JOURNEY
ENERGY INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS – SECOND QUARTER, 2024

The following Management's Discussion and Analysis ("MD&A") was prepared on August 8, 2024 and is management's assessment of Journey Energy Inc.'s ("Journey" or the "the Company") financial and operating results for the three and six month periods ended June 30, 2024 and 2023. This MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements of the Company for the three and six months ended June 30, 2024 and 2023 along with the notes related thereto.

Journey prepares its financial statements in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Forward-looking statements contained in this MD&A are made as of the date of this MD&A and the Company does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws. The Company's forward-looking statements are expressly qualified in their entirety by this cautionary statement.

These MD&A contain forward-looking statements. More particularly, this MD&A contains statements concerning anticipated: (i) timing and completion of the acquisitions, expectations and assumptions concerning timing of receipt of required regulatory approvals and the satisfaction of other conditions to the completion of the acquisitions, (ii) potential development opportunities and drilling locations associated with the acquisitions, expectations and assumptions concerning the success of future drilling and development activities, the performance of existing wells, the performance of new wells, the successful application of technology and the geological characteristics of the acquisitions, (iii) oil and natural gas production growth (iv) debt and bank facilities, (v) capital expenditures, (vi) primary and secondary recovery potentials and implementation thereof, (vii) decline rates, (viii) Adjusted Funds Flow from operations, (ix) operating and Adjusted Funds Flow netbacks, (x) operating expenses, (xi) general and administrative expenses, and (xii) realization of anticipated benefits of acquisitions.

The forward-looking statements are based on certain key expectations and assumptions made by Journey, including expectations and assumptions concerning the performance of existing wells and success obtained in drilling new wells, anticipated expenses, Adjusted Funds Flow and capital expenditures, the application of regulatory and royalty regimes, prevailing commodity prices and economic conditions, development and completion activities, the performance of new wells, the successful implementation of waterflood programs, the availability of and performance of facilities and pipelines, the geological characteristics of Journey's properties, the successful application of drilling, completion and seismic technology, prevailing weather conditions, exchange rates, licensing requirements, the impact of completed facilities on operating costs and the availability, costs of capital, labor and services, and the creditworthiness of industry partners.

Although Journey believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because Journey can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, risks associated with the oil and gas industry in general (e.g., operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses, and health, safety and environmental risks), commodity price and exchange rate fluctuations and constraint in the availability of services, adverse weather or break-up conditions, and uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures. Certain of these risks are set out in more detail in this MD&A under the heading 'Risk Factors'.

NON-GAAP MEASURES

In this MD&A, we refer to financial measures that do not have any standardized meaning as prescribed by GAAP. These non-GAAP financial measures are line items, headings or subtotals in addition to those required under GAAP, and financial measures disclosed in the notes to the most recently audited consolidated financial statements, which are relevant to an understanding of the financial statements and are not presented elsewhere in the financial statements. These measures have been described and presented in order to provide shareholders and potential investors with additional measures for analyzing our ability to generate funds to finance our operations and information regarding our liquidity. Users are cautioned that non-GAAP financial measures presented by the Corporation may not be comparable with measures provided by other entities. Below are the non-GAAP measures that Journey uses.

"Adjusted Funds Flow" is calculated by taking "cash flow provided by operating activities" from the financial statements and adding or deducting changes in non-cash working capital, transaction costs, and decommissioning costs. Adjusted Funds Flow per share is calculated as Adjusted Funds Flow divided by the weighted-average number of shares outstanding in the period. Because Adjusted Funds Flow and Adjusted Funds Flow per share are not impacted by fluctuations in non-cash working capital balances, we believe these measures are more indicative of performance than the GAAP measured "cash flow generated from operating activities". In addition, Journey excludes transaction costs from Adjusted Funds Flow, as these expenses are generally in respect of capital acquisition transactions. Journey deducts capitalized interest, as this is normally a cash related expense, but from time to time is allowed to add this to this principal outstanding instead of paying in cash. The Company considers Adjusted Funds Flow a key performance measure as it demonstrates the Company's ability to generate funds necessary to repay debt, fund future growth through capital investment, and fund future asset retirement obligations. Journey's determination of Adjusted Funds Flow may not be comparable to that reported by other companies. The reconciliation between cash from operating activities on the consolidated financial statements, and Adjusted Funds Flow can be found in the table below. Journey also presents Adjusted Funds Flow per share where per share amounts are calculated using the weighted average and diluted shares outstanding, which is consistent with the calculation of net income (loss) per share, which per share amount is calculated under IFRS and is more fully described in the notes to the audited, year-end consolidated financial statements.

The reconciliation of Adjusted Funds Flow to the GAAP measured cash flow from operating activities is presented in the following table:

	Three months ended June 30,			Six months ended June 30,		
	2024	2023	% Change	**2024**	2023	% Change
Cash flow provided by operating activities	**8,258**	12,335	(33)	**16,252**	23,796	(32)
Add (deduct):						
Changes in non-cash working capital	**(53)**	(1,845)	(97)	**9,312**	2,435	282
Transaction costs	**-**	-	-	**189**	2	9,350
Decommissioning costs incurred	**1,302**	802	62	**1,474**	3,018	(51)
Adjusted Funds Flow	**9,507**	11,292	(16)	**27,227**	29,251	(7)

"**Netbacks**" is a term used throughout these MD&A. The Company uses netbacks to help evaluate its performance, leverage, and liquidity; comparisons with peers; as well as to assess potential acquisitions. Management considers netbacks as a key performance measure as it demonstrates the Company's profitability relative to current commodity prices. Management also uses them in operational and capital allocation decisions. Journey uses three types of netbacks to assess its own performance and its performance in relation to its peers. These netbacks are operating, Adjusted Funds Flow and net income (loss). "**Operating netback**" is calculated as the average sales price of the commodities sold (excluding financial hedging gains and losses), less royalties, transportation costs and operating expenses. "**Adjusted Funds Flow netback**" begins with the operating netback and deducts general and administrative costs, interest costs and then adds or deducts any realized gains or losses on derivative contracts. To calculate the "**net income (loss) netback**", Journey takes the Adjusted Funds Flow netback and then adds or deducts: unrealized gains/losses on derivative contracts; share-based compensation expense; depletion; depreciation; accretion; loss and gains on dispositions; asset impairments and reversals; exploration and evaluation expenses; and deferred income taxes. There is no GAAP measure that is reasonably comparable to netbacks.

"**Net operating expenses**" are calculated by taking the operating expenses in the statement of profit and loss and subtracting the ancillary income related to Journey's field activities, which is reflected in the statement of profit and loss as "other income". The activities that generate this income include processing income from jointly or wholly owned natural gas plants and oil batteries; oil treating income; transporting third party natural gas and oil through gathering and sales pipelines; and water disposal fees. Journey considers this income ancillary to its main operations as the various operations which generate this income also process Journey's production. They are not considered separate profit centers and immaterial internal resources are devoted to generating this income. Therefore, for the purposes of these MD&A, Journey considers it more relevant to show this income as a cost recovery and therefore nets these amounts with field operating expenses. In addition, operating expenses related to Journey's power generation asset in Countess are subtracted from the financial statement number to get to net operating expenses that relate solely to the Company's exploration and production operations. Management believes that showing this adjusted operating expense provides better information for which to make decisions on its primary business and allows for better peer company comparisons.

"**Net debt**" is used to assess efficiency, liquidity and general financial strength of Journey and is used to compare this financial strength to its peers. Net debt as at the end of each relevant period is calculated as follows:

	June 30, 2024	Dec. 31, 2023	% Change
Term debt[1]	**28,063**	43,763	(36)
Vendor-take-back debt[1]	**-**	17,000	(100)
Convertible debentures[1]	**38,000**	-	-
Accounts payable and accrued liabilities	**39,867**	47,214	(16)
Other loans[1]	**429**	419	2
Deduct:			
Cash in bank	**(18,905)**	(17,715)	7
Accounts receivable	**(22,616)**	(24,734)	(9)
Prepaid expenses and deposits	**(9,386)**	(4,271)	120
Net debt	**55,452**	61,676	(10)

1. Principal amount of the debt.

Abbreviations and BOE Advisory

The following abbreviations are used throughout these MD&A and have the ascribed meanings:

AIMCo	*Alberta Investment Management Corporation*
API	*American Petroleum Institute*
bbl	*Barrel*
bbls	*Barrels*
boe	*barrels of oil equivalent (see conversion statement below)*
boe/d	*barrels of oil equivalent per day*
gj	*Gigajoules*
GAAP	*Generally Accepted Accounting Principles*
IFRS	*International Financial Reporting Standards*

Mbbls	*thousand barrels*
Mboe	*thousand boe*
Mcf	*thousand cubic feet*
Mmcf	*million cubic feet*
Mmcf/d	*million cubic feet per day*
MSW	*Mixed sweet Alberta benchmark oil price at Edmonton Alberta*
MW	*One million watts of power*
NGL's	*natural gas liquids (ethane, propane, butane and condensate)*
VTB	*Vendor-take-back term debt issued by Journey to Enerplus Corporation as partial payment of the purchase price for the asset acquisition on October 31, 2022*
WCS	*Western Canada Select benchmark oil price. This crude oil is heavy/sour with API gravity of 19-22 degrees and sulphur content of 1.8-3.2%.*
WTI	*West Texas Intermediate benchmark Oil price. This crude oil is light/sweet with API gravity of 39.6 degrees and sulfur content of 0.24%.*

Where amounts are expressed in a barrel of oil equivalent ("boe"), or barrel of oil equivalent per day ("boe/d"), natural gas volumes have been converted to barrels of oil equivalent at Twelve (6) thousand cubic feet ("Mcf") to one (1) barrel. Use of the term "boe" may be misleading particularly if used in isolation. The boe conversion ratio of 6 Mcf to 1 barrel ("Bbl") of oil or natural gas liquids is based on an energy equivalency conversion methodology primarily applicable at the burner tip, and does not represent a value equivalency at the wellhead. This conversion conforms to the Canadian Securities Regulators' National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities.

In these MD&A, where the Company uses the term "crude oil" it is referring to the aggregate of light, medium and heavy crude oil volumes or dollars as is required. Where the Company uses the term "natural gas" it is referring to the aggregate of conventional natural gas and coal-bed methane natural gas volumes or dollars as is required.

All volumes in these MD&A refer to the sales volumes of crude oil, natural gas and associated by-products measured at the point of sale to Fourth-party purchasers. For natural gas, this occurs after the removal of natural gas liquids.

Amounts

All dollar amounts quoted are in thousands of Canadian dollars unless otherwise noted. All share data is quoted in thousands of shares, except per share data or as specifically otherwise noted.

HIGHLIGHTS FOR THE THREE MONTHS ENDED JUNE 30, 2024

Financial

Journey recorded Adjusted Funds Flow of $9,507 in the second quarter of 2024 as compared to $11,292 in the second quarter of 2023. A decrease in total sales volumes of 9% compared to the comparative second quarter in 2023 was the primary driver in the decrease in Adjusted Funds Flow. Cash flow from operating activities was $8,258 in the second quarter of 2024 compared to $12,335 in the second quarter of 2023. The second quarter of 2024 generated a net loss of $2,328 or $0.04 per basic and diluted share.

Capital spending

The Company spent $4,136 in its development and power capital programs during the second quarter of 2024, excluding any acquisitions of dispositions. $1.3 million of capital was spent on power assets during the quarter and

$1.9 million was spent on facility work and polymer costs during the second quarter. In addition, Journey spent $1.3 million in abandonment and reclamation work during the quarter.

<u>Sales volumes</u>

Journey achieved sales volumes of 11,235 boe/d (54% crude oil and NGL's). Sales volumes were 9% lower in the quarter compared to 11,756 boe/d in the second quarter of 2023. Quarter over quarter volumes were 6% lower from the second quarter of 2024 as compared to the first quarter of 2024 of 11,906 boe/d. Volumes were lower in the second quarter due to natural declines, and shut-ins resulting mainly from various turnarounds.

<u>Liquidity</u>

During the second quarter of 2024 capital spending of $4.7 million was lower than the Adjusted Funds Flow, thereby reducing net debt. Journey made $3.0 million of repayments on its term debt obligations. The remaining principal balance outstanding at the end of the second quarter on the term debt was $28.1 million. Net debt came in at $55,452 as at June 30, 2024, which was 10% lower than $61,676 at December 31, 2023.

<u>Outlook</u>

Journey continues to reduce its net debt while advancing its drilling and power generation projects. For the remainder of 2024, Journey's capital is weighted towards the continuation of the power generation business as well as Journey's new Duvernay joint venture with Spartan Delta Corp.

Journey's current 2024 guidance is as follows:

	Revised August 8, 2024	**Previous May 9, 2024**
Annual average daily sales volumes	11,200–11,500 boe/d (56% crude oil & NGL's)	11,500–12,000 boe/d (55% crude oil & NGL's)
Adjusted Funds Flow	$60 – 62 million	$70 – 73 million
Adjusted Funds Flow per weighted average share	$0.96 - $0.99	$1.14 - $1.19
Capital spending	$48 million	$51 million
2024 ending Net Debt Net Debt to Adjusted Funds Flow ratio	$46 - $48 million	$40 - $44 million 0.6x
<u>Reference commodity prices:</u> WTI (USD $/bbl) MSW oil differentials (USD $/bbl) WCS oil differentials (USD $/bbl) AECO natural gas (CAD $/mcf) CAD/USD foreign exchange	 $79.00 $4.35 $16.00 $1.75 $0.74	 $78.00 $4.50 $15.50 $2.25 $0.74

<u>Notes:</u>

1. The weighting of the corporate sales volumes guidance is as follows:
    a. Heavy oil: 21%
    b. MSW crude oil: 25%
    c. NGL's: 9%
    d. Coal-bed methane natural gas: 7%
    e. Conventional natural gas: 38%

DETAILED FINANCIAL REVIEW

PRODUCTION REVENUE AND VOLUMES

Daily Sales Volumes

Total daily sales volumes decreased 9% to 11,235 boe/d for the second quarter of 2024 from 12,400 boe/d in the second quarter of 2023. For the six-month periods, daily sales volumes decreased 9% to 11,570 boe/d for 2024 from 12,659 boe/d in 2023.The decrease was mainly attributable to natural declines, and the shut-in of production during downtime workovers.

	Three months ended June 30,			Six months ended June 30,		
	2024	2023	% Change	**2024**	2023	% Change
Natural gas (Mcf/d)						
Conventional	**25,910**	29,946	(13)	**26,596**	30,276	(12)
Coal bed methane	**4,612**	4,170	11	**4,304**	4,224	2
Total natural gas volumes	**30,522**	34,116	(11)	**30,900**	34,500	(10)
Crude oil (Bbl/d)						
Light/medium	**2,799**	3,306	(15)	**3,075**	3,497	(12)
Heavy	**2,320**	2,133	9	**2,227**	2,091	7
Total crude oil volumes	**5,119**	5,439	(6)	**5,302**	5,588	(5)
Natural gas liquids (Bbl/d)	**1,029**	1,275	(19)	**1,118**	1,321	(15)
Barrels of oil equivalent (boe/d)	**11,235**	12,400	(9)	**11,570**	12,659	(9)

Volumetric Product Mix

Natural gas sales contributed 46% (2023 – 46%) of total sales volumes; crude oil volumes were 45% (2023 – 44%) and NGL's were 9% (2023 – 10%) during the second quarter of 2024. For the year-to-date natural gas sales volumes contributed 46% (2023 – 45%); crude oil volumes were 44% (2023 – 44%) and NGL's were 10% (2023 – 11%). The volumetric mix was consistent between the comparative quarters.

	Three months ended June 30,			Six months ended June 30,		
% of Aggregate Production	**2024**	2023	% Change	**2024**	2023	% Change
Natural gas	**46**	46	-	**46**	45	2
Crude oil	**45**	44	2	**44**	44	-
Natural gas liquids	**9**	10	(10)	**10**	11	(9)
Total	**100**	100		**100**	100	

Average Benchmark Price Indices

	Three months ended June 30,			Six months ended June 30,		
	2024	2023	% Change	**2024**	2023	% Change
Crude Oil						
WTI (US$/Bbl)	**80.57**	73.80	9	**78.77**	74.96	5
Canadian light sweet (CDN$/Bbl)	**105.97**	94.99	12	**100.71**	97.36	3
WTI/light sweet differential (US$/Bbl)	**(3.13)**	(3.09)	1	**(4.68)**	(2.72)	72
WCS (CDN$/Bbl)	**91.54**	78.95	16	**84.68**	74.04	14
WTI/WCS differential (US$/Bbl)	**(13.67)**	(15.02)	(9)	**(16.48)**	(20.02)	(18)
Natural Gas						
NYMEX (US $/Mmbtu)	**2.08**	2.16	(4)	**2.11**	2.41	(12)
AECO - Daily (CDN$/Mcf)	**1.18**	2.43	(51)	**1.68**	2.83	(41)

	Three months ended June 30,			Six months ended June 30,		
	2024	2023	% Change	**2024**	2023	% Change
Foreign Exchange						
Canadian to US	**1.368**	1.343	2	**1.359**	1.347	1
US to Canadian	**0.731**	0.745	(2)	**0.736**	0.742	(1)

WTI oil prices increased 9% in the second quarter of 2024 to average $80.57 US/bbl as compared to $73.80 US/bbl in the second quarter of 2023. A variety of factors caused this change including issues that pushed the prices higher, which included ongoing crude oil inventory drawdowns, robust global demand, and OPEC's supply discipline. Canadian light sweet prices were higher as the average price of $105.97/bbl in the second quarter of 2024 was 12% higher than the $94.99/bbl realized in the same quarter of 2023. Differentials for both light sweet oil and WCS oil were very high as the completion of the TMX pipeline expansion continued to have delays. The WTI/Light Sweet oil price differential widened by 1% from $3.09/bbl in the second quarter of 2023 to $3.13/bbl in the second quarter of 2024. The heavier oil benchmark for WCS was 16% higher for the second quarter of 2024 compared to the second quarter of 2023. Approximately 45% of Journey's crude oil sales for the second quarter of 2024 was exposed to WCS prices.

United States natural gas prices are usually referenced to the New York Mercantile Exchange Henry Hub in Louisiana (NYMEX), while in Canada the generally recognized benchmark is the AECO hub in Alberta. Natural gas prices are influenced by a variety of factors such as: weather patterns; LNG imports and exports; supplies in western Alberta; pipeline capacity for Alberta exports; demand in eastern Canada and the United States, relative storage levels in North America and alternative fuel sources. AECO benchmark pricing was 51% lower at $1.18/mcf in the second quarter of 2024 as compared to $2.43/mcf during the same period in 2023. The declining concerns in Europe over sufficient natural gas/LNG supplies had a dampening effect on domestic natural gas prices with five-year storage levels being at or near the top end of their range.

Realized Prices

a) Realized prices <u>excluding</u> physical commodity contract gains were as follows:

	Three months ended June 30,			Six months ended June 30,		
	2024	2023	% Change	**2024**	2023	% Change
Natural gas ($/Mcf)	**0.97**	2.43	**(60)**	**1.68**	2.75	(39)
Crude oil ($/Bbl)	**93.38**	82.92	**13**	**86.74**	80.73	7
Natural gas liquids ($/Bbl)	**46.12**	41.20	**12**	**46.52**	45.38	3
Average ($/boe)	**49.42**	47.28	**5**	**48.73**	48.68	-

Overall average realized per boe prices (before hedging) were 5% higher at $49.42 in the second quarter of 2024 as compared to $47.28 in the second quarter of 2023. This overall increase was comprised of increases in prices (by commodity type) of 13% for crude oil and 12% for NGL's, and a 60% decrease for natural gas.

b) Journey had physical oil hedges during the first half of 2023. There were no physical hedges in place for the first half of 2024. Realized prices <u>including</u> physical commodity contract gains are as follows:

	Three months ended June 30,			Six months ended June 30,		
	2024	2023	% Change	**2024**	2023	% Change
Natural gas ($/Mcf)	**0.97**	2.43	(60)	**1.68**	2.75	(39)
Crude oil ($/Bbl)	**93.38**	83.24	12	**86.74**	81.15	7
Natural gas liquids ($/Bbl)	**46.12**	41.20	12	**46.52**	45.38	3
Average ($/boe)	**49.42**	47.42	4	**48.73**	48.86	-

RISK MANAGEMENT ACTIVITIES

At June 30, 2024, the Company had the following physical commodity contracts in place:

Commodity	Contract	Volume	Reference Price	Strike	Term
Electricity	Fixed price	5 MWh	AESO Monthly	$78.97	January 1, 2024 to December 31, 2026
Electricity	Fixed price	2 MWh	AESO Monthly	$77.83	January 1, 2024 to December 31, 2026

PETROLEUM AND NATURAL GAS (“P&NG”) SALES

In the second quarter of 2024, aggregate P&NG sales decreased 6% to $50,525 as compared to $53,513 for the same period in 2023. The decrease in sales revenue was mainly the result of a 9% decline in sales volumes. The increase in realized oil prices was more than enough to offset the 60% decline in realized natural gas prices. Crude oil revenue made up the most significant portion of total revenues at 86% while contributing 45% to total boe sales volumes.

For the six months ended June 30, aggregate P&NG sales decreased by 8% to $102,623 in 2024 from $111,956 in 2023. Sales revenues dropped mainly due to the 9% decrease in boe sales volumes. Journey’s crude oil revenue, which carries higher per boe prices, made up 82% of corporate revenues for the year to date in 2024 while contributing 44% to total boe production.

	Three months ended June 30,			Six months ended June 30,		
$	**2024**	2023	% Change	**2024**	2023	% Change
Natural gas	**2,706**	7,534	(64)	**9,459**	17,173	(45)
Crude oil	**43,500**	41,036	6	**83,699**	81,650	3
Natural gas liquids	**4,319**	4,782	(10)	**9,465**	10,849	(13)
Physical oil and natural gas hedging	**-**	161	(100)	**-**	2,284	(100)
P&NG sales	**50,525**	53,513	(6)	**102,623**	111,956	(8)

	Three months ended June 30,			Six months ended June 30,		
Sales - % Contribution	**2024**	2023	% Change	**2024**	2023	% Change
Natural gas	**5**	14	(64)	**9**	17	(47)
Crude oil	**86**	77	12	**82**	73	12
Natural gas liquids	**9**	9	-	**9**	10	(10)
Total	**100**	100		**100**	100	

ROYALTIES

For the three months ended June 30, royalties were $10,274 in 2024 as compared to $11,020 for the same period in 2023 and representing a 2% decrease. On a per boe basis, the royalty rate was increased by 3% to $10.05 in 2024 as compared to $9.77 from the same quarter of last year. As a percentage of revenue, the rate for the second quarter of 2024 was 1% lower in 2024 at 20.3%, as compared to 20.6% for the same quarter of 2023. This decrease is mainly attributable to lower realized gas pricing affecting the royalty rate greater than oil pricing.

For the six months ended June 30, aggregate royalty expense was $20,438 in 2024 as compared to $23,088 for the same period in 2023. On a per boe basis, the royalty rate decreased 4% to $9.71 in 2024 as compared to $10.08 in

2023. As a percentage of revenue, the rate for the six months of 2024 was 19.9% or 4% lower than the 20.6% realized in 2023.

	Three months ended June 30,			Six months ended June 30,		
$	**2024**	2023	% Change	**2024**	2023	% Change
Crown	**7,175**	7,033	2	**13,637**	15,506	(12)
Freehold/gross over-riding	**3,099**	3,987	(22)	**6,801**	7,582	(10)
Total royalties	**10,274**	11,020	(7)	**20,438**	23,088	(11)
Royalties (as a % of P&NG sales)	**20.3**	20.6	(1)	**19.9**	20.6	(3)

	Three months ended June 30,			Six months ended June 30,		
$/boe	**2024**	2023	% Change	**2024**	2023	% Change
Crown	**7.02**	6.24	13	**6.48**	6.77	(4)
Freehold/gross over-riding	**3.03**	3.53	(14)	**3.23**	3.31	(2)
Total royalties	**10.05**	9.77	3	**9.71**	10.08	(4)

PROCESSING AND OTHER INCOME

Processing and other income is comprised of the following components. First, third-party natural gas processing fees; oil treating; natural gas gathering and compression fees are what Journey considers to be operating cost recoveries and are directly tied to, or are ancillary to, the Company's own field operations. For presentation in these MD&A Journey nets this income with field operating costs (see Operating Expense section below). Second is Journey's electricity generation business. Journey's Countess power facility produces and delivers electricity to Alberta's power grid. Third, is miscellaneous other income. The breakdown of processing and other income by category is as follows:

	Three months ended June 30,			Six months ended June 30,		
	2024	2023	% Change	**2024**	2023	% Change
Processing and other cost recoveries[1]	**1,189**	914	30	**2,144**	1,780	20
Electricity income before expenses[2]	**175**	1,168	(85)	**997**	2,164	(54)
Other income[3]	**318**	26	1,123	**526**	236	123
Processing and other income per the financial statements	**1,682**	2,108	(2)	**3,667**	4,180	(12)

Notes:

1. Processing income and other cost recoveries are netted with operating expenses as described below in the Operating Expense section.
2. See electricity income analysis below.
3. Other income represents earned subsidies from the Government Site Rehabilitation plus other miscellaneous income.

Electricity income

Electricity income, net of associated operating expenses, decreased by 192% in the second quarter of 2024 to a loss of $652 compared to income of $705 in the same quarter of 2023. The higher operating expenses are related to increased carbon tax and maintenance work on the generators. The 56% decrease in electricity prices and 68% decrease in Megawatts generated compared to the same quarter in 2023 is commensurate with the decrease in electricity income.

	Three months ended June 30,			Six months ended June 30,		
	2024	2023	% Change	**2024**	2023	% Change
Electricity income	**175**	1,168	(85)	**997**	2,164	(54)
Operating expenses[1]	**(827)**	(463)	79	**(1,317)**	(1,172)	12
Net electricity income	**(652)**	705	(192)	**(320)**	992	(132)
Megawatts generated	**2,174**	6,830	(68)	**9,142**	12,433	(26)
Realized prices ($/MWh):	**79.05**	181.67	(56)	**106.95**	171.76	(38)

Note:

1. Operating expenses related to electricity income have been reclassified to this section - see the Operating Expense section below.

OPERATING EXPENSES

Net operating expenses were $23,421 or $22.91 per boe for the second quarter of 2024 as compared to $26,421, or $23.41 per boe in 2023. Despite there being $5.2 million of expense related turnaround and workover costs in the second quarter, net operating costs in the second quarter of $23,421 were lower by 11% than the $26,421 experienced in the same quarter of 2023. Similarly, for the year-to-date net operating costs were 12% lower at $43,463 in 2024 as compared to $49,425 in 2023. In addition to the non-recurring turnaround and workover costs, which will benefit future periods, Journey also recognized higher carbon taxes in the second quarter of 2024 related to the true-up of costs related to the 2023 filing year. The decline in aggregate operating costs is also attributable to the 9% decrease in production volume between the two quarters and for the year to date results. Going forward for the remainder of 2024, Journey is projecting the net operating expenses to be in the $20 range. However, with field power costs being the largest single cost-driver, this could fluctuate significantly depending on where electricity prices move to.

	Three months ended June 30,			Six months ended June 30,		
	2024	2023	% Change	**2024**	2023	% Change
Operating expense per the financial statements	**25,437**	27,797	(8)	**46,924**	52,376	(10)
Less:						
Expense recoveries	**(1,189)**	(913)	30	**(2,144)**	(1,779)	21
Power generation expenses	**(827)**	(463)	79	**(1,317)**	(1,172)	12
Net operating expenses	**23,421**	26,421	(11)	**43,463**	49,425	(12)
Net expense ($ per boe)	**22.91**	23.41	(2)	**20.64**	21.57	(4)
Net expense (% of P&NG sales)	**46.4**	49.4	(6)	**42.4**	44.1	(4)

TRANSPORTATION

Transportation expenses were $1,503 for the second quarter of 2024, and represented 3.0% of P&NG sales for the period as compared to $714 and 1.3% for the same quarter of 2023. The cost per boe averaged $1.47 in the second quarter, as compared to $0.63 per boe in the second quarter of 2023. For the six months ended June 30, transportation expenses were $2,577 for 2024 or 32% higher than $1,946 for the comparable period in 2023. On a per boe basis, costs were $1.22 for the year to date in 2024 and $0.85 for 2023.The increases were related to road bans during the year. Transportation costs include clean oil trucking, trucking of natural gas liquids, and transportation associated with the usage of third-party natural gas sales lines used before custody transfer and ultimate sale of the natural gas. Transportation costs are dependent on a variety of factors such as: the type of production facilities; the method of transportation; the distances covered; quantities shipped, as well as ownership of the transportation facilities.

	Three months ended June 30,			Six months ended June 30,		
	2024	2023	% Change	**2024**	2023	% Change
Transportation expense	**1,503**	714	111	**2,577**	1,946	32
Expense ($ per boe)	**1.47**	0.63	133	**1.22**	0.85	44
Expense (% of P&NG sales)	**3.0**	1.3	131	**2.5**	1.7	47

GENERAL AND ADMINISTRATIVE ("G&A") EXPENSE

For the second quarter of 2024, gross G&A expense (before recoveries and capitalized G&A) was 19% higher at $4,638 as compared to $3,890 in 2023. Additional staff and higher employee and payment of annual bonuses during the second quarter of 2024 compared to the second quarter of 2023 resulted in an increase in salary and wages. On a per boe basis gross G&A expense was $4.54 for the second quarter of 2024, which was 32% higher than the second quarter of 2023 of $3.45 per boe. For the six months ended June 30, 2024 G&A expense before recoveries and non-recurring items was 28% higher at $5,765 as compared to $4,504 in 2023. On a per boe basis gross G&A was $3.72 in 2024 or 24% higher than $2.99 in 2023.

	Three months ended June 30,			Six months ended June 30,		
	2024	2023	% Change	**2024**	2023	% Change
Expense per the financial statements	**3,693**	2,681	38	**5,765**	4,504	28
Add (Deduct):						
Overhead recoveries	**945**	1,209	(22)	**1,939**	2,346	(17)
Capitalized G&A	**-**	-	-	**134**	-	-
Gross G&A expense	**4,638**	3,890	19	**7,838**	6,850	14
($ per boe)						
Expense per financial statements	**3.61**	2.38	52	**2.74**	1.97	39
Gross G&A expense	**4.54**	3.45	32	**3.72**	2.99	24

FINANCE EXPENSE

Finance expense is comprised of interest on term debt; amortization of financing fees; accretion of decommissioning obligations, accretion on right-of-use assets, accretion of convertible debentures; and miscellaneous bank charges. Aggregate finance expenses decreased 5% from the second quarter of 2023 to the second quarter of 2024 mainly due to the repayment of term debt on both the vendor-take-back ("VTB") financing, as well as the balloon repayment of AIMCo debt in March of 2024 of $12,700. The remaining VTB balance outstanding of $11,000 was repaid in March 2024 concurrent with the closing of the convertible debenture financing. The funding for these repayments was driven by the issuance of the Convertible Debentures in the first quarter of 2024. These debentures have a maturity date of March 31, 2029 and bears interest at 10.25% per annum, payable semi-annually. Additionally, during the second quarter of 2024, the Company made an additional $3,000 principal payment of its term debt.

Borrowing costs for the second quarter of 2024 decreased 11% to $1,866 in 2024 from $2,106 in 2023. For the second quarter of 2024, the average interest-bearing debt was $68,371 which was 14% lower than the $79,923 for the comparable period in 2023. The average effective interest rate on outstanding borrowings was 10.9% for 2024 as compared to 10.6% in 2023. The increase in the effective rate of interest was partly a result of the repayment of the lower interest VTB loan at 10% in the first quarter of 2024. On a per boe basis, the non-accretion related finance expense (i.e. interest and other fees on borrowings) was $1.75 for the second quarter of 2024 as compared to $1.88 for the same quarter in 2023, representing a 7% decrease, period over period.

For the six months to June 30 total finance expense was 18% lower in 2024 at $6,775 as compared to $8,280 in 2023. The two largest components of this expense are the interest incurred on borrowings and the accretion on asset retirement obligations.

	Three months ended June 30,			Six months ended June 30,		
	2024	2023	% Change	**2024**	2023	% Change
Expense per the financial statements	**3,584**	3,781	(5)	**6,775**	8,280	(18)
Add (Deduct):						
Accretion expense	**(1,673)**	(1,539)	9	**(3,180)**	(3,181)	-
Other amortization costs	**(119)**	(125)	(5)	**(237)**	(295)	(20)
Bank fees and other charges	**74**	(11)	(773)	**143**	(11)	(1,400)
Expense related to borrowings	**1,866**	2,106	(11)	**3,501**	4,793	(27)
Average interest-bearing debt	**68,371**	79,923	(14)	**64,079**	92,846	(31)
Effective interest rate (%)	**10.9**	10.6	3	**11.0**	10.4	6
Finance expense ($ per boe)						
Related to borrowings, fees and other	**1.75**	1.88	(7)	**1.60**	2.10	(24)
Accretion & other amortization	**1.75**	1.47	19	**1.62**	1.52	7
Total finance expense	**3.50**	3.35	4	**3.22**	3.62	(11)

SHARE BASED COMPENSATION

Share based compensation expense was $872 for the second quarter of 2024 as compared to $658 in 2023. For the six months to June 30 the aggregate expense was $1,743 in 2024 as compared to $1,275 in 2023. The higher share-based compensation in the second quarter was attributable to new long-term incentive grants issued mainly in the fourth quarter of 2023. The fair value of all share-based compensation was estimated based on the market price of Journey shares on the date of issuance with the calculated cost being amortized over the respective vesting periods. For performance share units an estimated performance multiplier of one times was used.

	Three months ended June 30,			Six months ended June 30,		
	2024	2023	% Change	**2024**	2023	% Change
Expense per financial statements	**872**	658	33	**1,743**	1,275	37
Expense ($ per boe)	**0.85**	0.58	47	**0.83**	0.56	48

DEPLETION AND DEPRECIATION (“D&D”)

Aggregate D&D was $9,470 in the second quarter of 2024 as compared to $10,932 in the second quarter of 2023. The decrease in the aggregate D&D expense was primarily a result of lower production in the second quarter of 2024 compared to the second quarter of 2023.

On a per boe basis, D&D was $9.26 for the second quarter of 2024 as compared to $9.69 in the second quarter of 2023, representing a 4% decrease. For the six months ending June 30, aggregate D&D increased by 8% from $17,823 in 2023 to $19,265 in 2024. On a per boe basis D&D was $9.15 in 2024, an 18% increase from $7.78 in 2023.

	Three months ended June 30,			Six months ended June 30,		
	2024	2023	% Change	**2024**	2023	% Change
Depletion and depreciation ($)	**9,470**	10,932	(13)	**19,265**	17,823	8
Expense ($ per boe)	**9.26**	9.69	(4)	**9.16**	7.78	18

EXPLORATION AND EVALUATION (E&E) EXPENSE

E&E expense relates to a combination of expiries of mineral rights as well as costs related to undeveloped lands that have been transferred to PP&E assets by virtue of the lands becoming developed. During the three months ended June 30, 2024 Journey had no E&E expense, while $260 was incurred in the same quarter of 2023. This expense relates to lease expiries. For the six months ended June 30, 2024, the expense was $351 as compared to $378 in 2023. In addition to the mineral lease expiries, Journey evaluated whether there were any impairments on any of the remaining mineral rights. During the second quarter of 2024, it was found that, based on a review of comparable Crown mineral right sales, that no impairment was warranted.

	Three months ended June 30,			Six months ended June 30,		
	2024	2023	% Change	**2024**	2023	% Change
E&E expense	**-**	260	(100)	**351**	378	(7)
$ per boe	**-**	0.23	(100)	**0.17**	0.16	6
E&E impairment expense	**-**	-	-	**79**	-	-
$ per boe	**-**	-	-	**0.04**	-	-

LOSS ON DEBT MODIFICATION

Journey entered into an amendment with respect to one tranche of AIMCo term debt on March 31, 2023. In this amendment, AIMCo consented to the extension of the maturity of $24,807 from October 31, 2023 to April 30, 2024.

A second amendment was made on December 21, 2023 with respect to the repayment terms of all tranches of remaining AIMCo term debt. Previously, there was a balloon payment on April 30, 2024 for $24.7 million and a second one on October 31, 2024 for $19.1 million. These repayments will now be subject to smaller balloon payments with the balance being amortized over monthly amounts. For the first maturity in April, $12.7 million of principal will be paid on April 30, 2024 and then repayments of $1.0 million per month (plus accrued interest) will be paid from May 2024 to April of 2025. For the second maturity in October, $10.1 million will be repaid on October 31, 2024 and then six monthly payments of $1.5 million (plus accrued interest) will be made from November of 2024 to April of 2025. In March 2024, Journey early paid its maturity of $12.7 million due on April 2024. In May 2024, Journey early repaid an additional $1.0 million of the term debt.

While the principal amount of the AIMCo debt did not change in the modification, for accounting purposes, the amendments resulted in a loss, which was derived by calculating the present value of the principal amount of each tranche of debt under the new terms and comparing those values to the existing book value of each respective tranche. The losses are being amortized over the remaining time to the new respective maturities.

	Three months ended June 30,			Six months ended June 30,		
	2024	2023	% Change	**2024**	2023	% Change
Gain (loss) on debt modification	**-**	-	-	**-**	175	(100)
$ per boe	**-**	-	-	**-**	0.08	(100)

DEFERRED INCOME TAXES

For the three-month period ended June 30, 2024, there was a $298 deferred income tax recovery as compared to the $449 recovery in the same period of 2023. For the six months ended 2024, Journey recognized a deferred tax expense of $1,264 as compared to an expense of $1,622 in 2023. The 2024 year to date expense includes the flow through share expense of $1,615, which represents the tax benefits foregone from renouncing tax deductions to shareholders.

	Three months ended June 30,			Six months ended June 30,		
	2024	2023	% Change	**2024**	2023	% Change
Deferred tax expense (recovery)	**(298)**	(449)	(34)	**1,264**	1,622	(22)
Deferred tax expense ($ per boe)	**(0.29)**	(0.40)	(28)	**0.60**	0.71	(15)

Journey has available approximately $647,816 in deductible income tax pools for future utilization. Given Journey's significant tax pools, projected cash flows and its capital spending profile, the Company does not expect to be cash taxable for at least the next five years. The income tax pool balances, by category as at June 30, 2024, were as follows:

Category	**Deductible rate**	**Amount**
Canadian oil & gas property expenses	10% declining balance	145,417
Canadian development expenses	30% declining balance	34,360
Canadian exploration expenses	100%	35,644
Undepreciated capital costs	7-100% declining balance	67,658
Financing costs	5 year straight line	8,537
Non-capital losses	100%	356,200
Total		647,816

On March 18, 2023 the Company issued 3,040 thousand flow-through shares for gross proceeds of $20,125. Under the terms of the flow-through share subscription agreements, the Company was obligated to renounce qualifying income tax expenditures to subscribers for the gross amount of the subscription proceeds on or before March 31 of 2024. Qualifying expenditures are defined as eligible Canadian Development Expenses under the Income Tax Act. All of the required, qualifying expenditures were incurred by March 31, 2024.

NETBACKS

The operating netback of $14.99 per boe for the second quarter of 2024 increased 10% from $13.61 per boe for the same period in 2023. For the six months ended June 30, the operating netback was $17.16 per boe for 2024, which was a 5% increase from $16.36 per boe for 2023. The change in the operating netback for the second quarter was partly due to lower power rates. These savings were supplemented by a 5% increase in average realized commodity pricing and despite 9% lower production volumes.

The Adjusted Funds Flow netback per boe for the second quarter of 2024 was $9.30 per boe, which was 7% lower than the $10.00 per boe in the same quarter of 2023. For the six months ended June 30, Adjusted Funds Flow netback per boe increased 1% from $12.75 in 2023 to $12.92 in 2024. A contributor to the decrease was due to higher salaries and wages in the second quarter of 2024 despite the reduction in finance costs due to the lower outstanding debt balances in comparison to the previous quarter due to repayments of the debt between the periods.

After taking into account the non-cash items, there was a net loss netback of $2.27 per boe for the second quarter of 2024 as compared to a loss of $1.57 per boe in 2023. The difference is mainly attributable to the increased share-based compensation expense in addition the lower Adjusted Funds Flow. For the six months ended June 30, 2024 the net income netback was $0.42 per boe as compared to $2.01 per boe in the same period of 2023.

($ per boe)	Three months ended June 30, 2024	2023	% Change	Six months ended June 30, 2024	2023	% Change
Realized price	**49.42**	47.42	4	**48.73**	48.86	-
Royalties	**(10.05)**	(9.77)	3	**(9.71)**	(10.08)	(4)
Net operating expenses	**(22.91)**	(23.41)	(2)	**(20.64)**	(21.57)	(4)
Transportation expenses	**(1.47)**	(0.63)	133	**(1.22)**	(0.85)	44
Operating	**14.99**	13.61	10	**17.16**	16.36	5
General and administrative	**(3.61)**	(2.38)	52	**(2.74)**	(1.97)	39
Finance expense - interest	**(1.75)**	(1.88)	(7)	**(1.60)**	(2.10)	(24)
Other income	**(0.33)**	0.65	(151)	**0.10**	0.46	(78)
Adjusted Funds Flow	**9.30**	10.00	(7)	**12.92**	12.75	1
Other income	**-**	-	-	**-**	0.07	(100)
Share based compensation	**(0.85)**	(0.58)	47	**(0.83)**	(0.56)	48
Depletion and depreciation	**(9.26)**	(9.69)	(4)	**(9.15)**	(7.78)	18
Finance expense - accretion	**(1.75)**	(1.47)	19	**(1.62)**	(1.52)	7
Exploration & evaluation	**-**	(0.23)	(100)	**(0.17)**	(0.16)	6
Exploration & evaluation impairment	**-**	-	-	**(0.04)**	-	-
Loss on debt modification	**-**	-	-	**-**	(0.08)	(100)
Transaction costs	**-**	-	-	**(0.09)**	-	-
Deferred tax	**0.29**	0.40	(28)	**(0.60)**	(0.71)	(15)
Net income	**(2.27)**	(1.57)	45	**0.42**	2.01	(79)

NET INCOME AND COMPREHENSIVE INCOME, ADJUSTED FUNDS FLOW AND CASH FROM OPERATING ACTIVITIES

Journey generated a net loss for the three months ended June 30, 2024 of $2,328 as compared to a net loss of $1,773 in 2023. During the second quarter of 2024, Journey realized a net loss per share of $0.04 per basic and diluted share as compared to $0.03 per basic and diluted share in the same quarter of 2023. There was net income of $920 for the six months ended June 30, 2024, which translated into $0.01 per basic share and $0.01 per diluted share as compared to net income of $4,667 or $0.08 per basic and $0.07 per diluted share in 2023.

Adjusted Funds Flow during the second quarter of 2024 was $9,507, a decrease of 16% from $11,292 realized in 2023. The decrease was attributable to the 9% decrease in production volume between periods. Adjusted Funds Flow per share for the second quarter of 2024 was $0.15 per basic share and $0.14 per diluted share as compared to $0.19 per basic share and $0.17 per diluted share for the same period in 2023. For the six months ended June 30, Adjusted Funds Flow decreased 7% from $29,251 in 2023 to $27,227 in 2024. Adjusted Funds Flow per share for the six months was $0.44 per basic share and $0.41 per diluted share in 2024 as compared to $0.49 per basic share and $0.45 per diluted share in 2023.

Cash flow provided by operating activities ("Cash Flow") is the IFRS financial statement measure, which represents how much cash, was generated by Journey's business operations. Cash Flow for the second quarter of 2024 was $8,258 versus $12,335 during the same quarter of 2023. For the six months year to date Cash Flow was $16,252 in 2024 as compared to $23,796 in 2023.

Per share data	Three months ended June 30, 2024	2023	% Change	Six months ended June 30, 2024	2023	% Change
Net income and comprehensive income	**(2,328)**	(1,773)	31	**920**	4,667	(80)
Basic ($/share)	**(0.04)**	(0.03)	33	**0.01**	0.08	(88)
Diluted ($/share)	**(0.04)**	(0.03)	33	**0.01**	0.07	(86)
Adjusted Funds Flow	**9,507**	11,292	(16)	**27,227**	29,251	(7)

Per share data	2024	2023	% Change	2024	2023	% Change
	Three months ended June 30,			Six months ended June 30,		
Basic ($/share)	**0.15**	0.19	(21)	**0.44**	0.49	(10)
Diluted ($/share)	**0.14**	0.17	(18)	**0.41**	0.45	(9)
Cash flow provided by operating activities	**8,258**	12,335	(33)	**16,252**	23,796	(32)
Basic ($/share)	**0.13**	0.20	(35)	**0.26**	0.40	(35)
Diluted ($/share)	**0.12**	0.18	(33)	**0.24**	0.37	(35)

CAPITAL EXPENDITURES

For the second quarter of 2024, Journey spent $4,136 in total capital expenditures. Of this amount, Journey spent $676 on drilling costs. In addition, $1,264 was spent on the continuing construction of the Gilby and Mazeppa power generation project. Capital additions for the respective three periods is broken down as follows:

	Three months ended June 30,			Six months ended June 30,		
	2024	2023	% Change	**2024**	2023	% Change
Cash expenditures:						
Land and lease rentals	**178**	1,231	(86)	**532**	1,459	(64)
Geological and geophysical	**83**	53	57	**116**	278	(58)
Drilling and completions	**676**	29	2,231	**7,699**	2,185	252
Well equipment and facilities	**1,935**	867	123	**5,569**	3,183	75
Power generation	**1,264**	292	333	**4,507**	3,221	40
Total capital expenditures	**4,136**	2,472	68	**18,423**	10,326	78
PP&E acquisitions	**-**	11,539	(100)	**-**	11,539	(100)
PP&E dispositions	**(787)**	(5)	15,640	**(787)**	(1,041)	(24)
Net capital expenditures	**3,349**	14,006	(76)	**17,636**	20,824	(15)
Other expenditures:						
Administrative	**11**	-	-	**11**	-	-
ARO costs incurred (internal plus SRP)	**1,302**	802	62	**1,474**	3,185	(54)
Total expenditures	**4,662**	14,808	(69)	**19,121**	24,009	(20)

All four wells drilled in the first quarter of 2024 were drilled in the Medicine Hat area and placed on-production in March.

	Three months ended June 30,				Six months ended June 30,			
	2024		2023		**2024**		2023	
Wells drilled	**Gross**	**Net**	Gross	Net	**Gross**	**Net**	Gross	Net
Oil wells	**-**	**-**	-	-	**4**	**2.9**	-	-
Gas wells	**-**	**-**	-	-	**-**	**-**	-	-
Total	**-**	**-**	-	-	**4**	**2.9**	-	-
Success rate (%)	**-**	**-**	-	-	**100**	**100**	-	-

DECOMMISSIONING LIABILITIES ("DL")

At June 30, 2024, Journey has recorded a DL of $173,827 ($182,837 at December 31, 2023) for the future abandonment and reclamation of the Company's net ownership interests in its assets. The estimated DL includes numerous assumptions in respect of: the actual costs to abandon wells, pipelines and facilities; and reclaim the surface access; the time frame in which such costs will be incurred; and annual inflation factors in order to calculate the undiscounted total future liability. The present value of the future liability at June 30, 2024 has been escalated using an inflation rate of 1.8% (December 31, 2023 – 1.6%) and then discounted using a risk-free rate of 3.4%

(December 31, 2023 – 3.0%). 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.

Accretion charges of $1,478 for the three months ended June 30, 2024 (June 30, 2023 - $1,384), and $2,851 for the six months ended June 30, 2024 (June 30, 2023 - $2,721) have been recognized in the statements of comprehensive net income to reflect the increase in DL associated with the passage of time. Spending under Journey's abandonment and reclamation program, and including SRP Funding, for the three and six month periods ended June 30, 2024 was $1,302 and $1,474 respectively (June 30, 2023 - $802 and $ 3,185 respectively).

Abandonment and reclamation activities continue to be made in a prudent, responsible manner by Journey with the oversight of the Health, Safety and Environment Committee of the Board. Ongoing abandonment expenditures for all of Journey's assets are funded entirely out of Adjusted Funds Flow from operating activities. Journey's Liability Management Rating is within the Alberta Energy Regulator's requirements, such that no deposits are required or expected to be required at June 30, 2024 and at the date of this MD&A.

LEASE OBLIGATION LIABILITIES ("LO")

At June 30, 2024, Journey's discounted lease obligations were $1,508 (December 31, 2023 - $1,708). The discounted lease obligations are accreted up to their eventual future cash obligation through a charge to finance expense. Accretion charges of $44 and $90 for the three and six months ended June 30, 2024 have been recognized in the statements of comprehensive net income to reflect the increase in the LO associated with the passage of time. For the three and six months ended June 30, 2023 accretion charges were $48 and $97 respectively. Expenditures for the LO for the three and six month periods ended June 30, 2024 were $166 and $290 respectively. For the three and six month periods in 2023, the expenditures were $93 and $185 respectively.

LIQUIDITY AND CAPITAL RESOURCES

The financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

Journey's Net Debt continued to decrease in the second quarter of 2024 and Journey embarked on a plan to smooth out its debt repayments to allow it to pursue its growth strategy. On March 20, 2024, Journey completed an issuance of convertible debentures for gross proceeds (before costs) of $38,000. Each convertible debenture consists of $1,000 of principal and is convertible into 200 common shares of the Company at a price of $5.00 per share for a period of five years following the closing date. The convertible debentures bear interest at a rate of 10.25% per annum payable semi-annually in arrears on March 31 and September 30 in each year commencing September 30, 2024. The net proceeds from the offering of $36.6 million were used to repay the remaining VTB loan of $11.0 million and on March 27, 2024, Journey repaid early the $12,700 previously due on April 30, 2024 of its $24.7 million tranche of term debt with AIMCo. An additional $3,000 was paid down in the second quarter of 2024. The remaining proceeds will be used to fund Journey's 2024-2025 drilling program, and support working capital.

Net Debt of the Corporation at June 30, 2024 was $55,452, which was 10% lower than the $61,676 as of December 31, 2023. Net debt at the end of June 30, 2024 was 1.46 times net debt to annualized second quarter Adjusted Funds Flow. This ratio can fluctuate significantly as the Adjusted Funds Flow changes each quarter for non-recurring items such as what is what experienced in the current quarter as described in the Operating Expense and G&A sections above. On a trailing twelve month Adjusted Funds Flow basis the ratio comes more into line with Journey's peers at 0.86 times.

Under the AIMCo credit facility, the Company is required to maintain a Liability Management Rating ("LMR") greater than 1.5. The Company was in compliance with this requirement as of June 30, 2024 and remains in compliance as of the date of these MD&A with a 1.9 rating.

At June 30, 2024 there remains an outstanding balance of $9.0 million on one of the term debt tranches. This balance is repayable at $1.0 million per month (plus accrued interest) from July 2024 to March 2025. For the other tranche of term-debt with AIMCo, $10.1 million is to be repaid on October 31, 2024, and then six monthly payments of $1.5 million (plus accrued interest) will be made from November of 2024 to April of 2025. Journey will fund the lump sum payment and the monthly repayments with the combination of cash on hand plus monthly cash flows. Management expects to fund the required monthly payments from cash flow from operations.

Journey's capital structure is made up of the following as of June 30 of the respective years:

	2024	2023
Shares outstanding	**61,350**	60,923
Share closing market price ($/share)	**3.06**	5.47
Market capitalization	**187,731**	333,249
Net debt	**55,452**	74,662
Total capitalization	**243,183**	407,911

RELATED PARTY TRANSACTIONS

The Company considers its directors and executives to be key management personnel and are therefore related parties. For the three and six month periods ended June 30, compensation for these individuals is comprised of the following:

	Three months ended June 30,			Six months ended June 30,		
	2024	2023	% Change	**2024**	2023	% Change
Salaries and director fees	**1,138**	431	164	**1,905**	843	126
Short-term employee benefits	**42**	36	17	**83**	72	15
Share based payments (i)	**409**	167	146	**819**	527	55
Total	**1,589**	634	151	**2,807**	1,442	95

(i) These amounts represent the amortization of share-based compensation associated with the Company's share-based compensation plans.
(ii) As of June 30, 2024 there were twelve (June 30, 2023 – eleven) individuals that were considered key management personnel.

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.

CONTRACTUAL OBLIGATIONS

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

(a) The amounts in the table below are the minimum cash obligations that the Company must pay under the terms of the following contracts:

	Total	< 1 year	2-3 years	4-5 years
Principal Term debt – AIMCo	28,063	28,063	-	-
Interest on term borrowings	2,693	2,693	-	-
Other loans	429	43	386	-
Natural gas transportation	3,447	1,736	1,610	101
Operating leases	3,442	1,563	1,879	-
Principal Convertible Debentures	34,495	-	-	34,495
Interest on Convertible Debentures	19,587	4,007	7,790	7,790
Total contractual obligations	92,156	38,105	11,665	42,386

(b) Indemnifications

Under the terms of certain agreements and the Company's by-laws, Journey indemnifies individuals who have acted at the Company's request to be a director and/or officer, to the extent permitted by law, against any and all damages, liabilities, costs, charges or expenses suffered by or incurred by the individual as a result of their service. The Company currently has no outstanding claims having a potentially material adverse effect on the Company as a whole.

OFF BALANCE SHEET FINANCINGS

There were no off balance sheet financings during the period.

SHARE CAPITAL

The following table provides a summary of the outstanding common shares and other equity instruments outstanding as at:

(000's)	**Aug 8, 2024**	**June 30, 2024**	June 30, 2023
Common shares outstanding	61,350	**61,350**	60,923
Options, warrants, share awards, convertible debentures	7,037	**7,037**	6,946
Fully diluted shares	68,387	**68,387**	67,869

The weighted average shares outstanding at the respective periods are:

	Three months ended June 30,			Six months ended June 30,		
	2024	2023	% Change	**2024**	2023	% Change
Basic	**61,350**	60,923	1	**61,350**	59,545	3
Diluted (i)	**61,350**	60,923	1	**66,762**	64,682	3

(i) When the Company incurs a loss the basic and diluted weighted average shares equal each other. For purposes of calculating other diluted metrics, such as Adjusted Funds Flow per shares, Journey calculated the diluted number of shares for the three months ended June 30, 2024 and 2023 as 66,844 and 66,993, respectively. The diluted number of shares for these periods was calculated consistent with the requirements of IFRS.

SELECTED QUARTERLY INFORMATION

Below is summarized quarterly information for the previous eight quarters.

	Jun 30, 2024	Mar 31, 2024	Dec 31, 2023	Sep 30, 2023
Production (boe/d)	11,235	11,906	12,595	11,756
Average prices realized, pre-hedging ($/boe)	49.42	48.08	48.26	52.96
Petroleum and natural gas sales	50,525	52,098	55,914	57,279
Net income (loss)	(2,328)	3,248	3,440	7,712
Basic – per share ($/share)	(0.04)	0.05	0.06	0.13
Diluted – per share ($/share)	(0.04)	0.05	0.05	0.11
Adjusted Funds Flow	9,507	17,720	18,376	18,513
Basic – per share ($/share)	0.15	0.29	0.30	0.30
Diluted – per share ($/share)	0.14	0.27	0.27	0.28
Cash flow provided by operating activities	8,258	7,994	31,278	11,569
Total assets	598,748	610,930	610,136	589,031
Net capital expenditures	3,349	14,287	17,029	3,004
Long term financial liabilities	202,940	209,651	187,746	172,780
Net debt	55,452	60,131	61,676	59,781

	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022
Production (boe/d)	12,400	12,920	11,496	9,504
Average prices realized, pre-hedging ($/boe)	47.28	50.26	63.82	62.06
Petroleum and natural gas sales	53,513	58,443	67,531	54,265
Net earnings (loss)	(1,773)	6,440	97,753	15,479
Basic – per share ($/share)	(0.03)	0.11	1.73	0.29
Diluted – per share ($/share)	(0.03)	0.10	1.55	0.26
Adjusted Funds Flow	11,292	17,959	24,890	22,715
Basic – per share ($/share	0.19	0.31	0.44	0.43
Diluted – per share ($/share)	0.17	0.28	0.40	0.38
Cash flow from operations	12,335	11,461	25,346	33,422
Total assets	610,680	618,583	639,195	413,626
Net capital expenditures	14,006	6,818	121,376	12,236
Long term financial liabilities	206,720	236,360	226,026	175,364
Net debt	74,662	71,071	98,768	16,781

Production levels are impacted by decline rates and the Company's capital program. Commodity prices are affected by both domestic and international factors that are beyond the Company's control. Petroleum and natural gas sales are impacted by production levels and the volatility of commodity pricing. In addition, royalties are affected by the underlying commodity pricing.

Significant factors and trends that have affected the Company's results during the above periods are outlined below:

- Q2 2024: The second quarter of 2024 saw decreased sales volume of 6% from the first quarter of 2024 and an 11% decrease from the fourth quarter of 2023 attributable in part to shut-in down times. The Adjusted Funds Flow results decreased 46% and 48% from the first quarter of 2024 and the last quarter of 2023 respectively. This can be attributed to the decreased in production of 6% and 11% between those same periods. Journey spent $3,349 in net capital expenditures in the quarter, $1,264 was related to power generation assets, and $676 in relation to drilling and completion work. Journey disposed of a royalty interest in the Ferrier area for $787 in proceeds during the second quarter of 2024. Despite lower Adjusted Funds Flow, the Company was able to reduce its net debt outstanding by 8% to $55,452 in the second quarter of 2024 compared to the net debt at the end of the first quarter of 2024.

- Q1 2024: The first quarter of 2024 saw decreased sales volumes of 5% from the fourth quarter of 2023 mainly due to natural declines and seasonality effects. The Adjusted Funds Flow results decreased 5% compared to the fourth quarter of 2023 which can be attributed to the 5% decrease in volumes and a nominal decrease in realized pricing quarter over quarter. Journey spent $14,287 in the quarter in total capital spending of which $7,023 was devoted to drilling and completions work; and $3,243 was spent on advancing the Gilby power project. Journey exited the first quarter with $60,131 of net debt.
- Q4 2023: The fourth quarter of 2023 saw increased sales volumes of 7% from the third quarter and mainly due to the positive drilling results from the 9 (8.1 net) wells drilled in the quarter. The Adjusted Funds Flow results were muted as average commodity prices softened by 11% with realized oil prices coming in 14% lower than in the third quarter. Journey spent $18,226 in the quarter in total capital spending of which $11,152 was devoted to drilling and completions work; and $9,457 was spent on advancing the Gilby power project. Field operating costs were lower by 14% on a per boe basis as power prices declined significantly due to a warm start to the winter. Power is the largest single item affecting operating expenses and these costs decreased by 34% from the third to the fourth quarter. Operating expenses per boe dropped from $20.72/boe in the third quarter to $17.02 in the fourth quarter. In the fourth quarter Journey entered into an amendment with AIMCo for the extension and amortization of the final amounts owing under the term debt agreements currently outstanding. The amendment now extends $10 million of term debt repayments into 2025. Journey exited the fourth quarter with $61,676 in net debt.
- Q3 2023: Average sales volumes were 5% lower in the third quarter of 2023 compared to the second quarter due to natural declines and no new wells brought on-stream. The drilling program commenced late in the quarter and the results will be reflected in the next quarter. Average prices were 12% higher in the third quarter compared to the second quarter. As a result, Adjusted Funds Flow was 64% higher than the second quarter at $18.5 million. Due to the limited net capital spending and some small non-core dispositions in the quarter, resulting in a net spend of $3.0 million, Journey was able to reduce its net debt to $59,781. Construction of the Gilby power plant continued in the quarter with Journey spending $2.0 million in the quarter.
- Q2 2023: Average commodity prices decreased by 5% from the first quarter to the second quarter of 2023 as the expected demand from China reopening did not materialize. In addition, a warm winter depressed natural gas prices that continued into the third quarter. Wildfires in Alberta during the third quarter created some producing well shut-ins and sales volumes declined by 4% quarter over quarter. These challenges caused Adjusted Funds Flow to decrease by 37% from the first quarter to $11,292. Journey's capital program (including ARO spending) was $14,808 and because this exceeded Adjusted Funds Flow the net debt increased to $74,662. The majority of capital spending in the quarter was restricted to the acquisition of the Mazeppa power generation assets, and final adjustments from the Enerplus purchase that closed in October. The combination of these two items comprised $11.5 million of total capital.
- Q1 2023: On the back of the significant acquisition that closed October 31, 2022 sales volumes increased to 12,920 boe/d (55% crude oil and NGL's) in the first quarter of 2023 from 11,496 boe/d in the fourth quarter of 2022. Average realized prices softened by 21% to $50.26/boe from the fourth quarter of 2022 due to persistent global recession fears and a warmer than normal winter. Adjusted Funds Flow was $17,959 or $0.31 per basic weighted average share. Net debt decreased to $71,071 at March 31 as Journey underspent its cash flow in its capital spending program and concentrated on repaying its vendor take back debt as well as making its balloon payment to AIMCo on March 31 in the amount of $23.8 million. To buttress the Company's liquidity, Journey closed on a flow-through share private placement on March 23 for the issuance of 3.04 million shares at a price of $6.62 per share; and made an agreement with AIMCo to defer the $24.7 million debt maturity from October 31, 2023 to April 30, 2024.
- Q4 2022: Average commodity prices continued to be solid during the fourth quarter at $63.82/boe (before hedging gains), which were consistent with the $62.06/boe realized in the third quarter. Realized oil prices decreased 13% from the previous quarter while natural gas prices increased by 33%. Sales volumes

increased in the fourth quarter to 11,496 boe/d as compared to 9,504 boe/d in the third quarter. The increase was largely due to the 4,000 boe/d acquisition that Journey closed on October 31. Journey generated quarterly Adjusted Funds Flow of $24,890 or $0.44 per basic weighted average share. Journey's power project continued to perform well and generated 8,199 MW of electricity at an average price of $241.25/MW (including Option M credits). Net debt at the end of the quarter was $98,768, which was 489% above the September 30, 2022 amount of $16,781. The increase in net debt was primarily due to the debt incurred to close the asset acquisition on October 31.

- Q3 2022: Commodity prices continued to be solid in the third quarter at $62.06/boe, but generally were lower than the $77.84/boe realized in the third quarter. Realized oil prices decreased 17% from the previous quarter while natural gas prices decreased by 44%. Sales volumes were fairly flat during the third quarter at 9,504 boe/d as compared to 9,590 boe/d in the third quarter. Journey generated quarterly Adjusted Funds Flow of $22,715 or $0.43 per basic weighted average share. Journey's power project continued to perform well and generated 7,610 MW of electricity at an average price of $232.24/MW (including Option M credits). Net debt at the end of the quarter was $16,781, which was 43% below the September 30, 2022 amount of $29,676. The Company was positioning itself throughout the quarter financially to complete the acquisition that closed on October 31, 2022.

CRITICAL ACCOUNTING ESTIMATES

A summary of the material accounting policies used by Journey can be found in Note 3 of the December 31, 2023 audited consolidated financial statements. Note 4 of the Company's audited consolidated financial statements for the year ended December 31, 2023 discloses the areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Company's financial statements. The December 31, 2023, audited consolidated financial statements are available on SEDAR at www.sedar.com.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be material. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can materially differ from these estimates.

CHANGES IN ACCOUNTING POLICIES

There were no material IFRS accounting standards adopted in 2024.

There were no new or amended accounting standards or interpretations issued during the period ended June 30, 2024 that will materially affect the Company's future reporting periods.

RISK FACTORS AND RISK MANAGEMENT

The risks in the oil and gas industry are varied and wide-ranging. The primary risks and how the Company mitigates them are as follows:

<ins>Commodity Price Risk</ins>
The Company's operating results, and financial condition are dependent on prices received for the production of natural gas, NGL and oil. Commodity prices have historically been subject to wide fluctuations and have the most material impact on Funds Flow. These prices are determined by supply and demand factors including weather and general economic conditions in places that Journey does not operate and therefore are largely outside of Journey's

control. Prices received in Canada also reflect changes in the Canadian/US currency exchange rate. Journey's strategy to mitigate these risks focuses on the use of fixed price contracts to limit exposure to downturns in commodity prices while allowing, to the maximum extent possible, maximum exposure to commodity price increases. The Company's hedging activities are conducted pursuant to the Company's Risk Management policy approved by the Board of Directors. Revenues and the resulting Funds Flows fluctuate with commodity prices, which are tied directly to the US/Canadian dollar exchange rate. Commodity prices are determined on a global basis and circumstances that occur in various parts of the world are outside of the control of the Company. The Company protects itself from fluctuations in prices by maintaining an appropriate hedging strategy, diversifying its asset mix and strengthening its balance sheet in order to take advantage of low-price environments by making strategic acquisitions. Journey enters into commodity price contracts to actively manage the risks associated with price volatility and thereby partially protect Adjusted Funds Flows, which are used to fund our capital program.

The risks associated with using these derivative contracts include commodity prices moving materially in favor of the counterparty and the credit risk associated with the collection of settlements from price movements in Journey's favor. Journey mitigates these risks by dealing with its main commodity purchaser as the primary counterparty.

Foreign Exchange Risk

Journey is also exposed to fluctuations in the exchange rate between the Canadian and US dollar. Most commodity prices are based on US dollar benchmarks, which result in our realized prices being influenced by the Canadian/U.S. currency exchange rates.

Liquidity Risk

Liquidity risk is impacted by many things, which are both internal and external to Canada. Currently, the world is battling inflationary forces that requires governments to take fiscal action that can be detrimental to economies. The current challenging economic climate has had, and may continue to have significant adverse impacts on the Corporation including:

- material declines in revenue and cash flows a result of the collapse in commodity prices and reductions in production levels;
- reduced capital programs which could have further negative effects on production levels;
- declines in commodity prices, revenue and cash flows have resulted in material impairments and could result in further impairment charges;
- inability to comply with debt covenants and restrictions in lending agreements;
- increased risk of collection of accounts receivable and customer defaults.

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 repayments.

Estimates and judgements made by management in the preparation of these financial statements are increasingly difficult and subject to a high degree of measurement uncertainty during this volatile period.

Journey maintains short-term and long-term cash forecasting based on estimated production levels and estimated pricing in order to proactively enact changes to its capital spending to maintain a reasonable working capital balance. The projected balance of cash reserves (existing and forecasted) for Journey is assessed by Management to be sufficient to ensure obligations will be met as they come due.

Credit Risk

Credit risk arises from the potential loss resulting from a counterparty failing to meet its obligations in accordance with the agreed terms. The Company may be exposed to third party credit risk through its contractual arrangements with its current or future joint venture partners, marketers of its petroleum and natural gas production and other parties. In the event such entities fail to meet their contractual obligations to the Company, such failures may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Poor credit conditions in the industry and of joint venture partners may influence a joint venture partner's willingness to participate in the Company's ongoing capital program, potentially delaying the program and the results of such program until the Company finds a suitable alternative partner. Substantially all of the accounts receivable are with its marketers and joint venture partners in the oil and gas industry and are subject to normal industry credit risks. The Company generally extends unsecured credit to these parties and therefore, the collection of accounts receivable may be affected by changes in economic or other conditions. Management believes the risk is mitigated by entering into transactions with long-standing, reputable, counterparties and partners. In many cases, the Company has offsetting receivables and payables with its joint venture partners and makes use of these offsets to mitigate any payment risk. Wherever possible, the Company requires cash calls from its partners on capital projects before they commence. On a regular basis, the Company assesses the potential for bad debts associated with these parties and provides for them accordingly.

Receivables related to the sale of the Company's petroleum and natural gas production are mainly from major marketing companies who have excellent credit ratings. These revenues are normally collected on the 25th day of the month following delivery.

The counterparties with which the Company maintains its risk management contracts are major Canadian chartered banks having investment grade rating.

<u>Credit Facility Risk</u>
There is still a risk that give the residual impact of the pandemic, the Ukraine-Russia war, and the resulting volatility surrounding commodity prices, that Journey may not be able to make its scheduled principal and interest payments on its term debt. While AIMCo, as the largest shareholder of Journey, has been supportive of Journey, there is no assurance that they will not enforce their security should the payments not be made.

<u>Access to Capital Markets</u>
The Company's business plan includes the making of significant capital expenditures for the acquisition, exploration, development and production of oil and natural gas reserves in the future. As Adjusted Funds Flow may not be sufficient to fund its ongoing activities at all times, the Company may require additional financing in order to carry out its oil and gas acquisition, exploration and development activities over and above its lending facility. Failure to obtain such financing on a timely basis could cause the Company to forfeit its interest in certain properties, miss out on acquisition opportunities, and reduce or terminate operations. There can be no assurance that debt or equity financing, or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to the Company. The inability of the Company to access sufficient capital for its operations could have a material adverse effect on the Company's financial condition, results of operations and prospects. Should circumstances affect the Funds Flow in a detrimental way, the Company would respond by increasing debt within the Company's self-imposed debt guideline and/or reducing capital expenditures. The Company relies on various sources of funding to support its capital expenditure program including:

- Internally generated Adjusted Funds Flows;
- Debt may be utilized to expand capital programs when deemed appropriate; and
- Additional equity, if available and on terms acceptable to the Company, may be used to expand or support exploration and development programs and fund acquisitions.

<u>Interest Rate Risk</u>
All of Journey's borrowings have fixed interest rates for their respective terms. However, as these various tranches of term debt mature, Journey will need to renegotiate new terms to the extent that the debt is not repaid at maturity.

The interest rates could increase materially upon these renegotiations to the extent market interest rates have moved upward.

The maturing Western Canadian Sedimentary Basin

Land and producing assets are becoming increasingly scarce and more expensive. The Company mitigates these risks by developing its core areas to gain efficiency. In addition, the Company participates in several farm-in opportunities wherein its exposure to increasing land prices is minimized. For riskier exploration projects, the Company will solicit partner participation to limit the downside exposure.

Increasing United States Oil and Natural Gas Supply

Over the last decade, the advent of multi-stage fracking has unlocked previously uneconomic oil and natural gas supplies that are readily available in the United States. The Marcellus, Haynesville, and Eagle Ford shale gas plays in the Eastern United States and the Bakken in North Dakota have created a supply within the major consuming regions of the United States. This has caused a reduction in demand for natural gas produced from Western Canada and this could possibly continue for many years to come. As a result, the Company has shifted capital to oil targets on its existing lands and will continue to do so into the foreseeable future.

Operating and finding and development costs

The industry experiences significant cost swings for its services. Field activity has accelerated with the increase in commodity prices. The Company mitigates risks by entering into strategic joint ventures to reduce exposure to high costs and diversify drilling risks. The Company employs experienced and motivated staff to evaluate and generate high quality drilling prospects. In addition, the Company seeks to utilize appropriate technology and responsible operating practices in operating its wells. The Company utilizes appropriate safety programs and insurance coverage to guard against potential losses. Concentrating on core areas wherein Journey has high degrees of ownership and operatorship further mitigates increasing operating costs as economies of scale are gained. Journey attempts to minimize finding risk by:

- Focusing its efforts on its core areas wherein its expertise and experiences can be properly leveraged;
- Generating as many internal projects as possible;
- Being the operator on the majority of projects;
- Identifying drilling opportunities with multi-zone prospects; and
- Making prudent use of seismic data to identify prospects – either by purchasing trade data or by shooting new seismic.

Administrative Risks

The increased transparency required by the securities, environmental and industry regulators are constantly evolving. Accounting and regulatory guidelines dictate significant resources be devoted to these areas. Journey maintains processes designed to comply with the required disclosures; has a strong Board of Directors and engages technical advisors to assist in meeting securities guidelines. In addition, the industry will continue to experience competitiveness with respect to finding and retaining qualified employees. Retention issues are at least partially mitigated by having all employees participate in its LTI program and paying competitive salaries.

Competition

The petroleum industry is competitive in all its phases. The Company competes with numerous other organizations in the search for, and the acquisition of, oil and natural gas properties and in the marketing of oil and natural gas. The Company's competitors include oil and natural gas companies that have substantially greater financial resources, staff and facilities than those of the Company. The Company's ability to increase its reserves in the future will depend not only on its ability to explore and develop its present properties, but also on its ability to select and acquire other suitable producing properties or prospects for exploratory drilling. Competitive factors in the distribution and marketing of oil and natural gas include price, methods, and reliability of delivery and storage. Competition may also be presented by alternate fuel sources.

Environmental Regulations

All phases of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of federal, provincial and local laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with oil and natural gas operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach of applicable environmental legislation may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to governments and Fourth parties and may require the Company to incur costs to remedy such discharge. Although the Company believes that it will be in material compliance with current applicable environmental regulations, no assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Regulatory Risk

There can be no assurance that government regulations including: royalties, income taxes, environmental laws and other regulatory requirements will not be changed in a manner, which would adversely affect the Company or its shareholders. While Journey has no control over these regulatory risks, it monitors these changes by participating in industry organizations and wherever possible offering assistance in lobbying for any proposed changes which will benefit all stakeholders. The AER has made changes to its LLR program whereby operators are rated with respect to the value of their assets versus the estimated abandonment and reclamation obligation. Operators with a rating of less than one, are required to post deposits with the AER. Journey's rating is currently 1.9 and the Company does not expect to post any such deposits in the near future.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Journey's CEO and CFO are responsible for establishing and maintaining internal control over financial reporting ("ICFR") as defined in NI 52-109. They have as at the interim period ending June 30, 2024, designed ICFR, or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The control framework used to design the Corporations ICFR is the Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations.

Journey is required to comply with National Instrument 52-109 "*Certification of Disclosure on Issuers' Annual and Interim Filings*" ("NI 52-109"). NI 52-109 requires that Journey disclose in its most recent interim period any material weaknesses in Journey's internal control over financial and/or any changes in Journey's internal control over financial reporting that occurred during the period that have materially affected, or are reasonably likely to materially affect Journey's internal controls over financial reporting. Journey confirms that no material weaknesses or such changes were identified in Journey's internal controls over financial reporting during the second quarter of 2024.

The June 30, 2024 condensed consolidated interim financial statements are available on SEDAR at www.sedar.com as well as the Company's website at www.journeyenergy.ca.