March 31, 2029 and will accrue interest at the rate of 10.25 percent per annum payable semi-annually in arrears on March 31 and September 30 of each year, with the first such payment to be made September 30, 2024. At the holder's option, the Initial Debentures may be 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 Initial Debentures.

Holders converting their Initial Debentures will receive, in addition to the applicable number of Common Shares, accrued and unpaid interest (less any taxes required to be deducted) 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 Initial Debentures will be entitled to convert their Initial Debentures 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 Initial Debentures are direct, unsecured obligations of the Company, subordinated to all existing and future Senior Indebtedness of the Company. The Initial 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 Initial 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 Initial 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.

8. 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, and oil batteries.

The Company estimates the total undiscounted, un-escalated amount of cash flows required to settle its decommissioning obligations at June 30, 2024 to be \$256,474 (December 31, 2023 - \$257,644) the majority of which will be incurred at various times between 2024 and 2059. The present value of the future liability at June 30, 2024 has been calculated using an inflation rate of 1.8% (December 31, 2023 – 1.6%) for the costs and the discounted using the risk free rate of 3.4% (December 31, 2023 – 3.0%). As at June 30, 2024, no funds have been specifically set aside to settle these obligations. Management currently expects future expenditures to be funded from cash flows from operations. Changes to decommissioning obligations during the respective periods below were as follows:

	June 30, 2024	December 31, 2023
Balance, beginning of period	182,837	193,698
Obligations acquired	196	200
Revaluation of obligations acquired	-	750
Obligations disposed	(203)	(5,154)
Obligations settled	(1,474)	(4,695)
Obligations settled through government grants ¹	-	(167)
Net Development activity	189	421
Revisions to estimates	82	7,277
Changes in discount rates	(10,651)	(15,048)
Accretion	2,851	5,555
Balance, end of period	173,827	182,837
Current provision	6,649	6,650
Non-current provision	167,178	176,187

1. Funding earned through the Alberta Government Site Rehabilitation Program was recognized as "Other Income" in the Condensed Consolidated Interim Statement of Comprehensive income (loss).

9. LEASE OBLIGATIONS

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

	Total
Balance, January 1, 2023	1,709
Additions	201
Lease payments	(399)
Accretion	197
Balance, December 31, 2023	1,708
Lease payments	(290)
Accretion	90
Balance, June 30, 2024	1,508
Expected to be settled within one year	627
Expected to be settled beyond one year	881

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, 2024 was \$1,674 (December 31, 2023 - \$1,932).

10. SHARE CAPITAL

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

	Common Shares (#)	Share Capital (\$)
Balance, January 1, 2023	57,882	351,485
Flow-through shares issued (i)	3,040	20,125
Flow-through share premium	-	(3,739)
Settlement of SPSU's, PPSU's and RSU's	428	855
Share issue costs net of deferred tax (i)	-	(968)
Balance, December 31, 2023 and June 30, 2024	61,350	367,758

- (i) On March 18, 2023, 3,040 thousand flow-through shares were issued at a price of \$6.62 per share pursuant to a prospectus offering for gross proceeds of \$20,125. Journey incurred share issue costs of \$1,257 on the issuance (\$968 net of tax benefits).

11. WARRANTS

	Number of Warrants	Amount (\$)
Balance, January 1, 2023	5,000	3,073
Balance December 31, 2023 and June 30, 2024 (i)	5,000	3,073

- (i) The 5,000 warrants outstanding are convertible into common shares on a one-for-one basis and have an exercise price of \$0.16 per warrant. The warrants will expire on October 31, 2024.

12. 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, 2023	1,147	405	405
Granted	405	148	148
Settled	(318)	(120)	(120)
Forfeited	(60)	(6)	(6)
Balance at December 31, 2023	1,174	427	427
Granted	17	-	-
Balance at June 30, 2024	1,191	427	427

13. FINANCE EXPENSE

Finance expense is comprised of the following:

	Three months ended		Six months ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Interest and bank fees	1,793	2,117	3,359	4,804
Deferred financing fee amortization	118	125	236	250
Accretion of decommissioning obligations	1,478	1,384	2,851	2,721
Accretion of lease obligations	44	48	90	97
Accretion of term-debt	8	107	86	363
Accretion of convertible debentures	143	-	153	-
Change in fair value of other liability	-	-	-	45
Total finance expense	3,584	3,781	6,775	8,280

14. DEFERRED INCOME TAX

Differences between the statutory and effective income tax rates for the three and six month periods ended June 30, 2024 and 2023 are accounted for as follows:

	Three months ended		Six months ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Net income (loss) before income tax	(2,626)	(2,222)	2,184	6,289
Statutory income tax rate	23.0%	23.0%	23.0%	23.0%
Expected income tax expense (recovery)	(604)	(511)	502	1,446
Increase (decrease) resulting from:				
Share based compensation and other	145	62	291	176
Changes to tax pools on filing returns	161	-	161	-
Flow through share expense	-	-	1,615	-
Deferred income tax expense (recovery)	(298)	(449)	2,569	1,622
Flow-through share premium	-	-	(1,305)	-
Total income tax expense (recovery)	(298)	(449)	1,264	1,622

15. PER SHARE AMOUNTS

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

	Three months ended		Six months ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Net income (loss)	(2,328)	(1,773)	920	4,667
Weighted average shares outstanding - basic	61,350	60,923	61,350	59,545
Weighted average shares outstanding - diluted	61,350	60,923	66,762	64,682
Net income per share – basic	\$ (0.04)	\$ (0.03)	\$ 0.01	\$ 0.08
Net income per share – diluted	\$ (0.04)	\$ (0.03)	\$ 0.01	\$ 0.07

The net income (loss) per basic share is calculated by dividing net income (loss) by the weighted average number of common shares outstanding during the respective periods. For the six-month period ended June 30, 2024 the dilutive impact of RSU's, PPSU's, SPSU's and warrants was an additional 5,412 added to the weighted average common shares (June 30, 2024 – 5,137). The impact of the issuance of the convertible debentures for the three and six month periods ending June 30,

2024, have an anti-dilutive effect and were therefore excluded from the calculation of diluted shares. All potentially dilutive instruments were excluded from the per share calculation for the three month period ended June 30, 2024 and 2023 as the Company reported a net loss and to include them would be anti-dilutive.

16. FINANCIAL INSTRUMENTS

(a) Risks

(i) 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 relates to its receivable accounts.

	June 30, 2024	December 31, 2023
Accounts receivable	22,616	24,734

At June 30, 2024, Journey estimated its provision for uncollectable accounts to be \$731 (June 30, 2023 - \$900). Accounts receivable balances outstanding greater than ninety days at June 30, 2024 were \$2,674 (June 30, 2023 - \$2,801).

(ii) Interest rate risk

The Company's term loans, and convertible debentures bear interest at fixed rates with the exception of the commitment fee loan, which bears interest that varies depending on certain oil price thresholds (Note 5 and 7).

(iii) 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.

(iv) 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.

Journey has three tranches of term-debt outstanding with its major shareholder, Alberta Investment Management Corporation (“AIMCo”). The Company continues to make substantial progress in reducing its overall debt position using its 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.

The following table details Journey’s financial liabilities as at June 30, 2024:

	Total	< 1 year	1-3 years	4-5 years
Accounts payable and accrued liabilities	39,867	39,867	-	-
Term debt	27,862	27,862	-	-
Interest on term debt	2,693	2,693	-	-
Other loans	429	43	386	-
Convertible debentures	34,495	-	-	34,495
Interest on convertible debentures	19,587	4,007	7,790	7,790
Natural gas transportation	3,447	1,736	1,610	101
Leases	3,442	1,563	1,879	-
Total financial liabilities	131,822	77,771	11,665	42,386

17. SUPPLEMENTAL INFORMATION

a) *Changes in non-cash working capital*

Sources (uses) of funds	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Accounts receivable	4,193	2,971	2,118	1,165
Prepaid expenses and deposits	(4,204)	(1,636)	(5,115)	(3,239)
Accounts payable and accrued liabilities	(3,670)	(1,395)	(7,347)	(2,826)
	(3,681)	(60)	(10,344)	(4,900)
Related to:				
Operating activities	53	1,845	(9,312)	(2,435)
Investing activities	(3,734)	(1,905)	(1,032)	(2,465)
	(3,681)	(60)	(10,344)	(4,900)

b) *Supplementary cash flow information*

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Interest paid	257	3,459	1,311	8,304

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

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Crude oil	43,500	41,195	83,699	82,080
Natural gas	2,706	7,536	9,459	19,027
Natural gas liquids	4,319	4,782	9,465	10,849
Petroleum and natural gas sales	50,525	53,513	102,623	111,956

18. COMMITMENTS

The Company has committed to firm-service contracts for transporting natural gas as well as payments under various 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	3,447	1,736	1,610	101
Lease commitments	3,442	1,563	1,879	-
Total	6,889	3,299	3,489	101

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.

19. RELATED PARTY TRANSACTIONS

The Company considers its directors and executives to be key management personnel. As at June 30, 2024 there were twelve (June 30, 2023 – eleven) individuals that were considered key management personnel. Compensation for these individuals for the three and six month periods ended June 30 was comprised of the following:

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Salaries and fees	1,138	431	1,905	843
Short-term employee benefits	42	36	83	72
Share based payments (i)	409	167	819	527
Total	1,589	634	2,807	1,442

(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.

20. CAPITAL MANAGEMENT

Management views the capital structure to be comprised of 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 or term-debt, convertible debentures, adjust discretionary capital spending, use its credit facility, or dispose of non-core assets.

The Company's primary source of funds is the cash provided from operating activities. As of June 30, 2024 Journey had \$18,905 of cash on hand. 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 partially

funded through the proceeds realized from the convertible debentures issuance (Note 7). Other capital expenditures will be financed primarily by cash generated from operating activities.

Journey's capital structure as at June 30, 2024 and December 31, 2023 was as follows:

	June 30, 2024	Dec. 31, 2023
Principal amount of term debt	28,063	43,763
Principal amount of vendor-take-back loan	-	17,000
Principal amount of convertible debentures	38,000	-
Accounts payable and accrued liabilities	39,867	47,214
Other loans	429	419
<u>Deduct:</u>		
Cash in bank	(18,905)	(17,715)
Accounts receivable	(22,616)	(24,734)
Prepaid expenses	(9,386)	(4,271)
Net debt	55,452	61,676

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.