



JOURNEY POSTS \$7.7 MILLION OF NET INCOME IN THE THIRD QUARTER OF 2023; INITIATES 2023 DRILLING PROGRAM WITH ABOVE TYPE CURVE RESULTS

CALGARY, November 7, 2023 /CNW/ - Journey Energy Inc. (JOY – TSX; JRNGF - OTCQX) (“**Journey**” or the “**Company**”) is pleased to announce its financial and operating results for the three and nine month periods ending September 30, 2023. The complete set of financial statements and management discussion and analysis for the periods ended September 30, 2023 and 2022 are posted on www.sedar.com and on the Company’s website www.journeyenergy.ca.

2023 YEAR-TO-DATE HIGHLIGHTS

- Increased daily sales volumes by 24% to 11,756 boe/d in the third quarter of 2023 from 9,504 boe/d in the third quarter of 2022. Year-to-date sales volumes increased 34% year over year.
- Generated Adjusted Funds Flow of \$18.5 million or \$0.30 per basic share and \$0.28 per diluted share.
- Produced 7,576 megawatts of electricity at Journey’s power generation facility in Countess, Alberta at an average price of \$172.12/MWh.
- Continued with construction of the power generation facility in Gilby, Alberta in pursuit of a 2024 start-up date.
- Received verbal assurance on the viability of utilizing a buyback meter in the Mazeppa area, clearing the last physical hurdle for re-energizing the Mazeppa power facility in its current location in 2024.
- Closed four non-core divestments for aggregate proceeds of \$2.8 million.
- Repaid \$6.0 million of the vendor-take-back debt from the October 2022 acquisition during the quarter, and another \$6.0 million from the end of the quarter to today, leaving \$19.0 million currently outstanding.
- Initiated the 2023 drilling program, completing 4.0 gross (2.9 net) wells in Medicine Hat and 3.0 gross (3.0 net) wells in Matziwin. Both programs were significantly under budget and are forecast to produce at levels well above type curve expectations.
- Expanded the Company’s footprint in the Gilby Duvernay, entering into an agreement which allows Journey to control a 50 section block of high quality Duvernay rights underneath the existing Gilby gas infrastructure for a period of up to 7 years.

Financial & Operating Highlights

<i>Financial (\$000's except per share amounts)</i>	Three months ended September 30,			Nine months ended September 30,		
	2023	2022	% change	2023	2022	% change
Sales revenue	57,279	54,265	6	169,235	168,052	1
Net income	7,712	15,479	(50)	12,379	57,445	(78)
Basic (\$/share)	0.13	0.29	(55)	0.21	1.12	(81)
Diluted (\$/share)	0.11	0.26	(58)	0.19	0.99	(81)
Adjusted Funds Flow	18,513	22,715	(18)	47,764	76,497	(38)
Basic (\$/share)	0.30	0.43	(30)	0.80	1.49	(46)
Diluted (\$/share)	0.28	0.38	(26)	0.72	1.32	(45)
Cash flow provided by operating activities	11,569	33,422	(65)	35,565	81,277	(56)
Basic (\$/share)	0.19	0.63	(70)	0.59	1.58	(63)
Diluted (\$/share)	0.17	0.56	(70)	0.54	1.40	(61)
Capital expenditures, including A&D	3,004	12,462	(76)	23,828	59,424	(60)
Net debt	59,781	16,781	256	59,781	16,781	256

Share Capital (000's)

Basic, weighted average	60,922	52,735	16	60,009	51,317	17
Basic, end of period	60,922	53,860	13	60,923	53,860	13
Fully diluted	67,868	59,908	13	67,868	59,908	13

Daily Sales Volumes

Natural gas (Mcf/d)						
Conventional	28,356	25,424	12	29,629	24,671	20
Coal bed methane	4,162	4,564	(9)	4,203	4,388	(4)
Total natural gas volumes	32,518	29,988	8	33,832	29,059	16
Crude oil (Bbl/d)						
Light/medium	2,929	2,907	1	3,279	2,769	18
Heavy	2,233	648	245	2,166	663	227
Total crude oil volumes	5,162	3,555	45	5,445	3,432	59
Natural gas liquids (Bbl/d)	1,174	951	23	1,271	924	38
Barrels of oil equivalent (boe/d)	11,756	9,504	24	12,355	9,199	34

Average Realized Prices

Natural gas (\$/mcf)	2.39	5.20	(54)	2.83	5.78	(51)
Crude Oil (\$/bbl)	95.26	104.96	(9)	85.66	112.56	(24)
Natural gas liquids (\$/bbl)	45.28	63.96	(29)	45.35	66.32	(32)
Barrels of oil equivalent (\$/boe)	52.96	62.06	(15)	50.18	66.92	(25)

Operating Netback (\$/boe)

Realized prices (excl. hedging)	52.96	62.06	(15)	50.18	66.92	(25)
Royalties	(10.90)	(12.90)	(16)	(10.34)	(13.33)	(22)
Operating expenses	(20.72)	(21.19)	(2)	(21.30)	(18.86)	13
Transportation expenses	(0.93)	(0.73)	27	(0.87)	(0.63)	38
Operating netback	20.41	27.24	(25)	17.67	34.10	(48)

OPERATIONS

During the third quarter, Journey began its 2023 exploration and development program, starting with a drilling program in the Medicine Hat pool. The Medicine Hat pool was a cornerstone of the recently acquired assets from Enerplus Corporation (the “**Acquisition**”) that closed on October 31, 2022. Journey drilled 4.0 gross (2.9 net) wells in Medicine Hat. These wells have markedly exceeded expectations with respect to both costs and results. Total capital costs for the program were \$5.4 million and initial production from the four wells is 550 (400 net to Journey) bbl/d of oil. The wells have increased overall Medicine Hat production by over 20% and are forecast to pay out in approximately six months. Based upon these results both Journey and its partner have begun planning a second program for first quarter 2024. With an estimated 30 future locations, along with future waterflood and polymer flood expansion potential, Journey expects this field to continue to provide increasing shareholder value for years to come.

The lower costs associated with the Medicine Hat program encouraged Journey to accelerate the drilling of the Matziwin program. Journey has now drilled 3.0 gross (3.0 net) wells in Matziwin. All three wells have now been completed. Similar to Medicine Hat, the total program costs were significantly below forecast. The first two wells tested significantly exceeded type curve expectations. All three wells are forecast to be on production by mid-December.

On November 7, 2023 Journey moved a drilling rig to the Cherhill field where drilling 3.0 gross (2.7 net) wells will complete the 2023 drilling program. The 2023 program is being funded by the proceeds of a flow through share issuance completed in the spring of 2023. Journey has until the first quarter of 2024 to complete the expenditures under this program. To date, the program costs are well below forecast and therefore Journey is preparing additional wells in Medicine Hat and Herronton in the first quarter of 2024.

In the third quarter of 2023, Journey had sales volumes of 11,756 boe/d. This volume was below what the Company had forecast due to several one-time items, many of which have been disclosed in previous press releases. October sales volumes, based on field estimates were approximately 12,300 boe/d (54% liquids). This puts Journey well on track to achieving its 2023 full year production guidance. Two primary factors resulting in the production increase are:

- Foothills production in the second quarter was 395 boe/d. The Kiskiu facility was connected to another gas processing facility late in the quarter and an additional shut in well was re-activated resulting in an increase in Foothills production to approximately 650 boe/d.
- TCPL and Keyera Rimbeey third party outages ran from August 9-28 inclusive reducing the August production by 670 boe/d or 225 boe/d for the quarter.

Throughout 2023, Journey has maintained a conservative posture with respect to capital expenditures. The Company continues to prioritize its balance sheet strength along with the expansion of the power business, due to the extensive regulatory timelines associated with adding power to the grid. In the first half of 2023 Journey did not drill any wells. In its previous guidance Journey reduced its 2023 capital budget to \$46 million from \$63 million and anticipated drilling 7 (5.6 net) wells in the Medicine Hat and Cherhill pools. Journey now forecasts spending \$48 million and drilling 10 (8.6 net) wells, thereby adding 3 (3.0 net) Matziwin wells to the previous program.

This program is back end loaded with the majority of expenditures occurring in the fourth quarter. The reduced activity levels, project phasing, and unbudgeted downtime had led Journey to reduce its annual production to 12,000-12,400 boe/d, due primarily to project timing, and Journey is well positioned to achieve this guidance as new wells being brought on will increase production heading into 2024.

Of the \$48 million in planned 2023 capital, \$17 million is related to drilling and completions with a focus on maintaining production volumes. Journey’s capital program has shifted more towards oil-weighted

opportunities by replacing natural gas weighted drilling in Westeros with oil weighted drilling in Cherhill, Matziwin and Medicine Hat. The ability to maintain production rates above 12,000 boe/d with limited capex is a testament to Journey's very low corporate decline rate. Approximately \$10 million of capital will be devoted to land, seismic, facilities, polymer, and end-of-life costs. \$16 million of capital in 2023 is associated with the expansion of Journey's power business, including the purchase of the Mazeppa facility, building construction, and generating unit modifications for the Gilby project. In addition to all of these development projects, 2023 capital includes a final statement of adjustments from the Acquisition of \$5.7 million, which was partially offset by \$2.8 million in divestments that closed in the third quarter.

Even though Journey shifted its capital program towards oil weighted drilling, the Company continues to advance its repeatable plays in 2023. The Company has completed a farm-in agreement with a freehold mineral owner in the Gilby area of Alberta. This farm-in, combined with Journey's existing acreage will give the company access to approximately fifty contiguous, gross sections for Duvernay development drilling. These mineral rights are adjacent to Journey's Gilby gas processing facility. These rights are already overlain by liquid-rich, Glaucinite production and contain two Duvernay test wells drilled as part of Journey's previous joint venture. The primary term of the option agreement is for four years with a further option to extend the term to seven years. Journey currently plans to drill a minimum of three Duvernay wells on this block during the four year primary term and continues to look for opportunities to expand the Duvernay footprint.

EXPANDING JOURNEY'S POWER BUSINESS

For 2023, Journey has continued to prioritize its emerging power generation business and has made significant strides in this regard. Journey is now budgeting \$16 million in capital for its power generation business for 2023. The majority of this capital is associated with its Gilby power plant construction and the remainder will be allocated to the Mazeppa power plant purchase. A portion of the total capital for the Gilby project will carry over into the first quarter of 2024. This is expected to be offset by an increase in capital allocation devoted to re-energizing the purchased Mazeppa power plant. In the second quarter of 2023 Journey purchased the Mazeppa facilities; purchased the land the facility currently resides on; and purchased the pipeline to transport sales gas from a nearby ATCO meter station to the plant.

Journey has demonstrated, through the operation of its existing Countess power plant, that it is far more profitable to convert its natural gas into electricity, than to merely sell the natural gas at current spot prices. The currently operating, 4 MW Countess facility, which was originally commissioned in the fourth quarter of 2020, has already paid out the original investment. Based on Journey's realized power prices in 2022, the average, effective, net realized price for natural gas used to generate power for the year was approximately \$10.54/mcf. For the first nine months of 2023 the average, effective, net realized price was \$7.50/mcf. This price takes into account the cost of the natural gas and the incremental costs of operating the power plant. As a comparison, the average AECO benchmark price for the first nine months of 2023 was \$2.83/mcf.

Journey is planning to increase its power sales to the Alberta electricity grid by over 350% over the next year. The nature of Journey's asset base is such that it is a large power consumer with power costs representing 25% of overall corporate operating costs.

Journey previously announced that it had entered into an agreement to purchase a 16.5 MW power generation facility through an open auction process that started in November 2022. This facility was originally commissioned by another operator in 2015, and ran for less than one year before being shut-in. The Mazeppa facility is located near the community of High River Alberta and consists of five, 3.3 MW generators and includes switch gear, coolers, and an export transformer. The generators, ancillary equipment, and buildings are in excellent condition as they previously had minimal run time. Journey estimates that the replacement value of this facility is in excess of five times the purchase price.

The Mazeppa power facility acquisition closed in April 2023 and its cost has been included in the capital guidance for 2023. Since agreeing to purchase this facility, Journey has been actively pursuing the option of

re-energizing this facility in its existing location. This option was further advanced in early May when Journey entered into a definitive agreement to purchase the land on which the power project is located. Journey also entered into an agreement to purchase a pipeline that delivers supply gas from a nearby meter station to the plant and is beginning negotiations with the pipeline owner to reactivate the meter station. Journey's ability to reactivate and utilize the buyback meter from the meter station was the significant hurdle impacting both the timing and viability of this project. Recently, the operator of the buyback meter has verbally agreed to upgrading this meter station. Although Journey continues to await regulatory approvals all of the efforts to date have resulted in Journey being confident that Mazeppa will be re-energized in its current location within the next year and looks forward to providing updates in due course.

Journey has received preliminary approval to construct a 15.1 MW generation facility at its Gilby gas plant and has procured 17 MW of generating capacity in support of this project. The Company has continued to advance the design and approval of this project. The primary construction phase of this facility was kicked off in August 2023. In addition Journey has signed a contract with an electrical engineering company to provide electronic upgrades for each of the generators. This work is anticipated to be completed in the first quarter of 2024. The concrete work is now being completed and building construction is forecast to start next month.

When the Gilby and Mazeppa power projects are on-stream, Journey will be in a position to more than offset its corporate power usage with power sales to the Alberta power grid. This will help diversify the corporate revenue stream and effectively provides a hedge against a volatile commodity pricing environment. The record power prices of \$311/MW realized in December of 2022, along with the expanding valuations demonstrated by recent market transactions continues to re-inforce the validity of this longer term strategy.

In 2024, Journey forecasts reducing leverage by \$60 million while maintaining production and energizing these two power facilities. This is forecast to result in a substantial increase in PDP net asset value of \$2-3 per share in 2024 under current commodity prices.

FINANCIAL

Journey achieved Adjusted Funds Flow of \$18.5 million during the third quarter of 2023. While commodity sales volumes were 5% lower than the second quarter of 2023 they were 24% higher than the comparative period in 2022. The lower volumes in the third quarter of 2023 were the result of a number of one-time events, which started in the second quarter and continued in the third quarter, including seasonal facility turnarounds. The low-decline assets acquired in October of 2022, along with Journey's own low-decline assets were instrumental in limiting the decline in sales volumes during the third quarter. The 71% crude oil and NGL weighting from the Acquisition helped increase Journey's overall liquids weighting from 47% in the third quarter of 2022 to 54% in the third quarter of 2023. Crude oil sales volumes for the third quarter of 2023 represented 44% of total boe volumes but contributed 79% of total petroleum and natural gas revenues. Natural gas sales volumes contributed 46% of total boe volumes in the third quarter of 2023 while contributing 12% of total sales revenues. While aggregate sales volumes decreased quarter to quarter, and the average commodity prices decreased by 15% over this time period, revenues actually increased by 6% due to the shift towards more liquids volumes from the Acquisition.

On the expense side, aggregate royalties were higher by 4% in the third quarter of 2023 compared to the third quarter of 2022. On a per boe basis, royalties were \$10.90/boe in the third quarter of 2023 as compared to \$12.90 in the third quarter of 2022. Aggregate field operating expenses also increased during the third quarter of 2023 as the acquisitions from 2022, workovers, reactivations, plant turnarounds and general inflationary pressures contributed to the total increase. Operating expenses (net of recoveries) in the third quarter were \$22.4 million or \$20.72/boe as compared to \$18.5 million or \$21.19 per boe in the same quarter of 2022. Included in the third quarter 2023 operating expenses were \$2.6 million of workover and turnaround costs while for the third quarter of 2022 the amount was \$2.5 million.

Journey's general and administrative ("G&A") costs were higher in 2023 as compared to the same quarter in 2022 as additional staff costs for the acquisition activity in 2022 increased the aggregate amount. G&A was \$2.0 million in the third quarter of 2023 as compared to \$1.6 million in the third quarter of 2022. On a per boe basis, Journey's general and administrative costs were \$1.80/boe for the third quarter of 2023 and \$1.26/boe for the third quarter of 2022.

Finance expenses related to borrowings, increased by 25% to \$2.0 million in the third quarter of 2023 from \$1.6 million in the same quarter of 2022. Interest-bearing debt increased by 7% in the third quarter of 2023 compared to the same quarter of 2022 mainly due to the vendor-take-back financing associated with the Acquisition. The original debt was \$45.0 million when Journey closed the Acquisition on October 31, 2022 and this has been reduced to \$25.0 million as at September 30, 2023 with Journey making principal payments of \$6.0 million during the quarter. Subsequent to the quarter end and to today's date, Journey has made an additional \$6.0 million of principal repayments on this debt.

Journey realized net income of \$7.7 million in the third quarter of 2023 compared to net income of \$15.5 million in the same quarter of 2022. Net income per basic share was \$0.13 and \$0.11 per diluted share for the third quarter. Adjusted Funds Flow in the third quarter was 18% lower in 2023, wherein the Company generated \$18.5 million, or \$0.30 and \$0.28 per basic and diluted share respectively as compared to \$22.7 million, or \$0.43 basic and \$0.38 per diluted per share respectively in the same quarter of 2022. Cash flow from operations was \$11.6 million in the third quarter of 2023 (\$0.19 per basic share and \$0.17 per diluted share) as compared to \$33.4 million in the third quarter of 2022 (\$0.63 and \$0.56 per basic and diluted share respectively).

Total capital expenditures in the third quarter were \$5.8 million including \$2.3 million of preparatory work and the commencement of drilling for Journey's fourth quarter drilling program. In addition, the Company spent \$2.0 million on the continuing work on the Gilby power generation project, which is under construction. A&D activity in the quarter resulted in net proceeds of \$2.8 million primarily from several minor non-core dispositions. Journey exited the third quarter of 2023 with net debt of \$59.8 million, which is 39% lower than the \$98.8 million of net debt at the beginning of the year.

OUTLOOK & GUIDANCE

This guidance incorporates many material underlying assumptions including but not limited to:

- Forecasted commodity prices;
- Assumptions of VTB principal payments, as the principal repayments are based upon realized commodity prices;
- Forecasted operating costs, including forecasted prices for power;
- Forecasted costs for the capital program; and
- Forecasted results and phasing of production additions from the capital program;

	Revised November 7, 2023	August 8, 2023
Annual average daily sales volumes	12,100–12,400 boe/d (54% crude oil & NGL's)	12,000–12,500 boe/d (54% crude oil & NGL's)
Adjusted Funds Flow	\$69 - 72 million	\$64 - 67 million
Adjusted Funds Flow per weighted average share	\$1.15 - \$1.19	\$1.07 - \$1.10
Capital spending	\$48 million	\$47 million
2023 ending Net Debt	\$56 - \$59 million	\$61 - \$63 million
Reference commodity prices:		
WTI (USD \$/bbl)	\$79.00	\$78.00
MSW oil differentials (USD \$/bbl)	\$3.50	\$3.25
WCS oil differentials (USD \$/bbl)	\$15.50	\$15.50
AECO natural gas (CAD \$/mcf)	\$2.75	\$2.88
CAD/USD foreign exchange	\$0.74	\$0.75

Notes:

1. The weighting of the corporate sales volumes guidance is as follows:
 - a. Heavy oil: 18%
 - b. MSW crude oil: 25%
 - c. NGL's: 11%
 - d. Coal-bed methane natural gas: 6%
 - e. Conventional natural gas: 40%

Journey has embarked on a careful and prudent expansion of its business plan to grow the Company profitably. This includes executing on acquisitions the timing of which can be unpredictable and when executed on, can defer drilling plans. The October 2022 Acquisition is performing as expected and has been buoyed by commodity price tailwinds. The Company's success would not be possible without the talented team at Journey, both in the office and the field. Management looks forward to updating you on Journey's progress on its development path.

About the Company

Journey is a Canadian exploration and production company focused on conventional, oil-weighted operations in western Canada. Journey's strategy is to grow its production base by drilling on its existing core lands, implementing water flood projects, executing on accretive acquisitions. Journey seeks to optimize its legacy oil pools on existing lands through the application of best practices in horizontal drilling and, where feasible, with water floods.

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ADVISORIES

This press release contains forward-looking statements and forward-looking information (collectively "forward looking information") within the meaning of applicable securities laws relating to the Company's plans and other aspects of the anticipated future operations, management focus, strategies, financial, operating and production results, industry conditions, commodity prices and business opportunities. In addition, and without limiting the generality of the foregoing, this press release contains forward-looking information regarding decline rates, anticipated netbacks, drilling inventory, estimated average drill, complete and equip and tie-in costs, anticipated potential of the Assets including, but not limited to, EOR performance and opportunities, capacity of infrastructure, potential reduction in operating costs, production guidance, total payout ratio, capital program and allocation thereof, future production, decline rates, funds flow, net debt, net debt to funds flow, exchange rates, reserve life, development and drilling plans, well economics, future cost reductions, potential growth, and the source of funding Journey's capital spending. Forward-looking information typically uses words such as "anticipate", "believe", "project", "expect", "goal", "plan", "intend" or similar words suggesting future outcomes, statements that actions, events or conditions "may", "would", "could" or "will" be taken or occur in the future.

The forward-looking information is based on certain key expectations and assumptions made by management, including expectations and assumptions concerning prevailing commodity prices and differentials, exchange rates, interest rates, applicable royalty rates and tax laws; future production rates and estimates of operating costs; performance of existing and future wells; reserve and resource volumes; anticipated timing and results of capital expenditures; the success obtained in drilling new wells; the sufficiency of budgeted capital expenditures in carrying out planned activities; the timing, location and extent of future drilling operations; the state of the economy and the exploration and production business; results of operations; performance; business prospects and opportunities; the availability and cost of financing, labour and services; the impact of increasing competition; the ability to efficiently integrate assets and employees acquired through acquisitions, including the Acquisition, the ability to market oil and natural gas successfully and the ability to access capital. Although we believe that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information because Journey can give no assurance that they will prove to be correct. Since forward-looking information addresses future events and conditions, by its very nature they involve inherent risks and uncertainties. The actual results, performance or achievement could differ materially from those expressed in, or implied by, the forward-looking information and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking information will transpire or occur, or if any of them do so, what benefits that we will derive therefrom. Management has included the above summary of assumptions and risks related to forward-looking information provided in this press release in order to provide security holders with a more complete perspective on future operations and such information may not be appropriate for other purposes.

Readers are cautioned that the foregoing lists of factors are not exhaustive. Additional information on these and other factors that could affect the operations or financial results are included in reports on file with applicable securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com). These forward looking statements are made as of the date of this press release and we disclaim any intent or obligation to update publicly any forward-looking information, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

This press release contains future-oriented financial information and financial outlook information (collectively, "FOFI") about Journeys prospective results of operations, funds flow, netbacks, debt, payout ratio well economics and components thereof, all of which are subject to the same assumptions, risk factors, limitations and qualifications as set forth in the above paragraphs. FOFI contained in this press release was made as of the date of this press release and was provided for providing further information about Journey's anticipated future business operations. Journey disclaims any intention or obligation to update or revise any FOFI contained in this press release, whether as a result of new information, future events or otherwise, unless

required pursuant to applicable law. Readers are cautioned that the FOFI contained in this press release should not be used for purposes other than for which it is disclosed herein. Information in this press release that is not current or historical factual information may constitute forward-looking information within the meaning of securities laws, which involves substantial known and unknown risks and uncertainties, most of which are beyond the control of Journey, including, without limitation, those listed under “Risk Factors” and “Forward Looking Statements” in the Annual Information Form filed on www.SEDAR.com on March 31, 2023. Forward-looking information may relate to the future outlook and anticipated events or results and may include statements regarding the business strategy and plans and objectives. Particularly, forward-looking information in this press release includes, but is not limited to, information concerning Journey’s drilling and other operational plans, production rates, and long-term objectives. Journey cautions investors in Journey’s securities about important factors that could cause Journey’s actual results to differ materially from those projected in any forward-looking statements included in this press release. Information in this press release about Journey’s prospective funds flows and financial position is based on assumptions about future events, including economic conditions and courses of action, based on management’s assessment of the relevant information currently available. Readers are cautioned that information regarding Journey’s financial outlook should not be used for purposes other than those disclosed herein. Forward-looking information contained in this press release is based on current estimates, expectations and projections, which we believe are reasonable as of the current date. No assurance can be given that the expectations set out in the Prospectus or herein will prove to be correct and accordingly, you should not place undue importance on forward-looking information and should not rely upon this information as of any other date. While we may elect to, we are under no obligation and do not undertake to update this information at any particular time except as required by applicable securities law.

Non-IFRS Measures

The Company uses the following non-IFRS measures in evaluating corporate performance. These terms do not have a standardized meaning prescribed by International Financial Reporting Standards and therefore may not be comparable with the calculation of similar measures by other companies.

- (1) **“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; non-recurring “other” income; 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 the definition of Adjusted Funds Flow, as these expenses are generally in respect of capital acquisition transactions. The Company considers Adjusted Funds Flow a key performance measure as it demonstrates the Company’s ability to generate funds necessary to repay debt and to fund future growth through capital investment. Journey’s determination of Adjusted Funds Flow may not be comparable to that reported by other companies. Journey also presents **“Adjusted Funds Flow per basic share”** where per share amounts are calculated using the weighted average shares outstanding 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 GAAP measured cash flow from operations to the non-GAAP metric of Adjusted Funds Flow is as follows:

	Three months ended September 30,			Nine months ended September 30,		
	2023	2022	% Change	2023	2022	% Change
Cash flow provided by operating activities	11,569	33,422	(65)	35,365	81,277	(56)
Add (deduct):						
Changes in non-cash working capital	6,442	(11,788)	155	8,877	(7,094)	225
Transaction costs	22	79	(72)	24	223	(89)
Decommissioning costs	480	1,002	(52)	3,498	2,091	67
Adjusted Funds Flow	18,513	22,715	(18)	47,764	76,497	(38)

- (2) **“Netback(s)”**. 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 netbacks to assess its own performance and performance in relation to its peers. These netbacks are operating, 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. There is no GAAP measure that is reasonably comparable to netbacks.
- (3) **“Net debt”** is calculated by taking current assets and then subtracting accounts payable and accrued liabilities; the principal amount of term debt; other loans; and the principal amount of the contingent bank liability. Net debt is used to assess the capital efficiency, liquidity and general financial strength of the Company. In addition, net debt is used as a comparison tool to assess financial strength in relation to Journey’s peers. The reconciliation of Net Debt is as follows:

	Sept. 30, 2023	Sept. 30, 2022	% Change	Sept. 30, 2023	Dec. 31, 2022	% Change
Term debt	43,763	67,580	(35)	43,763	67,580	(35)
Vendor-take-back debt	25,000	-	-	25,000	43,000	(42)
Accounts payable and accrued liabilities	42,751	37,020	15	42,751	45,496	(6)
Other liability - contingent bank debt ¹	-	5,000	-	-	5,000	(100)
Other loans	419	419	-	419	419	-
Deduct:						
Cash in bank	(14,065)	(41,571)	(66)	(14,065)	(31,400)	(55)
Accounts receivable	(32,275)	(23,407)	38	(32,275)	(29,677)	8
Prepaid expenses	(5,812)	(28,260)	(90)	(5,812)	(1,650)	252
Net debt	59,781	16,781	256	59,781	98,768	(39)

- (4) Journey uses **“Capital Expenditures”** to measure its capital investment level compared to the Company’s annual budgeted capital expenditures for its organic capital program, excluding acquisitions or dispositions. The directly comparable GAAP measure to capital expenditures is cash used in investing activities. Journey then adjusts its capital expenditures for A&D activity to give a more complete analysis for its capital spending used for FD&A purposes. The capital spending for A&D purposes has been adjusted to reflect the non-cash component of the consideration paid (i.e. shares issued). The following table details the composition of capital expenditures and its reconciliation to cash flow used in investing activities:

	Three months ended Sept. 30, %			Nine months ended Sept. 30, %		
	2023	2022	Change	2023	2022	Change
<u>Cash expenditures:</u>						
Land and lease rentals	102	240	(58)	1,561	806	94
Geological and geophysical	-	16	(100)	278	63	341
Drilling and completions	2,283	9,365	(76)	4,468	25,788	(83)
Well equipment and facilities	1,494	2,187	(32)	4,677	6,272	(25)
Power generation	1,958	350	460	5,179	2,678	93
Total capital expenditures	5,837	12,158	(52)	16,163	35,607	(55)
Corporate acquisition (cash plus equity)	-	-	-	-	18,920	(100)
PP&E acquisitions	1,770	2,945	(40)	13,309	7,897	69
PP&E dispositions	(4,603)	(2,641)	74	(5,644)	(3,000)	88
Net capital expenditures	3,004	12,462	(76)	23,828	59,424	(60)
<u>Other expenditures:</u>						
ARO costs incurred (internal plus grants)	480	1,228	(61)	3,665	2,526	45
Total capital expenditures	3,484	13,690	(75)	27,493	61,950	(56)

Measurements

All dollar figures included herein are presented in Canadian dollars, unless otherwise noted.

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 nine (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.

Abbreviations

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	<i>natural gas liquids (ethane, propane, butane and condensate)</i>
VTB	<i>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</i>
WCS	<i>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%.</i>
WTI	<i>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%.</i>

All volumes in this press release refer to the sales volumes of crude oil, natural gas and associated by-products measured at the point of sale to third-party purchasers. For natural gas, this occurs after the removal of natural gas liquids.

No securities regulatory authority has either approved or disapproved of the contents of this press release.