JOURNEY ENERGY INC.

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

(in thousands of Canadian dollars)

	Note	**March 31, 2024**	December 31, 2023
ASSETS			
CURRENT			
Cash		**20,907**	17,715
Accounts receivable		**26,809**	24,734
Prepaid expenses and deposits		**5,182**	4,271
Total current assets		**52,898**	46,720
Property, plant and equipment	2	**474,170**	476,055
Exploration and evaluation assets	3	**4,771**	4,847
Deferred tax asset	14	**79,091**	82,514
Total assets		**610,930**	610,136
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities		**43,537**	47,214
Term-debt	5	**28,236**	33,269
Other liability	4	**-**	1,305
Other loans	6	**43**	17,042
Lease obligations	9	**582**	496
Decommissioning obligations	8	**6,650**	6,650
Total current liabilities		**79,048**	105,976
Term-debt	5	**2,499**	9,970
Lease obligations	9	**1,048**	1,212
Other loans	6	**386**	377
Convertible debentures	7	**34,353**	-
Decommissioning obligations	8	**171,365**	176,187
Total liabilities		**288,699**	293,722
EQUITY			
Share capital	10	**367,758**	367,758
Equity component of convertible debentures	7	**1,736**	-
Contributed Surplus		**109,984**	109,151
Warrants	11	**3,073**	3,073
Deficit		**(160,320)**	(163,568)
Total equity		**322,231**	316,414
Total liabilities and equity		**610,930**	610,136
Commitments	18		
Subsequent events	21		

See accompanying notes.

APPROVED BY THE BOARD

***"Signed"* Steve Smith, Director**

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

JOURNEY ENERGY INC.

Condensed Consolidated Interim Statement of Comprehensive Income
For the three months ended March 31, 2024 and 2023
(unaudited) (in thousands of Canadian dollars, except per share data)

	Note	Three months ended March 31, 2024	2023
REVENUE			
Petroleum and natural gas sales	17(c)	**52,098**	58,443
Processing and other income		**1,985**	2,072
Royalties		**(10,164)**	(12,068)
Net revenue		**43,919**	48,447
EXPENSES			
Operating		**21,487**	24,579
Transportation		**1,074**	1,232
General and administrative		**2,072**	1,823
Share based compensation	12	**871**	617
Exploration and evaluation	3	**351**	118
Exploration and evaluation asset impairment	3	**79**	-
Loss on debt modification	5	**-**	175
Depletion and depreciation	2	**9,795**	6,891
Transaction costs		**189**	2
Finance	13	**3,191**	4,499
Total expenses		**39,109**	39,936
NET INCOME BEFORE TAXES		**4,810**	8,511
Deferred income tax expense	14	**1,562**	2,071
NET INCOME AND COMPREHENSIVE INCOME		**3,248**	6,440
NET INCOME PER SHARE	15		
Basic		**0.05**	0.11
Diluted		**0.05**	0.10

See accompanying notes.

JOURNEY ENERGY INC.

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

	Note	Share Capital	Convertible Debentures – Equity Portion	Contributed Surplus	Warrants	Deficit	Total Equity
Balance, January 1, 2024		367,758	-	109,151	3,073	(163,568)	316,414
Comprehensive income		-	-	-	-	3,248	3,248
Convertible debentures, net of tax	7	-	1,736	-	-	-	1,736
Share based compensation	12	-	-	833	-	-	833
Balance, March 31, 2024		**367,758**	**1,736**	**109,984**	**3,073**	**(160,320)**	**322,231**

	Note	Share Capital	Convertible Debentures – Equity Portion	Contributed Surplus	Warrants	Deficit	Total Equity
Balance, January 1, 2023		351,485	-	109,505	3,073	(179,387)	284,676
Comprehensive income		-	-	-	-	6,440	6,440
Equity issued, net	10	15,416	-	-	-	-	15,416
Share based compensation	12	-	-	751	-	-	751
Balance, March 31, 2023		**366,901**	**-**	**110,256**	**3,073**	**(172,947)**	**307,283**

JOURNEY ENERGY INC.

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

For the three months ended March 31, 2024 and 2023

(in thousands of Canadian dollars)

	Note	Three months ended March 31, **2024**	2023
CASH FLOW FROM THE FOLLOWING ACTIVITIES:			
OPERATING			
Net income and comprehensive income		**3,248**	6,440
Adjustments for:			
Other income	8	**-**	(167)
Deferred tax expense	14	**1,562**	2,071
Share based compensation	12	**871**	617
Depletion and depreciation	2	**9,795**	6,891
Loss on debt modification	5	**-**	175
Change in fair value of other liability	4	**-**	45
Non-cash finance charges	5, 7, 8, 9	**1,625**	1,767
Exploration and evaluation expense	3	**351**	118
Exploration and evaluation asset impairment	3	**79**	-
Decommissioning costs incurred	8	**(172)**	(2,216)
Changes in non-cash working capital	17(a)	**(9,365)**	(4,280)
Cash flow provided by operating activities		**7,994**	11,461
FINANCING			
Common shares issued, net of issue costs	10	**-**	18,866
(Repayment) Advances other loans		**(16,990)**	(6,000)
Repayment of term-debt		**(12,700)**	(23,817)
Convertible debentures issued, net of issue costs	7	**36,597**	-
Lease obligation payments	9	**(124)**	(92)
Repayment of other liability	4	**-**	(5,000)
Cash flow (used in) provided by financing activities		**6,783**	(16,043)
INVESTING			
Additions to property, plant and equipment	2	**(13,933)**	(7,614)
Additions to exploration and evaluation assets	3	**(182)**	(240)
Disposition of property, plant and equipment and exploration and evaluation assets		**-**	1,036
Acquisition of property, plant and equipment and exploration and evaluation assets		**(172)**	-
Changes in non-cash working capital	17(a)	**2,702**	(560)
Cash flow (used in) provided by investing activities		**(11,585)**	(7,378)
CHANGE IN CASH		**3,192**	(11,960)
CASH, BEGINNING OF PERIOD		**17,715**	31,400
CASH, END OF PERIOD		**20,907**	19,440
Supplementary cash flow information	17 (b)		

See accompanying notes.

Journey Energy Inc. (“Journey” or “the Company”), is a publicly traded company engaged in the exploration, development and production of crude oil and natural gas in the province of Alberta, Canada. Journey’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 March 31, 2024 (the “Financial Statements”) are unaudited and have been prepared in accordance with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), applicable to the preparation of interim financial statements, including IAS 34 Interim Financial Reporting. Certain disclosures included in the notes to the annual financial statements have been condensed in the following interim note disclosures or have been disclosed on an annual basis only. Accordingly, these Financial Statements should be read in conjunction with the audited consolidated annual financial statements for the year ended December 31, 2023 (the “2023 Annual Financial Statements”). These financial statements have been prepared using material accounting policies consistent with those in the 2023 Annual Financial Statements, except as noted below. On January 1, 2024 the Company adopted amendments to IAS 1 with respect to classification of financial liabilities as current versus long term. The adoption of these amendments had no material impact on the financial statements.

The Company’s Board of Directors approved these Financial Statements on May 9, 2024.

b) Basis of measurement

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

The Financial Statements have been prepared on a historical cost basis, except for certain financial instruments which are recorded at fair value as detailed in the accounting policies disclosed in note 16 of these Financial Statements.

c) Significant estimates and judgements

The timely preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ materially from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are reviewed and for any future years affected. Significant judgements, estimates and assumptions made by management in these Financial Statements are consistent with those outlined in note 3 of the 2023 Annual Financial Statements.

2. PROPERTY, PLANT AND EQUIPMENT

	Petroleum and natural gas assets	Right of use assets	Power assets	Other assets	Total
Balance, January 1, 2023	1,490,808	4,717	9,822	4,410	1,509,757
Additions	23,645	201	14,636	-	38,482
Acquisitions	6,376	-	-	-	6,376
Dispositions	(1,452)	-	-	-	(1,452)
Changes in decommissioning obligations	(11,074)	-	-	-	(11,074)
Transfer from exploration and evaluation assets	102	-	-	-	102
Balance, December 31, 2023	1,508,405	4,918	24,458	4,410	1,542,191
Additions	10,690	-	3,243	-	13,933
Changes in decommissioning obligations	(6,023)	-	-	-	(6,023)
Balance, March 31, 2024	**1,513,072**	**4,918**	**27,701**	**4,410**	**1,550,101**

	Petroleum and natural gas assets	Right of use assets	Power assets	Other assets	Total
Accumulated depletion, depreciation and impairment losses					
Balance, January 1, 2023	(1,019,335)	(3,294)	(767)	(4,279)	(1,027,675)
Provision for the period	(37,566)	(516)	(346)	(33)	(38,461)
Balance, December 31, 2023	(1,056,901)	(3,810)	(1,113)	(4,312)	(1,066,136)
Provision for the period	(9,569)	(131)	(88)	(7)	(9,795)
Balance, March 31, 2024	**(1,066,470)**	**(3,941)**	**(1,201)**	**(4,319)**	**(1,075,931)**

Carry amounts	Petroleum and natural gas assets	Right of use assets	Power assets	Other assets	Total
January 1, 2023	471,473	1,423	9,055	131	482,082
December 31, 2023	451,504	1,108	23,345	98	476,055
March 31, 2024	**446,602**	**977**	**26,500**	**91**	**474,170**

Future development costs for oil and natural gas reserves of $222,178 (December 31, 2023 - $239,517) were included in the depletion calculation. During the period ended March 31, 2024, the Company capitalized $134 (March 31, 2023 – nil) in salary, wages and benefits that was directly related to developmental drilling activities.

Included in power assets at March 31, 2024 are $19,413 (December 31, 2023 - $17,397) of costs related to projects under development that are not currently being depreciated.

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 March 31, 2024 it was determined that tests for impairment or an impairment reversal were not required.

3. EXPLORATION AND EVALUATION ASSETS

Balance, January 1, 2023	5,383
Additions	1,644
Acquisitions	92
Dispositions	(1,143)
Lease expiries	(102)
Transfer to property, plant and equipment	(495)
Impairment	(532)
Balance, December 31, 2023	4,847
Additions	182
Acquisitions	172
Lease expiries	(351)
Impairment	(79)
Balance, March 31, 2024	**4,771**

4. BANK DEBT AND OTHER LIABILITY

a) Bank debt

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

b) Other liability

Other liabilities are comprised of:

(i) Contingent Liability

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

(ii) Flow-through shares

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

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

	$
Fair value at January 1, 2023	4,955
Increase in value for period	45
Repayment	(5,000)
Flow-through share issue	3,739
Flow-through share renunciation	(2,434)
Fair value at December 31, 2023	**1,305**
Flow-through share renunciation	(1,305)
Fair value at March 31, 2024	-

5. TERM-DEBT

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

	March 31, 2024	December 31, 2023
Tranche:		
1 - matures April 30, 2024 (i)(ii)	**11,942**	24,700
2 - matures October 31, 2024 (iii)	**13,586**	13,580
3 - matures October 31, 2024 (iv)	**5,483**	5,483
Unamortized financing costs	**(276)**	(524)
Total carrying value	**30,735**	43,239
Expected to be paid within one year	**(28,236)**	(33,269)
Expected to be paid beyond one year	**2,499**	9,970

(i) On March 30, 2023 the maturity date of this tranche was amended from October 31, 2023 to April 30, 2024. Due to the debt modification a loss of $175 was realized in the year ended December 31, 2023. The interest rate on this tranche is 11.5%.

(ii) On December 21, 2023, the maturity date of this tranche was amended from April 30, 2024 to April 30, 2025. Due to the debt modification, a gain of $240 was realized in the year ended December 31, 2023. The repayment terms were also amended to repay $12,700 on April 30, 2024 and $1,000 monthly thereafter until April 30, 2025. On March 27, 2024 Journey early repaid the $12,700 due on April 30, 2024.

(iii) On December 21, 2023, the maturity date of this tranche was amended from April 30, 2024 to April 30, 2025. Due to the debt modification a loss of $773 was realized in the year ended December 31, 2023. The repayment terms were also amended to repay $7,169 on October 31, 2024 and $1,069 monthly thereafter until April 30, 2025. The interest rate on this tranche is 12.95%.

(iv) On December 21, 2023, the maturity date of this tranche was amended from April 30, 2024 to April 30, 2025. The repayment terms were also amended to repay $2,894 on October 31, 2024 and $431 monthly thereafter until April 30, 2025. The interest rate on this tranche is dependent on certain benchmark oil price thresholds. The rate as of March 31, 2023 was 10.0%.

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

	Tranche 1	Tranche 2	Tranche 3	Total
Balance January 1, 2024	24,563	13,193	5,483	43,239
Amortization of deferred finance costs	-	118	-	118
Accretion	79	(1)	-	78
Repayment	(12,700)	-	-	(12,700)
Balance, March 31, 2024	**11,942**	**13,310**	**5,483**	**30,735**

All tranches of the term-debt are secured by a floating charge debenture over all of the Company's assets. There is a financial covenant that requires the Company to maintain a Liability Management Rating greater than 1.50. In addition, there are certain standard, non-financial covenants in the term-debt agreement. Journey was in compliance with all covenants as at March 31, 2024. Journey anticipates compliance with the LMR threshold throughout 2024.

6. OTHER LOANS

a) Vendor Take Back ("VTB")

As part of the acquisition of petroleum and natural gas assets that closed October 31, 2022 the vendor issued Journey a loan in the amount of $45,000. The loan bore interest at 10.0% per annum and was to be paid with the scheduled monthly payments commencing with December 1, 2022. The monthly repayment amount was determined by the monthly oil price of West Texas Intermediate ("WTI") for the relevant month on a per barrel basis. If the monthly WTI price is equal to or in excess of $100 USD per barrel the monthly repayment is $4,000 plus accrued interest on principle balance. If the monthly WTI price is equal to or in excess of $85 USD per barrel but less than $100 USD per barrel the monthly repayment is $3,000 plus accrued interest on principle balance. If the monthly WTI price is equal to or in excess of $70 USD per barrel but less than $85 USD per barrel the monthly repayment is $2,000 plus accrued interest on principal balance. If the monthly WTI price is below $70 USD per barrel the monthly repayment was $1,000 plus accrued interest on principle balance. The loan was secured by certain oil and natural gas properties acquired from the vendor. On March 22, 2024, the remaining outstanding amount of the VTB loan was repaid in full.

b) Government loans

As part of the Canadian federal and provincial government's COVID assistance plans, Journey obtained a partially forgivable, emissions reduction based, interest free loans. The March 31, 2024 total amount outstanding was $429.

The table below summarizes the activity for other loans:

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

7. CONVERTIBLE DEBENTURES

	Number of Convertible Debentures	Liability Component ($)	Equity Component ($)
Balance at January 1, 2024	-	-	-
Issuance of convertible debentures	38,000	35,659	2,341
Issue costs	-	(1,316)	(86)
Accretion	-	10	-
Deferred income tax liability	-	-	(519)
Balance at March 31, 2024	**38,000**	**34,353**	**1,736**

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

The Initial Debentures will mature and be repayable on March 31, 2029 and will accrue interest at the rate of 10.25 percent per annum payable semi-annually in arrears on March 31 and September 30 of each year, with the first such payment to be made September 30, 2024. At the holder's option, the Initial Debentures may be convertible into Common Shares at any time prior to the close of business on the earlier of the business day immediately preceding (i) the maturity date, or (ii) if called for redemption, the date fixed for redemption by the Corporation, iii) if called for repurchase in the event of a change of control, the payment date, at a conversion price of $5.00 per share, subject to adjustment in certain events. This represents a conversion rate of approximately 200 Common Shares for each $1,000 principal amount of Initial Debentures.

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

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

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

8. DECOMMISSIONING OBLIGATIONS

The Company’s decommissioning obligations result from the net ownership interests in petroleum and natural gas assets, which includes well sites, pipelines, processing facilities, power facilities, and oil batteries. The Company estimates the total undiscounted, un-escalated amount of cash flows required to settle its decommissioning obligations at March 31, 2024 to be $257,520 (December 31, 2023 - $257,644) the majority of which will be incurred at various times between 2024 and 2059. The present value of the future liability at March 31, 2024 has been calculated using an inflation rate of 1.8% (December 31, 2023 – 1.6%) for the costs and the discounted using the risk free rate of 3.3% (December 31, 2023 – 3.0%). As at March 31, 2024, no funds have been specifically set aside to settle these obligations. Management currently expects future expenditures to be funded from cash flows from operations. Changes to decommissioning obligations during the respective periods below were as follows:

	March 31, 2024	December 31, 2023
Balance, beginning of period	**182,837**	193,698
Obligations acquired	**-**	200
Revaluation of obligations acquired	**-**	750
Obligations disposed	**(16)**	(5,154)
Obligations settled	**(172)**	(4,695)
Obligations settled through government grants[1]	**-**	(167)
Net development activity	**189**	421
Revisions to estimates	**(633)**	7,277
Changes in discount rates	**(5,563)**	(15,048)
Accretion	**1,373**	5,555
Balance, end of period	**178,015**	182,837
Current provision	**6,650**	6,650
Non-current provision	**171,365**	176,187

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

9. LEASE OBLIGATIONS

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

	Total
Balance, January 1, 2023	1,709
Additions	201
Lease payments	(399)
Accretion	197
Balance, December 31, 2023	**1,708**
Lease payments	(124)
Accretion	46
Balance, March 31, 2024	**1,630**
Expected to be settled within one year	**582**
Expected to be settled beyond one year	**1,048**

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 March 31, 2024 was $1,840 (December 31, 2023 - $1,932).

10. SHARE CAPITAL

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

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

(i) On March 23, 2023, 3,040 thousand flow-through shares were issued at a price of $6.62 per share pursuant to a prospectus offering for gross proceeds of $20,125. Journey incurred share issue costs of $1,257 on the issuance ($968 net of tax benefits).

11. WARRANTS

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

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

12. SHARE BASED COMPENSATION

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

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

	RSU's	PPSU's	SPSU's
Balance at January 1, 2023	1,147	405	405
Granted	405	148	148
Settled	(318)	(120)	(120)
Forfeited	(60)	(6)	(6)
Balance at December 31, 2023	1,174	427	427
Granted	9	-	-
Balance at March 31, 2024	**1,183**	**427**	**427**

13. FINANCE EXPENSE

Finance expense is comprised of the following:

	Three months ended March 31, **2024**	2023
Interest and bank fees	**1,566**	2,687
Deferred financing fee amortization	**118**	125
Accretion of decommissioning obligations	**1,373**	1,337
Accretion of lease obligations	**46**	49
Accretion of term-debt	**78**	256
Accretion of convertible debentures	**10**	-
Change in fair value of other liability	**-**	45
Total finance expense	**3,191**	4,499

14. DEFERRED INCOME TAX

Differences between the statutory and effective income tax rates for the three-month periods ended March 31, 2024 and 2023 are accounted for as follows:

	Three months ended March 31, **2024**	2023
Net income before income tax	**4,810**	8,511
Statutory income tax rate	**23.0%**	23.0%
Expected income tax expense	**1,106**	1,958
Increase (decrease) resulting from:		
Share based compensation and other	**146**	113
Flow through share expense	**1,615**	-
Deferred income tax expense	**2,867**	2,071
Flow-through share premium	**(1,305)**	-
Total income tax expense	**1,562**	2,071

15. PER SHARE AMOUNTS

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

	Three months ended March 31, **2024**	2023
Net income	**3,248**	6,440
Weighted average shares outstanding - basic	**61,350**	58,153
Weighted average shares outstanding - diluted	**66,689**	64,036
Net income per share – basic	**$ 0.05**	$ 0.11
Net income per share – diluted	**$ 0.05**	$ 0.10

The net income per basic share is calculated by dividing net income by the weighted average number of common shares outstanding during the respective periods. For the three month period ended March 31, 2024 the dilutive impact of RSU's, PPSU's, SPSU's and warrants was an additional 5,339 added to the weighted average common shares (March 31, 2023 – 5,883). The impact of the issuance of the convertible debentures in the first quarter of 2024 has an anti-dilutive effect and were therefore excluded from the calculation of diluted shares.

16. FINANCIAL INSTRUMENTS

(a) Risks

(i) Credit risk

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

Journey is exposed to losses in the event of non-performance by counterparties to financial risk management contracts. Journey minimizes credit risk associated with possible non-performance of these financial instruments by entering into 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:

	Three months ended March 31,	
	2024	2023
Accounts receivable	**26,809**	31,483

For the period ended March 31, 2034, Journey determined that \$62 (March 31, 2023 - \$409) of receivables from third parties were uncollectable and provided for them in the provision for uncollectable accounts. At March 31, 2024, Journey estimated its provision for uncollectable accounts to be \$998 (March 31, 2023 - \$750). Accounts receivable balances outstanding greater than ninety days at March 31, 2024 were \$961 (March 31, 2023 – \$2,134).

(ii) Interest rate risk

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

(iii) Foreign exchange risk

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

(iv) Liquidity risk

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

Journey has three tranches of term-debt outstanding with its major shareholder, Alberta Investment Management Corporation ("AIMCo"). The Company continues to make substantial progress in reducing its overall debt position using its cash generated from operations. Commodity prices and the general economic environment continue to be volatile, increasing the risk that cash flow from operations could decline, which could result in Journey being unable to fund upcoming debt maturities. Journey is dependent on current commodity pricing to enable it to generate cash flow necessary to fund debt repayments.

The following table details Journey's financial liabilities as at March 31, 2024:

	Total	**< 1 year**	**1-3 years**	**4-5 years**
Accounts payable and accrued liabilities	**43,537**	43,537	-	-
Term debt – AIMCo	**30,735**	28,236	2,499	-
Interest on term debt	**3,130**	3,106	24	-
Other loans	**429**	43	386	-
Convertible debentures	**34,353**	-	-	34,353
Interest on convertible debentures	**19,857**	4,007	7,790	7,790
Natural gas transportation	**3,728**	1,780	1,733	215
Operating leases	**3,781**	1,502	2,279	**-**
Total financial liabilities	**139,280**	82,211	14,711	42,358

17. SUPPLEMENTAL INFORMATION

a) *Changes in non-cash working capital*

	Three months ended March 31,	
Sources (uses) of funds	**2024**	2023
Accounts receivable	**(2,075)**	(1,806)
Prepaid expenses and deposits	**(911)**	(1,603)
Accounts payable and accrued liabilities	**(3,677)**	(1,431)
	(6,663)	(4,840)
Related to:		
Operating activities	**(9,365)**	(4,280)
Investing activities	**2,702**	(560)
	(6,663)	(4,840)

b) *Supplementary cash flow information*

	Three months ended March 31,	
	2024	2023
Interest paid	**1,450**	4,845

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

	Three months ended March 31,	
	2024	2023
Crude oil	**40,199**	40,885
Natural gas	**6,753**	11,491
Natural gas liquids	**5,146**	6,067
Petroleum and natural gas sales	**52,098**	58,443

18. COMMITMENTS

The Company has committed to firm-service contracts for transporting natural gas as well as payments under 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	**3,728**	1,780	1,733	215
Lease commitments	**3,781**	1,502	2,279	-
Total	**7,509**	3,282	4,012	215

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

19. RELATED PARTY TRANSACTIONS

The Company considers its directors and executives to be key management personnel. Compensation for these individuals for the three month periods ended March 31 was comprised of the following:

	Three months ended March 31,	
	2024	2023
Salaries and fees	**767**	412
Short-term employee benefits	**41**	36
Share based payments (i)	**410**	360
Total	**1,218**	808

(i) These amounts represent the amortization of share-based compensation associated with the Company's share based compensation plans.
(ii) As at March 31, 2024 there were twelve (March 31, 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.

20. CAPITAL MANAGEMENT

Management views the capital structure to be comprised of working capital (current assets less current liabilities, but excluding the fair value of other liability, derivative contracts and decommissioning liabilities), share capital, term-debt, 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, 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 March 31, 2024 Journey had $20,907 of cash on hand. Management believes the Company is well positioned to execute on its future strategic growth plans. Future exploration and development capital expenditures are expected to be partially funded through the proceeds realized from the convertible debentures issuance (Note 7). Other capital expenditures will be financed primarily by cash generated from operating activities.

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

	March 31, 2024	Dec. 31, 2023
Principal amount of term debt	**31,063**	43,763
Principal amount of vendor-take-back loan	**-**	17,000
Principal amount of convertible debentures	**38,000**	-
Accounts payable and accrued liabilities	**43,537**	47,214
Other liability - principal	**-**	-
Other loans	**429**	419
Deduct:		
Cash in bank	**(20,907)**	(17,715)
Accounts receivable	**(26,809)**	(24,734)
Prepaid expenses	**(5,183)**	(4,271)
Net debt	**60,131**	61,676

Journey continually monitors its capital structure and adjusts it throughout the year as a result of general economic conditions, the state of the petroleum industry and global events, all of which may affect commodity prices. Journey prepares an annual capital budget, which is approved by the Board of Directors, and is updated quarterly for acquisition and divestiture activity as needed, changes in commodity prices, and drilling successes. Given the volatile commodity price environment, which is impacted significantly by both domestic and world events outside the control of the Company, the budget is intended to be flexible and is re-evaluated at each regularly scheduled board meeting.

21. SUBSEQUENT EVENT

On May 7, 2024 Journey announced that it has entered into an agreement with Spartan Delta Corp. ("**Spartan**") to jointly develop a block of land in the west shale basin of the Duvernay oil and liquids fairway (the "**JV**"). The initial working interests for the JV are Spartan 62.5% and Journey 37.5%. Spartan will be the operator of the JV. Expenditures within the block will be capped at $30 million in 2024 and $100 million for 2025 on a gross basis. However, expenditures may be increased with the agreement of both parties.