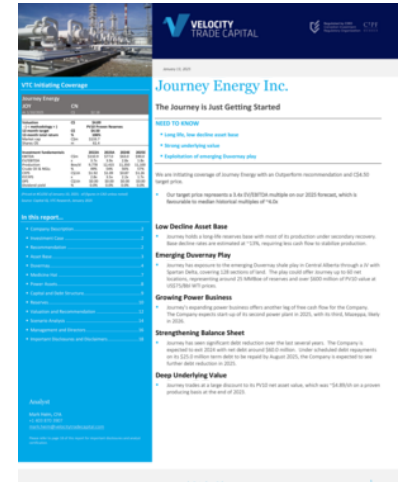


Velocity Trade Capital Research Commentary  
January 13, 2025

## Journey Energy Inc.

### THE JOURNEY IS JUST GETTING STARTED

- Long life, low decline asset base
- Strong underlying value
- Exploitation of emerging Duvernay play



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We are initiating coverage of Journey Energy with an Outperform recommendation and C\$4.50 target price.

- Our target price represents a 3.4x EV/EBITDA multiple on our 2025 forecast, which is favourable to median historical multiples of ~4.0x

### Low Decline Asset Base

- Journey holds a long-life reserves base with most of its production under secondary recovery. Base decline rates are estimated at ~13%, requiring less cash flow to stabilize production.

### Emerging Duvernay Play

- Journey has exposure to the emerging Duvernay shale play in Central Alberta through a JV with Spartan Delta, covering 128 sections of land. The play could offer Journey up to 60 net locations, representing around 25 MMBoe of reserves and over \$600 million of PV10 value at US\$75/Bbl WTI prices.

### Growing Power Business

- Journey's expanding power business offers another leg of free cash flow for the Company. The Company expects start-up of its second power plant in 2025, with its third, Mazeppa, likely in 2026.

## Strengthening Balance Sheet

- Journey has seen significant debt reduction over the last several years. The Company is expected to exit 2024 with net debt around \$60.0 million. Under scheduled debt repayments on its \$25.0 million term debt to be repaid by August 2025, the Company is expected to see further debt reduction in 2025.

## Deep Underlying Value

- Journey trades at a large discount to its PV10 net asset value, which was ~\$4.89/sh on a proven producing basis at the end of 2023.

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