

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

	Note	June 30, 2025	December 31, 2024
ASSETS			
CURRENT			
Cash		271	8,213
Accounts receivable		19,757	25,458
Prepaid expenses and deposits		12,707	3,232
Financial derivative asset	14	1,885	-
Other receivable		619	619
Total current assets		35,239	37,522
Property, plant and equipment	2	475,232	464,621
Exploration and evaluation assets	3	5,009	4,758
Deferred tax asset		74,745	78,476
Total assets		590,225	585,377
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities		42,042	41,177
Bank debt	4	4,137	-
Term debt	4	11,454	18,248
Other loans	5	108	108
Lease obligations	8	768	695
Decommissioning liabilities	7	7,231	6,026
Total current liabilities		65,740	66,254
Term debt	4	393	-
Lease obligations	8	194	499
Other loans	5	309	309
Financial derivative liabilities	14	611	-
Convertible debentures	6	35,073	34,782
Decommissioning liabilities	7	148,175	157,000
Total liabilities		250,495	258,844
EQUITY			
Share capital	9	367,989	367,989
Equity component of convertible debentures	6	1,736	1,736
Contributed Surplus		116,636	115,232
Deficit		(146,631)	(158,424)
Total equity		339,730	326,533
Total liabilities and equity		590,225	585,377
Commitments	16		
Subsequent events	19		
<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, 2025 and 2024***(unaudited) (in thousands of Canadian dollars, except per share data)*

		Three months ended		Six months ended	
	Note	2025	June 30, 2024	2025	June 30, 2024
REVENUE					
Petroleum and natural gas sales	15(c)	45,196	50,525	97,228	102,623
Processing and other income		1,558	1,682	3,133	3,667
Royalties		(7,217)	(10,274)	(16,365)	(20,438)
Realized loss on financial derivatives	14	(134)	-	(134)	-
Unrealized gain on financial derivatives	14	3,224	-	1,274	-
Net revenue		42,627	41,933	85,136	85,852
EXPENSES					
Operating		18,628	25,437	38,636	46,924
Depletion and depreciation	2	10,810	9,470	21,357	19,265
Finance	11	3,390	3,584	6,407	6,775
General and administrative		2,525	3,693	4,869	5,765
Transportation		919	1,503	1,957	2,577
Share based compensation	10	843	872	1,404	1,743
Exploration and evaluation	3	121	-	138	351
Exploration and evaluation asset impairment	3	-	-	-	79
Transaction costs		-	-	81	189
Gain on disposition	2	-	-	(5,237)	-
Total expenses		37,236	44,559	69,612	83,668
NET INCOME (LOSS) BEFORE TAXES		5,391	(2,626)	15,524	2,184
Deferred income tax expense (recovery)	12	1,326	(298)	3,731	1,264
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)		4,065	(2,328)	11,793	920
NET INCOME (LOSS) PER SHARE	13				
Basic		0.06	(0.04)	0.18	0.01
Diluted		0.06	(0.04)	0.18	0.01

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, 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

	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
Net income and Comprehensive income		-	-	-	-	920	920
Convertible debentures issued, net of deferred tax		-	1,736	-	-	-	1,736
Share based compensation, net of deferred tax	10	-	-	1,689	-	-	1,689
Balance, June 30, 2024		367,758	1,736	110,840	3,073	(162,648)	320,759

JOURNEY ENERGY INC.**Condensed Consolidated Interim Statement of Cash Flows** *(unaudited)***For the three and six months ended June 30, 2025 and 2024***(in thousands of Canadian dollars)*

	Note	Three months ended June 30,		Six months ended June 30,	
		2025	2024	2025	2024
CASH FLOWS PROVIDED BY THE FOLLOWING ACTIVITIES:					
OPERATING					
Net income (loss) and comprehensive income (loss)		4,065	(2,328)	11,793	920
Adjustments for items not affecting cash:					
Deferred income tax expense (recovery)	12	1,326	(298)	3,731	1,264
Share based compensation	10	843	872	1,404	1,743
Depletion and depreciation	2	10,810	9,470	21,357	19,265
Unrealized loss on financial derivatives	14	(3,224)	-	(1,274)	-
Gain on disposition	2	-	-	(5,237)	-
Non-cash finance charges	11	1,948	1,791	3,515	3,416
Exploration and evaluation	3	121	-	138	351
Exploration and evaluation asset impairment	3	-	-	-	79
Decommissioning costs	7	(1,262)	(1,302)	(2,164)	(1,474)
Changes in non-cash working capital	15(a)	(3,515)	53	(8,489)	(9,312)
Cash flow provided by operating activities		11,112	8,258	24,774	16,252
FINANCING					
Repayment of other loans		-	-	-	(16,990)
Repayment of term-debt	4	-	(3,000)	(18,248)	(15,700)
Advance (repayment) of bank debt, net of issue costs	4	4,144	-	15,618	-
Convertible debentures issued, net of issue costs	6	-	-	-	36,597
Lease payments	8	(199)	(166)	(390)	(290)
Cash flow (used in) provided by financing activities		3,945	(3,166)	(3,020)	3,617
INVESTING					
Additions to property, plant and equipment	2	(25,066)	(3,968)	(37,803)	(17,901)
Additions to exploration and evaluation assets	3	(74)	(122)	(142)	(304)
Disposition of property, plant and equipment and exploration and evaluation assets	2	-	787	3,363	787
Acquisition of property, plant and equipment and exploration and evaluation assets		(395)	(57)	(527)	(229)
Changes in non-cash working capital	15(a)	3,847	(3,734)	5,413	(1,032)
Cash flow used in investing activities		(21,688)	(7,094)	(29,696)	(18,679)
CHANGE IN CASH		(6,631)	(2,002)	(7,942)	1,190
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		6,902	20,907	8,213	17,715
CASH AND CASH EQUIVALENTS, END OF PERIOD		271	18,905	271	18,905
Supplementary cash flow information	15(b)				
<i>See accompanying notes.</i>					

Notes to the Unaudited Condensed Consolidated Interim Financial Statements
For the three and six months ended June 30, 2025 and 2024
(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, 2025 (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, 2024 (the “2024 Annual Financial Statements”). These financial statements have been prepared using material accounting policies consistent with those in the 2024 Annual Financial Statements, except as noted below.

The Company’s Board of Directors approved these Financial Statements on August 7, 2025.

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 2024 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, 2024	1,508,405	4,918	24,458	4,410	1,542,191
Additions	27,999	-	13,898	11	41,908
Dispositions	(9,198)	(42)	-	-	(9,240)
Changes in decommissioning obligations	(7,119)	-	-	-	(7,119)
Balance, December 31, 2024	1,520,087	4,876	38,356	4,421	1,567,740
Additions	32,256	-	5,481	66	37,803
Additions of ROU assets	-	97	-	-	97
Dispositions	(7,654)	-	-	-	(7,654)
Changes in decommissioning obligations	(3,605)	-	-	-	(3,605)
Balance, June 30, 2025	1,541,084	4,973	43,837	4,487	1,594,381

	Petroleum and natural gas assets	Right of use assets	Power assets	Other assets	Total
Accumulated depletion, depreciation and impairment losses					
Balance, January 1, 2024	(1,056,901)	(3,810)	(1,113)	(4,312)	(1,066,136)
Provision for the period	(38,297)	(519)	(352)	(29)	(39,197)
Dispositions	2,191	23	-	-	2,214
Balance, December 31, 2024	(1,093,007)	(4,306)	(1,465)	(4,341)	(1,103,119)
Provision for the period	(20,908)	(257)	(176)	(16)	(21,357)
Dispositions	5,327	-	-	-	5,327
Balance, June 30, 2025	(1,108,588)	(4,563)	(1,641)	(4,357)	(1,119,149)

Carry amounts	Petroleum and natural gas assets	Right of use assets	Power assets	Other assets	Total
January 1, 2024	451,504	1,108	23,345	98	476,055
December 31, 2024	427,080	570	36,891	80	464,621
June 30, 2025	432,496	410	42,196	130	475,232

Future development costs for oil and natural gas reserves of \$401,858 (December 31, 2024 - \$401,858) were included in the depletion calculation.

Included in power assets at June 30, 2025 are \$36,778 (December 31, 2024 - \$31,296) 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 had a property, plant & equipment net book value of \$2,327, exploration and evaluation net book value of \$280, with an associated decommissioning liability of \$4,481. Net proceeds on sale, after closing adjustments amount to \$3,363 which resulted in a gain on sale of assets of \$5,237.

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, 2025 it was determined that tests for impairment or an impairment reversal were not required.

3. EXPLORATION AND EVALUATION ASSETS

Balance, January 1, 2024	4,847
Additions	564
Acquisitions	263
Lease expiries (i)	(724)
Impairment	(192)
Balance, December 31, 2024	4,758
Additions	142
Acquisitions	527
Dispositions	(280)
Lease expiries (i)	(138)
Balance, June 30, 2025	5,009

(i) Amounts recognized as exploration and evaluation expense.

4. BANK CREDIT FACILITIES

	Operating	Term
Amounts drawn	4,947	12,400
Unamortized financing costs	(810)	(553)
Carrying value	4,137	11,847
Current	4,137	11,454
Long-term	-	393

Effective March 17, 2025, Journey entered into a credit facility agreement with a Canadian chartered bank for a \$55 million borrowing base credit facility. This credit facility consists of three components.

This first component 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 March 17, 2027.

The second component is a \$12.4 million term facility ("Term Facility"). The Term Facility was a single drawdown on the closing date of the credit agreement. The funds were fully drawn on closing and used to repay in full the Company's previous existing term debt balance of \$12.4 million. Prior to the extinguishment of the Company's previous term debt, the Company made principal repayments of \$5.8 million in 2025 of the balance outstanding from December 31, 2024. Mandatory repayments of the Term Facility of \$3,000 commence on the last banking day of each fiscal quarter with the initial payment on September 30, 2025. The maturity date of the Term Facility is March 17, 2027.

The third component 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 on this facility. Any amounts repaid or prepaid may not be re-borrowed. The final advance date on the Delayed Draw Facility is the day of the fifth draw down. 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 the earlier of the final advance date and March 17, 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, 2025, no amounts have been drawn on this facility.

Until the two term facilities repayment dates, mandatory repayments on the term 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 is payable monthly at a rate determined based on a pricing grid from the 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 component of the 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 for each year commencing with November 2025. 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.

Consolidated net debt is defined as current assets less current liabilities excluding any unrealized hedging gains or losses and any current portion of bank debt plus consolidated debt which includes all indebtedness, liabilities and obligations in respect of amounts borrowed. The fixed charge coverage ratio is the ratio of consolidated EBITDA to fixed charges for the 12 months ending on the last day of such fiscal quarter. Fixed charges include the aggregate of all scheduled principal payments on indebtedness, interest expense, and the aggregate of all distributions of dividends, shares or payments to a loan party made.

There are also non-financial covenants that the Company must maintain that are generally related to good operating and financial practices that are standard in the industry. At June 30, 2025 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 a partially forgivable, emissions reduction based, interest free loans. The June 30, 2025 amount outstanding was \$417.

The table below summarizes the activity for other loans:

	\$
Balance at January 1, 2024	17,419
Government loan	(2)
Repayments of vendor take back loan	(17,000)
Balance at December 31, 2024 and June 30, 2025	417
Expected to be paid within one year	108
Expected to be paid beyond one year	309

6. 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)	(67)
Accretion	-	440	-
Deferred income tax liability	-	-	(538)
Balance at December 31, 2024	38,000	34,782	1,736
Accretion	-	291	-
Balance at June 30, 2025	38,000	35,073	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 to 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 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 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, and oil batteries. The Company estimates the total undiscounted, un-escalated amount of cash flows required to settle its decommissioning obligations at June 30, 2025 to be \$231,624 (December 31, 2024 - \$236,453) the majority of which will be incurred at various times between 2025 and 2059. The present value of the future liability at June 30, 2025 has been calculated using an inflation rate of 1.9% (December 31, 2024 - 1.8%) for the costs and the discounted using the risk-free rate of 3.6% (December 31, 2024 - 3.3%).

Changes to decommissioning obligations during the respective periods below were as follows:

	June 30, 2025	December 31, 2024
Balance, beginning of period	163,026	182,837
Obligations acquired	112	376
Obligations disposed	(4,481)	(11,470)
Obligations settled	(2,164)	(7,175)
Net development activity	153	447
Revisions to estimates	3,580	2,118
Changes in discount rates	(7,451)	(9,742)
Accretion	2,631	5,635
Balance, end of period	155,406	163,026
Current provision	7,231	6,026
Non-current provision	148,175	157,000

8. LEASE OBLIGATIONS

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

	Total
Balance, January 1, 2024	1,708
Dispositions	(21)
Lease payments	(660)
Accretion	167
Balance, December 31, 2024	1,194
Additions	97
Lease payments	(390)
Accretion	61
Balance, June 30, 2025	962
Expected to be settled within one year	768
Expected to be settled beyond one year	194

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, 2025 was \$1,006 (December 31, 2024 - \$1,282).

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, 2024	61,350	367,758
Warrant exercise	5,000	800
Issued on SPSU's, PPSU's and RSU's vesting	757	(569)
Balance, December 31, 2024 and June 30, 2025	67,107	367,989

On August 21, 2024, Journey announced it received approval from the Toronto Stock Exchange ("TSX") to undertake a proposed normal course issuer bid ("NCIB") to purchase up to 4,666,445 common shares. The NCIB commenced on August 26, 2024 and terminates on August 25, 2025. All common shares purchased under the NCIB will be cancelled, subject to TSX NCIB rules.

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, 2024	1,174	427	427
Granted	738	278	278
Settled	(538)	(113)	(113)
Forfeited	(40)	(17)	(17)
Balance at December 31, 2024	1,334	575	575
Granted	5	-	-
Forfeited	(59)	(20)	(20)
Balance at June 30, 2025	1,280	555	555

11. FINANCE EXPENSE

Finance expense is comprised of the following:

	Three months ended		Six months ended	
	2025	June 30, 2024	2025	June 30, 2024
Interest and bank fees	1,442	1,793	2,892	3,359
Accretion of decommissioning obligations	1,311	1,478	2,631	2,851
Accretion of lease obligations	29	44	61	90
Accretion of term-debt	462	126	532	322
Accretion of convertible debentures	146	143	291	153
Total finance expense	3,390	3,584	6,407	6,775

12. DEFERRED INCOME TAX

Differences between the statutory and effective income tax rates for the three and six month periods ended June 30, 2025 and 2024 are accounted for as follows:

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Net income (loss) before income tax	5,391	(2,626)	15,524	2,184
Statutory income tax rate	23.0%	23.0%	23.0%	23.0%
Expected income tax expense (recovery)	1,240	(604)	3,571	502
Increase (decrease) resulting from:				
Share based compensation and other	86	145	160	291
Changes to tax pools on filing returns	-	161	-	161
Flow through share expense	-	-	-	1,615
Deferred income tax expense (recovery)	1,326	(298)	3,731	2,569
Flow-through share premium	-	-	-	(1,305)
Total income tax expense (recovery)	1,326	(298)	3,731	1,264

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,	
	2025	2024	2025	2024
Net income (loss)	4,065	(2,328)	11,793	920
Weighted average shares - basic	67,107	61,350	67,107	61,350
Weighted average shares - diluted	67,284	61,350	67,107	66,762
Net income (loss) per share – basic	\$0.06	\$(0.04)	\$0.18	\$ 0.01
Net income (loss) per share – diluted	\$0.06	\$(0.04)	\$0.18	\$ 0.01

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, 2025 the dilutive impact of RSU's, PPSU's, SPSU's and convertible debentures was a nil change to the weighted average common shares (June 30, 2024 – 5,412). The impact of the issuance of the convertible debentures for the three and six month periods ending June 30, 2025 and June 30, 2024, had 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 of the three month period ended June 30, 2024 as the Company reported a net loss and to include them would be anti-dilutive.

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 derivative 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, 2025, the Company had financial derivative contracts in place. The current fair value of these contracts results in a \$1,885 financial asset, while the long term fair value is a \$611 financial liability.

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

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Unrealized gain on derivative contracts	3,224	-	1,274	-
Realized loss on derivative contracts	(134)	-	(134)	-
Total	3,090	-	1,140	-

A 10% change in reference prices would have had a \$0.2 million impact on net income for the period ended June 30, 2025 based on outstanding derivative commodity contracts at June 30, 2025.

(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, 2025	December 31, 2024
Accounts receivable	19,757	25,458
Other receivable	619	619

At June 30, 2025, Journey estimated its provision for uncollectable accounts to be \$854 (December 31, 2024 - \$833). Accounts receivable balances outstanding greater than ninety days at June 30, 2025 were \$2,909 (December 31, 2024 – \$2,714).

(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. A 1% change in the interest rates on the credit facility would have a \$0.2 million impact on net income for the period ended June 30, 2025.

(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. The year to date impact on earnings from a 10% increase or decrease in the Canadian dollar based on outstanding derivative contracts in foreign currency at June 30, 2025 would have a \$0.1 million impact on net income for the period ended June 30, 2025.

(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.

The Company has a credit facility with a \$55 million borrowing base (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, 2025:

	Total	< 1 year	1-3 years	4-5 years
Accounts payable and accrued liabilities	42,042	42,042	-	-
Term debt	15,984	15,591	393	-
Interest on term debt	855	844	11	-
Other loans	417	108	309	-
Financial derivatives	611	-	611	-
Convertible debentures	35,073	-	-	35,073
Interest on convertible debentures	15,591	3,895	7,801	3,895
Natural gas transportation	3,347	1,506	1,342	499
Leases, including non-lease components	1,887	1,623	264	-
Total	115,807	65,609	10,731	39,467

15. SUPPLEMENTAL INFORMATION

a) *Changes in non-cash working capital*

	Three months ended		Six months ended	
	June 30,		June 30,	
Sources (uses) of funds	2025	2024	2025	2024
Accounts receivable	1,081	4,193	5,701	2,118
Prepaid expenses and deposits	(5,652)	(4,204)	(9,475)	(5,115)
Other receivable	-	-	-	-
Accounts payable and accrued liabilities	(5,048)	(3,670)	865	(7,347)
	477	(3,681)	(2,909)	(10,344)

<u>Related to:</u>				
Operating activities (i)	(3,370)	53	(8,322)	(9,312)
Investing activities	3,847	(3,734)	5,413	(1,032)
	477	(3,681)	(2,909)	(10,344)

(i) Excluded in the changes in operating non-cash working capital on the statement of cash flows is \$145 and \$167 for the three and six months ended June 30, 2025 respectively 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,	
	2025	2024	2025	2024
Interest paid	304	257	2,654	1,311

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

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Crude oil	36,512	43,500	77,580	83,699
Natural gas (i)	4,546	2,706	9,952	9,459
Natural gas liquids	4,138	4,319	9,696	9,465
Petroleum and natural gas sales	45,196	50,525	97,228	102,623

(i) During 2025, Journey entered into 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	3,347	1,506	1,342	499
Leases, including non-lease components	1,887	1,623	264	-
Total	5,234	3,129	1,606	499

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, 2025 there were twelve (June 30, 2024 – twelve) individuals that were considered key management personnel. Compensation for these individuals for the three month and six month periods ended June 30 was comprised of the following:

	Three months ended		Six months ended	
	June 30,		June 30,	
	2025	2024	2025	2024
Salaries and fees	1,163	1,138	1,676	1,905
Short-term employee benefits	48	42	95	83
Share based payments (i)	382	409	760	819
Total	1,593	1,589	2,531	2,807

- (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. 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, 2025 Journey had \$271 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.

Journey's capital structure as at June 30, 2025 and December 31, 2024 was as follows:

	June 30, 2025	December 31, 2024
Principal amount of term debt	17,347	18,248
Principal amount of convertible debentures	38,000	38,000
Accounts payable and accrued liabilities	42,042	41,177
Other loans	417	417
<u>Deduct:</u>		
Cash in bank	(271)	(8,213)
Accounts receivable	(19,757)	(25,458)
Prepaid expenses	(12,707)	(3,232)
Other receivable	(619)	(619)
Net debt	64,452	60,320

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.

19. SUBSEQUENT EVENTS

Subsequent to June 30, 2025, Journey entered into purchase and sale agreements to divest two minor producing assets in the central Alberta core area for combined proceeds of \$3.2 million prior to closing adjustments. These dispositions are expected to close in the third quarter of 2025 and will reduce the corporate asset retirement obligations by approximately \$7.2 million. Sales volumes from these assets is approximately 280 boe/d (85% natural gas).