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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Journey Energy Inc.

Opinion

We have audited the consolidated financial statements of Journey Energy Inc. (the Entity), which comprise:

- the consolidated statements of financial position as at December 31, 2025 and December 31, 2024
- the consolidated statements of comprehensive income for the years then ended
- the consolidated statements of changes in equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2025 and December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “***Auditor’s Responsibilities for the Audit of the Financial Statements***” section of our auditor’s report.



We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Assessment of the impact of estimated proved and probable petroleum and natural gas reserves on petroleum and natural gas assets

Description of the matter

We draw attention to note 3, note 4 and note 6 to the financial statements. The Entity uses estimated proved and probable petroleum and natural gas reserves to deplete its petroleum and natural gas assets included in property, plant and equipment (PP&E) and to assess for indicators of impairment or impairment reversal on each of the Entity's cash generating units (CGUs). The Entity has \$404.0 million of petroleum and natural gas assets as at December 31, 2025. The Entity depletes the carrying value of its petroleum and natural gas assets using the unit-of-production method, based on the ratio of sales volumes during the period to the related proved and probable petroleum and natural gas reserves. Annually, an independent third-party reserve evaluator assesses the proved and probable petroleum and natural gas reserves, which represent the estimated recoverable quantities of oil, natural gas, and natural gas liquids, based on geological, geophysical, and engineering data. Depletion expense on petroleum and natural gas assets was \$43.5 million for the year ended December 31, 2025. The Entity did not identify indicators of impairment or impairment reversal at December 31, 2025 in any of its CGUs.

The estimate of proved and probable petroleum and natural gas reserves requires the expertise of an independent third-party reserve evaluator and includes significant assumptions related to:

- Forecasted oil and natural gas commodity prices
- Forecasted future sales volumes
- Forecasted operating costs
- Forecasted royalty costs



- Forecasted future development costs.

The Entity engages an independent third-party reserve evaluator to estimate the proved and probable petroleum and natural gas reserves.

Why the matter is a key audit matter

We identified the assessment of the impact of estimated proved and probable petroleum and natural gas reserves on petroleum and natural gas assets as a key audit matter. Significant auditor judgement was required to evaluate the results of our audit procedures regarding the estimate of proved and probable petroleum and natural gas reserves.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

We assessed the depletion expense calculation for compliance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

We evaluated the Entity's assessment of internal and external indicators of impairment or historic impairment reversal by considering whether quantitative and qualitative information in the analysis was consistent with external market and industry data, the Entity's press releases and the estimate of proved and probable oil and gas reserves.

With respect to the estimate of proved and probable oil and gas reserves:

- We evaluated the competence, capabilities and objectivity of the independent third-party reserve evaluator engaged by the Entity
- We compared the forecasted oil and natural gas commodity prices to those published by other independent third-party reserve evaluators
- We compared the 2025 actual sales volumes, operating costs, royalty costs and future development costs of the Entity to those estimates used in the prior year's estimate of proved petroleum and natural gas reserves to assess the Entity's ability to accurately forecast
- We evaluated the appropriateness of forecasted future sales volumes, operating costs, royalty costs and future development costs assumptions by comparing to 2025 actual results. We took into account changes in conditions and events affecting the Entity to assess the adjustments or lack of adjustments made by the Entity in arriving at the assumptions.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.



Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.



As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG LLP

Chartered Professional Accountants

The engagement partner on the audit resulting in this auditor's report is Timothy Joseph Young.

Calgary, Canada

March 11, 2026

MANAGEMENT'S REPORT

To the Shareholders of Journey Energy Inc.

Management's Responsibility for the Consolidated Financial Statements:

Management is responsible for the preparation of the accompanying consolidated financial statements and for the consistency therewith of all other financial and operating data presented in this annual report. The consolidated financial statements have been prepared in accordance with the accounting policies detailed in the notes thereto. In management's opinion, the consolidated financial statements are in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS"), have been prepared within acceptable limits of materiality, and have utilized supportable, reasonable estimates.

The Consolidated Financial Statements have been prepared by Management in accordance with IFRS. The Consolidated Financial Statements and related financial information reflect amounts, which are based upon informed estimates and judgements of Management with appropriate consideration to materiality. When alternative accounting methods exist, management has chosen those methods it deems most appropriate in the circumstances. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects.

Management's Assessment of Internal Controls over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over the Company's financial reporting. Management has established systems for internal controls, which are designed to provide reasonable assurance the Company's assets are safeguarded from loss or unauthorized use and to produce relevant, reliable and timely accounting records for the preparation of financial information to Management. Internal control systems, no matter how well designed have inherent limitations. Therefore, even those systems that have been determined to be effective can only provide reasonable assurance with respect to financial statement preparation and presentation. The assessment was based on the framework in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Management concluded that the Company's internal controls over financial reporting are effective as of December 31, 2025.

The Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal controls. It exercises its responsibilities primarily through the Audit Committee, which is comprised of independent, non-management directors. The Audit Committee meets at least on a quarterly basis to review and approve the quarterly, auditor reviewed, Consolidated Financial Statements with Management and the Company's auditors, prior to their release. In addition, the Audit Committee meets annually to review the annual audited Consolidated Financial Statements and to recommend their approval to the Board of Directors. The Board of Directors has approved the Consolidated Financial Statements.

The Consolidated Financial Statements have been audited by KPMG LLP, the external auditors, in accordance with auditing standards generally accepted in Canada on behalf of the shareholders. KPMG LLP was appointed by a vote of the shareholders at the Company's last annual meeting. The auditors have full and free access to, and meet periodically and separately with, the Audit Committee, and management to discuss their audit findings.

Alex G. Verge
President and Chief Executive Officer
"Signed"

Gerald N. Gilewicz
Chief Financial Officer
"Signed"

Calgary, Canada
March 11, 2026

JOURNEY ENERGY INC.
Consolidated Statement of Financial Position
(in thousands of Canadian dollars)

As at December 31,	Notes	2025	2024
ASSETS			
CURRENT			
Cash		1,541	8,213
Accounts receivable		24,639	25,458
Prepaid expenses and deposits		8,691	3,232
Financial derivative asset	18(b)	1,333	-
Other receivable		-	619
Total current assets		36,204	37,522
Property, plant and equipment	6	457,415	464,621
Exploration and evaluation assets	7	5,664	4,758
Deferred income tax asset	16	76,852	78,476
Total assets		576,135	585,377
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities		31,519	41,177
Bank debt	8	5,801	-
Term debt	8	8,981	18,248
Other loans	9	375	108
Lease obligations	12	545	695
Decommissioning liabilities	11	8,244	6,026
Total current liabilities		55,465	66,254
Lease obligations	12	76	499
Other loans	9	-	309
Financial derivative liabilities	18(b)	315	-
Convertible debentures	10	35,396	34,782
Decommissioning liabilities	11	130,125	157,000
Total liabilities		221,377	258,844
EQUITY			
Share capital	13	371,180	367,989
Equity component of convertible debentures	10	1,736	1,736
Contributed surplus		114,344	115,232
Deficit		(132,502)	(158,424)
Total equity		354,758	326,533
Total liabilities and equity		576,135	585,377
<i>Commitments and contingencies</i>	21		
<i>Subsequent events</i>	23		

The accompanying notes are an integral part of these consolidated Financial Statements.

APPROVED BY THE BOARD

“Signed” Steve Smith, Director

“Signed” Alex G. Verge, Director

JOURNEY ENERGY INC.
Consolidated Statement of Comprehensive Income
For the years ended December 31, 2025 and 2024
(in thousands of Canadian dollars, except per share data)

	Notes	2025	2024
REVENUE			
Petroleum and natural gas sales	19(c)	194,493	197,149
Processing and other income		6,619	6,894
Royalties		(31,356)	(37,435)
Realized gain on financial derivatives	18(b)	875	-
Unrealized gain on financial derivatives	18(b)	1,018	-
Total revenue		171,649	166,608
EXPENSES			
Operating		77,970	92,589
Depletion and depreciation	6	44,361	39,197
Finance	15	13,406	13,500
General and administrative		10,416	11,093
Transportation		5,384	4,450
Share-based compensation	14	3,067	3,187
Exploration and evaluation	7	150	724
Exploration and evaluation asset impairment	7	-	192
Transaction costs		81	189
Loss on debt modification		-	11
Gain on disposition	6	(10,867)	(5,704)
Total expenses		143,968	159,428
NET INCOME BEFORE INCOME TAXES		27,681	7,180
Deferred income tax expense	16	1,759	2,036
NET INCOME AND COMPREHENSIVE INCOME		25,922	5,144
NET INCOME PER SHARE			
	17		
Basic		0.39	0.08
Diluted		0.38	0.08

The accompanying notes are an integral part of these consolidated Financial Statements.

JOURNEY ENERGY INC.**Consolidated Statement of Changes in Equity***(in thousands of Canadian dollars)*

	Note	Share Capital	Convertible Debentures – Equity Portion	Contributed Surplus	Warrants	Deficit	Total Equity
Balance, January 1, 2025		367,989	1,736	115,232	-	(158,424)	326,533
Net income and comprehensive income		-	-	-	-	25,922	25,922
Settlement of RSU's, PPSU's, and SPSU's	13	3,191	-	(4,090)	-	-	(899)
Share based compensation, net of deferred tax	14,16	-	-	3,202	-	-	3,202
Balance, December 31, 2025		371,180	1,736	114,344	-	(132,502)	354,758

	Note	Share Capital	Convertible Debentures – Equity Portion	Contributed Surplus	Warrants	Deficit	Total Equity
Balance, January 1, 2024		367,758	-	109,151	3,073	(163,568)	316,414
Net income and comprehensive income		-	-	-	-	5,144	5,144
Convertible debentures, net of deferred tax	10	-	1,736	-	-	-	1,736
Warrants exercised		800	-	3,073	(3,073)	-	800
Share based compensation, net of deferred tax	14,16	(569)	-	3,008	-	-	2,439
Balance, December 31, 2024		367,989	1,736	115,232	-	(158,424)	326,533

The accompanying notes are an integral part of these consolidated Financial Statements.

JOURNEY ENERGY INC.
Consolidated Statement of Cash Flows
For the years ended December 31, 2025 and 2024
(in thousands of Canadian dollars)

	Notes	2025	2024
CASH FLOWS PROVIDED BY (USED IN) THE FOLLOWING ACTIVITIES:			
OPERATING			
Net income and comprehensive income		25,922	5,144
Adjustments for items not affecting cash:			
Share-based compensation	14	3,067	3,187
Depletion and depreciation	6	44,361	39,197
Unrealized gain on financial derivatives	18	(1,018)	
Loss on debt modification		-	11
Gain on disposition	6	(10,867)	(5,704)
Exploration and evaluation asset impairment	7	-	192
Non-cash finance charges	15	7,524	6,754
Deferred income tax expense	16	1,759	2,036
Exploration and evaluation	7	150	724
Decommissioning costs	11	(7,717)	(7,175)
Change in non-cash working capital	19(a)	(12,877)	(8,744)
Cash flow provided by operating activities		50,304	35,622
FINANCING			
Repayment of other loans	9	(42)	(17,002)
Repayment of term debt	8	(21,488)	(25,514)
Advance of bank debt, net of issue costs	8	17,047	-
Convertible debentures issued, net of issue costs	10	-	36,597
Settlement of share-based compensation tax withholdings		(899)	(569)
Exercise of warrants		-	800
Lease payments	12	(806)	(660)
Cash flow used in financing activities		(6,188)	(6,348)
INVESTING			
Property, plant and equipment expenditures	6	(54,510)	(41,908)
Exploration and evaluation expenditures	7	(629)	(564)
Property acquisitions	6,7	(929)	(263)
Proceeds from property dispositions	6,7	6,539	1,556
Change in non-cash working capital	19(a)	(1,259)	2,403
Cash flow used in investing activities		(50,788)	(38,776)
CHANGE IN CASH AND CASH EQUIVALENTS		(6,672)	(9,502)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		8,213	17,715
CASH AND CASH EQUIVALENTS, END OF YEAR		1,541	8,213

The accompanying notes are an integral part of these Consolidated Financial Statements.

Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(thousands, except per share data)

1. INCORPORATION AND NATURE OF BUSINESS

Journey Energy Inc. (“Journey” or “the Company”) is a publicly traded company engaged in the exploration, development and production of crude oil and natural gas in the province of Alberta, Canada. Journey also develops and operates power generation properties. Journey’s shares are listed and trade on the Toronto Stock Exchange under the symbol “JOY” and the OTCQX exchanges in the U.S. under the symbol “JRNGF”.

These consolidated annual financial statements (the “Financial Statements”) present the results of operations for the Journey group of companies. Journey is comprised of the following entities: the Company and its wholly owned subsidiaries, Journey Energy Partnership and 1332993 Alberta Ltd.

The registered address of 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.

2. BASIS OF PRESENTATION

a) Statement of compliance

These Financial Statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS”).

The Financial Statements of the Company were authorized by the Board of Directors March 11, 2026.

b) Basis of measurement

The Financial Statements have been prepared on the basis of historical cost, except as disclosed in the accounting policies in Note 3. The methods used to measure fair values of derivative instruments are discussed in note 18.

c) Functional and presentation currency and share data

The Financial Statements are presented in Canadian dollars, the Company’s functional currency and all amounts are rounded to the nearest thousand (\$’000) except where otherwise indicated. Share data is presented in thousands of shares except for per share data. The Financial Statements have, in management’s opinion, been prepared using careful judgment within the framework of the significant judgments, estimates and assumptions summarized in note 4.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies adopted by the Company are set out below.

a) Joint arrangements

Many of Journey's exploration, development and production activities are conducted through jointly owned assets. The Financial Statements include the Company's proportionate share of the assets, liabilities, revenues and expenses generated by jointly owned assets.

b) Revenue recognition

Journey generates revenue primarily from the sale of crude oil, condensate, natural gas, and natural gas liquids (“NGLs”). Revenue is recognized at the point in time when control of the product has been transferred to the customer and performance obligations have been satisfied. This is generally met when the customer obtains legal title to the product and physical delivery at a delivery point has taken place. Revenue is measured based on the consideration specified in the contracts the Company has with its customers. The transaction price under the contracts is based on a base, reference, commodity price, and then adjusted for quality, location, delivery method, or other factors, whereby each component of the pricing formula can be either fixed or variable, depending on the contract terms.

Journey assesses its transactions with third parties and partners to determine whether it is acting as the principal or an agent. Journey is considered the principal when it has primary responsibility for the transaction, control of the product before transfer, and inventory risk. In such cases, revenue is recognized on a gross basis. If Journey acts as an agent, revenue is recognized on a net basis, reflecting only the fee, if any, earned from the transaction. Due to various marketing arrangements, Journey may transfer title of its commodity to a third-party marketing company, which then delivers the product to the end customer using its own reserved pipeline capacity. Revenue from such transactions is separately presented as transportation revenue. The transaction price for variable-price contracts is typically based on a benchmark commodity index and may be adjusted for quality, location, delivery method, or other contractually agreed-upon factors. Revenue recognized may fluctuate due to changes in market conditions affecting pricing components. Tariffs, tolls, and fees charged to third parties for the use of pipelines and facilities owned by Journey are evaluated to determine whether they originate from contracts with customers or from incidental or collaborative arrangements. When such fees arise from contracts with customers, revenue is recognized as the related services are provided. Additionally, royalty income is recognized as it accrues in accordance with the terms of the applicable royalty agreement.

Processing fees charged to other entities for use of pipelines and facilities owned by the Company are evaluated by management to determine if these originate from contracts with customers or from incidental or collaborative arrangements. Processing fees charged to other entities under contracts with customers are recognized in revenue when the related services are provided.

Journey also has power generation revenue which is recognized when control of the electricity is transferred to the customer, typically upon delivery to the Alberta electricity grid or as specified in the contractual terms of the arrangement.

c) Transportation

Costs paid by Journey for the transportation of crude oil, condensate, natural gas and natural gas liquids to the point of control transfer are recognized when the transportation is provided.

d) Oil and natural gas exploration, evaluation and development expenditures

i) Pre-exploration expenditures

Expenditures made by the Company during the geological and geophysical evaluation phase and before acquiring the legal right to explore in a specific area do not meet the definition of an asset and therefore are expensed by the Company as incurred.

ii) Exploration and evaluation expenditures (“E&E”)

Costs incurred after obtaining the rights to explore are capitalized as E&E intangible assets until the drilling of the well is complete and the results have been evaluated. These costs include, but are not limited to, exploration license expenditures, leasehold acquisition costs, evaluation costs including drilling costs directly attributable to an identifiable well and directly attributable

general and administrative costs. These costs are accumulated in cost centers by property and are not subject to depletion until technical feasibility and commercial viability has been determined. If no reserves are found, the exploration asset is tested for impairment and if necessary, an impairment charge recognized as exploration and evaluation expense in the statement of comprehensive income may be taken. If extractable hydrocarbons are found and likely to be commercially developed, the costs will continue to be carried as an exploration and evaluation asset while sufficient/continued progress is made in assessing the commerciality of the hydrocarbons. The technical feasibility and commercial viability of extracting a hydrocarbon is considered determinable when proven or probable reserves are determined to exist. A review of each exploration license or field is carried out, at least annually, to ascertain whether proven or probable reserves have been discovered and to confirm the continued intent to develop or otherwise extract value from the discovery. Upon determination of proven or probable reserves, exploration and evaluation assets attributable to those reserves are tested for impairment and reclassified from exploration and evaluation assets to oil and natural gas interest within property, plant and equipment. Expired lease costs are expensed as part of exploration and evaluation expense as they occur.

iii) Development and production costs

Items of property, plant, and equipment, including petroleum and natural gas assets as well as corporate assets, are measured at cost, net of accumulated depletion, depreciation, amortization, and impairment. Development and production assets are accumulated on an area-by-area basis, representing the cost of developing discovered commercial reserves and bringing them into production. This includes E&E expenditures transferred from E&E assets upon the discovery of commercial reserves. Subsequent costs incurred after determining technical feasibility and commercial viability, as well as costs for replacing components of property, plant, and equipment, are recognized as petroleum and natural gas assets only if they enhance the future economic benefits of the specific asset. All other expenditures are expensed in net earnings as incurred. Capitalized petroleum and natural gas assets generally include costs related to developing proved and/or probable reserves and enhancing production from these reserves. When a component is replaced or sold, its carrying amount is derecognized. Routine servicing and maintenance costs are recognized in net earnings as incurred.

An impairment or impairment reversal test is conducted at each reporting date if events or circumstances indicate that the carrying value of a development and production asset may exceed its recoverable amount. The carrying value is compared to the recoverable amount, which is defined as the higher of:

- Fair value less costs to sell – determined based on an arm’s-length transaction price between knowledgeable, willing parties. This may involve discounted future net cash flows from proved and probable reserves, using forecasted oil and natural gas commodity prices, production volumes, operating costs, royalty costs and future development costs.
- Value in use – estimated by calculating the present value of expected future net cash flows generated from the continued use of the asset.

If indicators of impairment exist, Journey conducts an impairment test. Assets or areas are grouped into cash generating units (“CGUs”) for this assessment. When the carrying amount of a CGU exceeds its recoverable amount, the CGU is considered impaired and is written down accordingly. The impairment charge is recorded within depletion, depreciation, amortization, and impairment expenses in net earnings.

iv) Subsequent costs

Costs incurred subsequent to the determination of technical feasibility and commercial viability and the costs of replacing parts of property, plant and equipment are recognized as petroleum and natural gas interests only when they increase future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in the statement of

comprehensive income as incurred. Such capitalized petroleum and natural gas interests generally represent costs incurred in developing proven and probable reserves and bringing in or enhancing production from such reserves, and are accumulated on a field or geotechnical area basis. The carrying amount of any replaced or sold component is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in the Consolidated Statement of Comprehensive Income as incurred.

v) *Depletion and depreciation*

Journey depletes the carrying value of its petroleum and natural gas assets using the unit-of-production method, based on the ratio of sales volumes during the period to the related proved and probable petroleum and natural gas reserves. This calculation considers estimated future development costs required to bring the reserves into sales volumes and the estimated salvage value of the assets at the end of their useful lives. Future development costs are forecasted based on the level of development required to produce the petroleum and natural gas reserves. Annually, an independent third-party reserve evaluator assesses the proved and probable petroleum and natural gas reserves, which represent the estimated recoverable quantities of oil, natural gas, and natural gas liquids, based on geological, geophysical, and engineering data.

Other property, plant, and equipment are recorded at cost, net of accumulated depreciation, amortization, and any impairment. Depreciation is recognized on a straight-line basis over the estimated useful lives of each major component. Significant components of an asset with different useful lives are treated separately and depreciated accordingly.

The following specific asset categories have designated depreciation periods:

- Power generation and corporate assets are depreciated on a straight-line basis over their estimated useful lives.
- Right-of-use assets are depreciated on a straight-line basis over the economic life of the contract.

Useful lives and residual values are reviewed at each reporting date by management, with any necessary changes applied prospectively.

e) *Impairment*

I. Financial assets

The Company employs an expected credit loss policy to derive the provision for impairment by risking outstanding accounts receivable to recognize an expected loss amount on the outstanding balance. Provisions for uncollectable amounts are also recorded when there is objective evidence (such as financial difficulty or the probability of default by the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice.

II. Non-financial assets

The carrying amounts of the Corporation's property, plant and equipment are reviewed at each reporting date to determine whether there is an indicator of impairment or impairment reversal. If any such indication exists, the asset's recoverable amount is estimated. For the purpose of impairment and impairment reversal testing of property, plant and equipment, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the CGU).

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability, and facts and circumstances suggest that the carrying amount exceeds the recoverable amount. Exploration and evaluation assets are allocated to CGUs or groups of CGUs for the purposes of assessing such assets for impairment.

The recoverable amount of an asset or a CGU is the greater of its “value-in-use” and its “fair value less costs of disposal”. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Value-in-use is generally computed by reference to the present value of the future cash flows expected to be derived from sales volumes of proved and probable reserves. Fair value less costs of disposition is assessed utilizing market valuation based on an arm’s length transaction between active participants. In the absence of any such transactions, fair value less costs of disposition is estimated by discounting the expected after-tax cash flows of the CGUs at an after-tax discount rate that reflects the risk of the properties in the CGUs. The discounted cash flow calculation is then increased by a tax-shield calculation, which is an estimate of the amount that a prospective buyer of the CGU would be entitled. The carrying value of the CGUs is reduced by the deferred tax liability associated with its property, plant and equipment.

Impairment losses and reversals of previous impairments on property, plant and equipment are recognized in the Consolidated Statement of Comprehensive Income as impairment expense (recovery) and are separately disclosed. An impairment of exploration and evaluation assets is recognized as exploration and evaluation expense in the Consolidated Statement of Comprehensive Income.

f) Decommissioning liabilities

The Company’s activities give rise to dismantling, decommissioning and site disturbance remediation activities. A provision is made for the estimated cost of site restoration and capitalized in the relevant asset category. A decommissioning liability is recognized when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made as at the Consolidated Statement of Financial Position date by management. A corresponding amount equivalent to the provision is also recognized as part of the cost of the related property, plant and equipment. The amount recognized is the estimated cost of decommissioning, discounted to its present value using a risk-free interest rate. Changes in the estimated timing of decommissioning or decommissioning cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to property, plant and equipment. The unwinding of the discount on the decommissioning provision is recognized as accretion expense within finance expenses. Actual costs incurred upon settlement of the decommissioning liabilities are charged against the provision to the extent that the provision was recognized.

g) Share based compensation

The Board of Directors and shareholders have approved a policy of reserving up to 10% of the outstanding common shares for all share based compensation plans.

The Company has a stock-based award plan comprised of Restricted Stock Units (“RSU’s”), Peer Performance Stock Units (“PPSU’s”), and the Share Performance Stock Units (“SPSU’s”) (collectively the “Award Plan”). Under the Award Plan, the Company may grant employees, directors and consultants RSU’s, PPSU’s and/or SPSU’s, which vest over a maximum of three years from the date of issuance. PPSU’s and SPSU’s contain a performance multiplier that ranges from zero to two times the initial awards granted. The PPSU multiplier is based on the Company’s performance relative to a defined group of companies that are considered by Journey’s management to be a suitable compensation peer group. For the SPSU’s the share price performance is measured against a reference price stipulated in the SPSU agreement. The incentives granted under the Award Plan, may be settled in cash or in shares at the Company’s sole discretion. As the Corporation has historically settled the awards in shares, the plan is considered and accounted for as “equity-settled”. Share based compensation expense related to RSU’s, PPSU’s and SPSU’s is determined by the fair value method. Fair value is determined by using the market price of Journey shares on the date of issuance. For PPSU’s and SPSU’s the grant date fair value also incorporates the market conditions with the grants. The fair value is then recognized as compensation expense over the vesting period with an equivalent increase to contributed surplus.

When the RSU's, PPSU's or SPSU's vest, the appropriate number of common shares are then issued to the service providers and the contributed surplus is transferred to share capital. A forfeiture rate is estimated on the grant date and is subsequently adjusted to reflect the actual number of units that actually vest.

h) Deferred income taxes

Deferred income tax is recognized, using the liability method, on temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. However, deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither the accounting nor taxable profit or loss. In addition, deferred income tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred income tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realized or the deferred income tax liability settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized and the carry forward of unused tax losses can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they will be realized simultaneously.

i) Leases

A contract is considered a lease, or contains a lease, if it grants the right to control the use of a specified asset for a defined period in exchange for consideration. Leases are recognized as a right-of-use ("ROU") asset with a corresponding liability at the date of which the leased asset is available for use by the Corporation. Each lease payment is allocated between the lease liability and finance expense. The finance expense is charged to the Statement of Comprehensive Income over the lease term to produce a constant periodic rate of interest on the remaining balance of the liability for each reporting period. The ROU asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. ROU assets are measured at cost comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date and any initial direct costs and restoration costs. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Corporation's incremental borrowing rate if the implicit rate cannot be determined.

j) Basic and diluted per share calculations

Basic net income per share is calculated by dividing the net income attributable to common shareholders of the Corporation by the weighted average number of common shares outstanding during the period. Diluted net income per share is determined by adjusting the net income attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive instruments such as warrants and dilutives issued under the Award Plan using the treasury stock method. Under the treasury stock method, only "in-the-money" dilutive instruments impact the diluted calculations in computing diluted per share amounts. Diluted per share amounts also include the impact of convertible debentures using the "if-converted" method. The convertible debentures are assumed to be converted to common shares at the beginning of the reporting period.

k) Financial instruments

All financial instruments, including all derivatives, are recognized on the Consolidated Statement of Financial Position initially at fair value. Subsequent measurement of financial assets and liabilities depends on the classification of the item as discussed below. The Company uses the following classifications for its financial instruments:

Financial asset or liability	Measurement
Cash and cash equivalents	Amortized cost
Accounts receivable and accrued revenues	Amortized cost
Financial derivative assets and liabilities	Fair value through profit or loss
Accounts payable and accrued liabilities	Amortized cost
Bank debt, term debt and other loans	Amortized cost
Liability component of convertible debentures	Amortized cost

Transaction costs attributable to financial instruments recorded at amortized cost are included in the recognized amount of the related financial instrument and recognized over the life of the resulting financial instrument using the effective interest rate method.

The Company uses, from time to time, financial derivatives and non-financial derivatives, such as commodity sales contracts requiring physical delivery, to manage the price risk attributable to anticipated sale of petroleum and natural gas production, electricity prices and foreign exchange exposures. The Company does not enter into derivative financial instruments for trading or speculative purposes. Journey has not designated its financial derivative contracts as effective accounting hedges, and thus has not applied hedge accounting, even though the Company considers all commodity contracts to be economic hedges. As a result, financial derivatives are recorded on the Consolidated Statement of Financial Position at fair value, and the changes in fair value are recorded in the statement of comprehensive income.

The Company accounts for any physical sales and purchase contracts as executory contracts and as such are not recorded at fair value on the Consolidated Statement of Financial Position. Settlements on these physical sales contracts are recognized in petroleum and natural gas sales.

Financial instruments measured at fair value on the Consolidated Statement of Financial Position require classification into one of the following levels of the fair value hierarchy:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

Level 3 – Inputs for the asset or liability that are not based on observable market data. Journey has no assets or liabilities that use level 3 inputs.

The Company has categorized its financial instruments on the Consolidated Statement of Financial Position according to the fair value hierarchy above (Note 20).

l) Flow through shares

Canadian tax legislation permits entities meeting specified criteria to issue securities to investors whereby the deductions for tax purposes related to eligible expenditures may be claimed by the investors rather than by the entity (herein referred to as “flow-through shares”). The Company uses the residual method to account for flow-through shares. Under this method, the proceeds from the issuance are allocated between i) the proceeds of the offering of shares, and ii) the renunciation of tax deductions. At the time the flow-through shares are issued: i) shareholders’ capital is credited based on the fair value of ordinary common shares, and ii) the tax deductions to be renounced are deferred and presented as a liability in the Consolidated Statement of Financial Position, at an amount equal to the residual difference between the fair value of the Company’s ordinary common shares relative to the amount the investor pays for the flow-through shares. At the time the Company fulfills its obligation to pass on the tax deductions to investors, which is deemed to occur when the eligible expenditures are incurred, the liability (deferred premium) is drawn down in proportion to the eligible expenditures incurred in the period and the premium on flow-through shares is recognized as income in the Consolidated Statement of Net Income and Comprehensive Income. Concurrently, a deferred income tax liability is recognized for the taxable temporary difference that arises from the difference between the carrying amount of the eligible expenditures capitalized as an asset for accounting purposes and a tax base of nil, because the deduction has been renounced to investors.

m) New policies not yet adopted

In May 2024, the IASB announced amendments to IFRS 7 and IFRS 9 which are effective January 1, 2026. This introduces new disclosure requirements, including clarifications on the derecognition of financial liabilities settled via electronic payment systems. Additionally, this will add new disclosures for certain financial instruments with contractual terms that could change the timing and amount of contractual cash flows. Early adoption is permitted. Journey is evaluating the changes as it relates to the financial statements.

In April 2024, the IASB issued IFRS 18 which introduces new presentation and disclosure requirements for financial statements, effective for annual periods beginning January 1, 2027. The new accounting standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly defined operating profit subtotal. Net profit or loss will not change.
- Management-defined performance measures (“MPMs”) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

Journey is evaluating the changes as it relates to these disclosures. Early adoption is permitted and the standard is required to be adopted retrospectively.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with IFRS 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.

U.S. tariffs on imported goods and materials and energy exports, if enforced for a prolonged period, could materially affect production costs and supply chain expenses. The full impact of tariffs on energy prices, cost increases, exchange rate fluctuations, and supplier price adjustments, if enacted for a prolonged period, are uncertain and subject to future regulatory changes. Regional conflicts, especially in oil producing areas, can materially impact energy markets, interest rates, inflation rates and supply chains resulting in higher levels of volatility and uncertainty. Adverse changes in North American and global trade relations with respect to tariffs, regional conflicts and energy are beyond Journey's control and could materially impact the Company due to the integration of these markets.

In the process of applying the Company's accounting policies, management has made the following judgements, estimates, and assumptions which have the most significant effect on the amounts recognized in the financial statements:

I. Petroleum and natural gas reserves

Estimating reserves is very complex, requiring many judgements based on geological, geophysical, engineering and economic data. These estimates may change, having either a positive or a negative impact on net earnings as further information becomes available and as the economic environment changes.

Petroleum and natural gas assets are depleted on a unit-of-production basis at a rate calculated by reference to proved and probable oil and gas reserves determined, at least annually by independent third party reserve evaluators, in accordance with National Instrument 51-101 "*Standards of Disclosure for Oil and Gas Activities*" and the COGE Handbook and incorporating the estimated future cost of developing and extracting those reserves. Proved and probable reserves are determined using estimates of oil and natural gas in place, recovery factors and forecasted oil and natural gas commodity prices. Forecasted future development costs are estimated using assumptions as to the number of wells required to produce the commercial reserves, the cost of such wells and associated production facilities, and other capital costs. There are numerous uncertainties inherent in estimating oil and gas reserves. The key estimates used in the determination of cash flows from petroleum and natural gas reserves and reserve volumes include the following:

- i) Forecasted oil and natural gas commodity prices, operating costs, royalty costs, future development costs and/or future sales volumes and recovery rates can materially affect the estimated cash flows associated with proven and probable petroleum and natural gas reserves. Assumptions that are valid at the time of reserve estimation may change significantly when new information becomes available.
- ii) Forecasted oil and natural gas commodity prices are used in the reserve report. These prices can fluctuate for a variety of reasons including supply and demand fundamentals, inventory levels, exchange rates, egress availability, weather and economic and geopolitical factors.

II. Depletion and depreciation

The calculation of the unit-of-production rate of amortization could be impacted to the extent that the actual sales volumes in the future are different from current forecasted sales volumes. This would generally result from significant changes in any of the factors or assumptions used in estimating petroleum and natural gas reserves.

These factors could include:

- Changes in proved and probable reserves.
- Changes in estimates of future development costs.
- The effect on proved and probable reserves of differences between actual sales volumes as compared to forecasts as well as forecasted oil and natural gas commodity price assumptions.
- Unforeseen operational issues.

III. Recovery of asset carrying values

The recoverable amounts of CGUs and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to dispose. These calculations require the use of estimates and assumptions including information on forecasted oil and natural gas commodity prices, expected sales volumes, quantity of reserves, discount rates, as well as forecasted future development costs, operating costs and royalty costs. Key assumptions in the determination of cash flows from reserves include petroleum and natural gas reserves estimated by the Company's independent third party reserve evaluators or for interim reporting the Company's internal reserve evaluators. It is possible that any or all of these key assumptions may change which may then impact the estimated values of the petroleum and natural gas assets and then require a material adjustment to the carrying value of E&E assets and property, plant and equipment. Significant management judgement is required to analyse internal and external indicators of impairment or historical impairment reversals. The Company monitors internal and external indicators of impairment relating to its E&E assets and property, plant and equipment.

IV. Determination of Cash Generating Units

Journey's assets are grouped into CGUs for the purpose of calculating depletion and assessing impairment. A CGU consists of assets that are grouped together based on the smallest group of assets whose cash flows that are largely independent of those from other assets or groups of assets. The determination of Journey's CGUs is subject to management judgment and interpretation, taking into account factors such as geographical proximity, shared infrastructure, commodity composition, similar market exposure, and the management of operations.

V. Decommissioning costs

Provisions for decommissioning obligations are recognized when the Company has incurred an obligation to dismantle and remove a facility or abandon a well and restore the site on which it is located. The amount recognized is the present value of the estimated future expenditure determined in accordance with local conditions and requirements using a risk-free discount rate. An equivalent amount is capitalized as part of the cost of the related asset. Actual costs and cash outflows can differ from estimates because of changes in laws and regulations, market conditions, discovery and analysis of site conditions and emergence of new restoration techniques, including technological advances. The expected timing of abandonment and reclamation is also subject to change and impacts inflated future cost estimates and the estimated carrying amount (present value) of decommissioning obligations. On a periodic basis, management reviews these estimates and changes, if any, are applied prospectively. These changes are recognized as an increase or decrease to the liability, with a corresponding increase or decrease to the carrying amount of the related asset.

VI. Income taxes

The Company recognizes the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences and unused tax losses will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecasted cash flows from proved and probable oil and gas reserves, as determined by the external reserve evaluator and the application of existing tax laws in the jurisdiction in which the Company operates.

VII. Business Combinations

The application of the Company's accounting policy for business combinations requires management to make certain judgments under IFRS 3 Business Combinations ("IFRS 3"), to determine whether the acquired assets meet the definition of a business combination or an asset

acquisition. Where an acquisition involves a group of assets and liabilities, and does not constitute a business, the acquirer must identify and recognize the individual assets acquired and liabilities assumed. The cost of the transaction is allocated to the assets acquired and liabilities assumed based on their relative fair values at the date of purchase.

5. CHANGING REGULATIONS

Regulations impacting climate and climate related matters are evolving constantly. In response to environmental, social and governance (“ESG”) and climate reporting The Canadian Sustainability Standards Board has issued Canadian Sustainability Disclosure Standards with the goal of developing sustainability standards that are globally consistent, comparable and reliable. The Canadian Securities Administrator continues to assess these standards and how they will apply to Canadian public entities. Management has considered the potential impact of evolving regulatory and sustainability-related requirements in its assessment of asset recoverability, decommissioning obligations and other significant accounting estimates. As at December 31, 2025, no such developments resulted in a present obligation or required adjustments to the Company’s financial statements.

6. PROPERTY, PLANT AND EQUIPMENT

	Petroleum and natural gas assets	Right of use assets	Power assets	Other assets	Total
Balance, January 1, 2024	1,508,405	4,918	24,458	4,410	1,542,191
Additions	27,999	-	13,898	11	41,908
Dispositions	(9,198)	(42)	-	-	(9,240)
Changes in decommissioning obligations	(7,119)	-	-	-	(7,119)
Balance, December 31, 2024	1,520,087	4,876	38,356	4,421	1,567,740
Additions	37,914	-	16,505	91	54,510
Additions of ROU assets	-	145	-	-	145
Dispositions	(20,265)	-	-	-	(20,265)
Changes in decommissioning obligations	(4,947)	-	-	-	(4,947)
Balance, December 31, 2025	1,532,789	5,021	54,861	4,512	1,597,183

	Petroleum and natural gas assets	Right of use assets	Power assets	Other assets	Total
Accumulated depletion, depreciation and impairment losses					
Balance, January 1, 2024	(1,056,901)	(3,810)	(1,113)	(4,312)	(1,066,136)
Provision for the period	(38,297)	(519)	(352)	(29)	(39,197)
Dispositions	2,191	23	-	-	2,214
Balance, December 31, 2024	(1,093,007)	(4,306)	(1,465)	(4,341)	(1,103,119)
Provision for the period	(43,528)	(446)	(352)	(35)	(44,361)
Dispositions	7,712	-	-	-	7,712
Balance, December 31, 2025	(1,128,823)	(4,752)	(1,817)	(4,376)	(1,139,768)

Carrying amounts	Petroleum and natural gas assets	Right of use assets	Power assets	Other assets	Total
January 1, 2024	451,504	1,108	23,345	98	476,055
December 31, 2024	427,080	570	36,891	80	464,621
December 31, 2025	403,966	269	53,044	136	457,415

Future development costs on reserves of \$461,052 (December 31, 2024 - \$401,858) were included in the depletion calculation. During the year ended December 31, 2025, the Company capitalized \$nil (2024 – \$134) in salary, wages and benefits that were directly related to developmental drilling activities.

Included in power assets are \$47,802 (December 31, 2024 - \$31,296) of costs related to projects under development that are not currently being depreciated as they have not been placed into operation yet.

2024 and 2025 Acquisitions and Dispositions

During the years ended December 31, 2024, and December 31, 2025 the Company completed several minor acquisitions and dispositions. The assets disposed of in the year ended December 31, 2024 had aggregate net book values of \$7,026; decommissioning obligations of \$11,170; and proceeds of disposition of \$1,560, resulting in an aggregate gain of \$5,704. The assets disposed in the period ended December 31 2025 had aggregate, net book values of \$12,553; exploration and evaluation net book values of \$502; decommissioning obligations of \$17,383, and proceeds of disposition of \$6,539, resulting in a aggregate gain of \$10,867.

Impairment assessment – 2024 and 2025

At December 31, 2024 and December 31, 2025, the Company assessed whether there were indicators of impairment or impairment reversal. The assessment for each CGU considered significant changes in the forecasted cash flows, reservoir performance, forecasted oil and natural gas commodity prices, forecasted future sales volumes, forecasted operating costs, forecasted royalty costs and forecasted future development costs. At December 31, 2024 and December 31, 2025 management determined that testing for impairment or impairment reversal was not required.

7. EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation assets consist of the Company’s exploration projects, which are pending the determination of proven or probable reserves.

Balance, January 1, 2024	4,847
Additions	564
Acquisitions	263
Lease expiries (i)	(724)
Impairment	(192)
Balance, December 31, 2024	4,758
Additions	629
Acquisitions	929
Dispositions	(502)
Lease expiries (i)	(150)
Balance, December 31, 2025	5,664

(i) Amounts recognized as exploration and evaluation expense.

8. BANK CREDIT FACILITIES

	Operating Facility	Term Facility
Amounts drawn	6,375	9,160
Unamortized financing costs	(574)	(179)
Carrying value	5,801	8,981
Current	5,801	8,981
Long-term	-	-

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

This first component is a \$15.0 million revolving operating line of credit (the “Operating Facility”) to be used for general corporate and working capital purposes. The ultimate maturity date of the Operating Facility is March 17, 2027.

The second component was a \$12.4 million term facility (“Term Facility”). The Term Facility was a single drawdown on the closing date of the credit agreement. The funds were used to repay in full the Company’s previously existing term debt balance of \$12.4 million. Mandatory repayments of the Term Facility of \$3,000 are required each fiscal quarter with the initial payment due and made on October 1, 2025. The maturity date of the Term Facility is March 17, 2027.

The third component is a \$27.6 million delayed draw term facility (“Delayed Draw Facility”). Proceeds from the Delayed Draw Facility may be drawn, at Journey’s option, to fund the Company’s Duvernay joint venture capital requirements. Journey is permitted a maximum of five drawdowns on this facility. Any amounts repaid or prepaid may not be re-borrowed. The final advance date on the Delayed Draw Facility is the day of the fifth draw down. Mandatory repayments of the Delayed Draw Facility of \$3,000 commence on the last banking day of each fiscal quarter commencing with the first full fiscal quarter following the earlier of the final advance date and March 17, 2026. The maturity date of the Delayed Draw Facility is the earlier of two years from the final advance date of the facility or March 17, 2028. As of December 31, 2025, no amounts have been drawn on this facility.

Until the repayment dates of the Term Facility and the Delayed Draw Facility, mandatory repayments are required on these facilities in an amount equal to 75% of excess cash flow for each fiscal quarter commencing with the fiscal quarter ending December 31, 2025. Excess cash flow is defined as consolidated earnings before interest, taxes, depreciation and amortization (“EBITDA”) for the period less: capital and decommissioning expenditures, cash lease payments, cash taxes, aggregate interest expense, mandatory or voluntary repayments of any term facility and any cash extraordinary or non-recurring losses.

Interest on all drawn amount under the facilities is payable monthly at a rate determined based on a pricing grid from the Canadian Prime, U.S. Base, Canadian Overnight Repo Rate Average (“CORRA”), and Secured Overnight Financing Rate (“SOFR”) plus a range of 2% to 7% depending on the type of facility, the base rate, and the Company’s consolidated net debt to EBITDA ratio.

All credit facilities may be extended annually subject to lender approval, with a 364 day term-out period if not renewed. The credit facilities are subject to a semi-annual borrowing base review and redetermination in May and November. The credit facilities have the following financial covenants:

- i) Consolidated net debt to EBITDA ratio as at the end of each fiscal quarter commencing with the full fiscal quarter following the closing date will not be greater than 2.00:1.00.
- ii) Fixed charge coverage ratio at the end of each fiscal quarter will not be less than 2.00:1.00.

Covenant ratio	December 31, 2025	Threshold	Compliance
Net debt to EBITDA	0.68	Not greater than 2.00:1.00	Met
Fixed charge coverage	4.98	Not less than 2.00:1.00	Met

(1) The covenants do not have standardized meanings under IFRS Accounting Standards and are calculated in accordance with the definitions in the credit agreements, as described further below.

(2) The net debt used in the covenant calculation primarily includes bank debt, convertible debentures, other borrowings and the working capital deficit, if any. Net debt excludes derivative financial instrument assets and liabilities which are not due and owing at the calculation date and the lease liabilities.

(3) EBITDA is defined as net income, plus or minus as required: tax expense; cash interest expense to the extent deducted in determining net income; depletion, depreciation and other amortization charges; mark-to market gains and losses on financial instruments; share based compensation; and gains and losses on dispositions. The definition of EBITDA is on a 12- month trailing basis, subject to adjustment for certain acquisitions or dispositions in excess of a threshold amount to give effect to the transaction as if it occurred at the beginning of the calculation period, among other potential adjustments.

(4) The fixed charge coverage ratio is calculated as the ratio of trailing twelve months EBITDA over the trailing twelve months scheduled principal repayments of debt and interest.

There are also non-financial covenants that the Company must maintain that are generally related to good operating and financial practices that are standard in the industry. At December 31, 2025 Journey is in compliance with all financial and non-financial covenants under the credit agreement.

Prior to the extinguishment of the Company's previous term debt, the Company made principal repayments of \$5.8 million in 2025 of the balance outstanding from December 31, 2024.

9. 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 principal 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 principal 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 principal balance. The loan was secured by certain oil and natural gas properties acquired from the vendor. On March 21, 2024, the remaining outstanding amount of the VTB loan was repaid in full.

b) Government loan

As part of the Canadian federal and provincial government's COVID assistance plans, Journey received two partially forgivable, emissions reduction based, interest free loans.

The table below summarizes the activity for these loans:

	\$
Balance at January 1, 2024	17,419
Government loan	(2)
Repayments of vendor take back loan	(17,000)
Balance at December 31, 2024	417
Government loan	(42)
Balance at December 31, 2025	375
Expected to be paid within one year	375
Expected to be paid beyond one year	-

10. 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, net of tax	-	(1,317)	(67)
Accretion	-	440	-
Deferred income tax liability	-	-	(538)
Balance at December 31, 2024	38,000	34,782	1,736
Accretion	-	614	-
Balance at December 31, 2025	38,000	35,396	1,736

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

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

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

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

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

11. DECOMMISSIONING LIABILITIES

The Company's decommissioning liabilities result from the net ownership interests of petroleum and natural gas assets, which includes well sites, pipelines, processing facilities, oil batteries, and power generation facilities. The Company estimates the total undiscounted, un-escalated amount of cash flows required to settle its decommissioning liabilities at December 31, 2025 to be \$216,321 (December 31, 2024 - \$236,453) the majority of which, will be incurred at various times between 2026 and 2059. The present value of the future liability at December 31, 2025 has been calculated using an inflation rate of 2.0% (2024 - 1.8%) for the estimated costs and then discounted using the risk free rate of 3.9% (2024 - 3.3%). As at December 31, 2025, 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 liabilities during the years ended December 31, 2025 and 2024 were as follows:

	December 31, 2025	December 31, 2024
Balance, beginning of period	163,026	182,837
Obligations acquired	112	376
Obligations disposed	(17,383)	(11,470)
Obligations settled	(7,717)	(7,175)
New development activity	153	447
Revisions to estimates	11,798	2,118
Changes in discount rates	(17,009)	(9,742)
Accretion	5,389	5,635
Balance, end of period	138,369	163,026
Expected to be settled within one year	8,244	6,026
Expected to be settled beyond one year	130,125	157,000

12. LEASE OBLIGATIONS

The Company has various lease contracts in place for office equipment, office buildings and field vehicles. Journey's lease obligations and corresponding Right-of-Use ("ROU") assets are recognized initially based on the present value of the remaining lease payments, except for certain short-term leases which have been charged to general and administrative expenses or operating expenses, as appropriate depending on the nature of the lease, in the Consolidated Statements of Net Income and Comprehensive Income. The present value of Journey's lease obligations at the respective year ends was:

	Total
Balance, January 1, 2024	1,708
Dispositions	(21)
Lease payments	(660)
Accretion	167
Balance, December 31, 2024	1,194
Additions	144
Lease payments	(806)
Accretion	89
Balance, December 31, 2025	621
Expected to be settled within one year	545
Expected to be settled beyond one year	76

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 December 31, 2025 was \$647 (December 31, 2024 - \$1,282).

13. SHARE CAPITAL

Journey has an unlimited number of voting common shares that are authorized for issuance. Each common share is transferable, carries the right to one vote and represents an equal undivided beneficial interest in any dividends from the Company and in the assets in the event of termination or winding up of the Company. The common shares have no par value and are all of the same class with equal rights and privileges. In addition, the Company has an unlimited number of preferred shares with no par value authorized for issuance. Currently, there are no preferred shares outstanding.

	Common Shares (#)	Share Capital (\$)
Balance, January 1, 2024	61,350	367,758
Warrant exercise	5,000	800
Issued on SPSU's, PPSU's and RSU's vesting	757	(569)
Balance, December 31, 2024	67,107	367,989
Issued on SPSU's, PPSU's and RSU's vesting	374	3,191
Balance, December 31, 2025	67,481	371,180

On August 22, 2025, Journey announced it received approval from the Toronto Stock Exchange ("TSX") to undertake a renewal of its proposed normal course issuer bid ("NCIB") to purchase up to 3,400,000 common shares. The NCIB renewal commenced on August 26, 2025 and terminates on August 25, 2026. All common shares purchased under the NCIB will be cancelled, subject to TSX NCIB rules. Throughout 2025, there were no repurchases of share capital under the NCIB that occurred.

14. SHARE BASED COMPENSATION

The shareholders of Journey have approved a share based compensation plan which allows for up to 10% of the common shares outstanding to be reserved for issuance under the plan. Below are the incentives currently outstanding under the share based compensation plan.

a) Restricted stock units ("RSU's")

RSU's issued vest fifty percent on the second anniversary of issuance, and fifty percent will vest on third anniversary of the issuance date. Upon vesting, the RSU's are settled by Journey by either issuing the employee shares from treasury or by way of cash payment. The method of settlement is at the sole discretion of the Company. The fair value of the RSU's is determined by Journey's share price on the date of grant. During the year ended December 31, 2025, \$1,705 (2024 – \$2,039) was charged to share based compensation expense in respect of the RSU's.

The following table summarizes the change in the RSU's outstanding:

	Number of RSU's
Balance at January 1, 2024	1,174
Granted	738
Settled	(538)
Forfeited	(40)
Balance at December 31, 2024	1,334
Granted	613
Settled	(414)
Forfeited	(59)
Balance at December 31, 2025	1,474

Of the outstanding balance of RSU's at December 31, 2025, 525 vest on October 1, 2026; 645 vest on October 1, 2027; and 304 vest October 1, 2028.

b) Peer performance stock units ("PPSU's")

The PPSU's issued vest on the third anniversary of the issue date. PPSU's have a performance multiplier relating to the Company's share price performance relative to an established group of peer companies. This feature is dependent on market conditions, and therefore is required to be incorporated into the measurement of the fair value on the grant date. During the year ended December 31, 2025 \$681 (2024 – \$574) was charged to share based compensation expense. The settlement method is at the sole discretion of the Company in either cash or shares issued from treasury.

The following table summarizes the changes in the PPSU's outstanding:

	Number of PPSU's
Balance at January 1, 2024	427
Granted	278
Settled	(113)
Forfeited	(17)
Balance at December 31, 2024	575
Granted	265
Settled	(147)
Forfeited	(20)
Balance at December 31, 2025	673

Of the December 31, 2025 balance of PPSU's outstanding, 139 vest in October 1, 2026; 269 vest October 1, 2027; and 265 vest October 1, 2028.

c) Share performance stock units ("SPSU")

The SPSU's issued vest on third anniversary of the issue date. SPSU's have a performance multiplier relating to the Company's share price performance relative to an established reference price. This feature is dependent on market conditions, and therefore is required to be incorporated into the measurement of the fair value on the grant date. During the year ended December 31, 2025 \$681 (2024 – \$574) was charged to share based compensation expense. The settlement method is at the sole discretion of the Company in either cash or shares issued from treasury.

The following table summarizes the changes in the SPSU's outstanding:

	Number of SPSU's
Balance at January 1, 2024	427
Granted	278
Settled	(113)
Forfeited	(17)
Balance at December 31, 2024	575
Granted	265
Settled	(147)
Forfeited	(20)
Balance at December 31, 2025	673

Of the December 31, 2025 balance of SPSU's outstanding, 139 vest in October 1, 2026; 269 vest October 1, 2027; and 265 vest October 1, 2028.

d) Employee Share Ownership Plan (“ESOP”)

The ESOP plan provides for contributions by Journey equal to one times the participating employee’s contribution. The maximum contribution by any employee is 5% of their base salary. The employee and the employer contributions are used to purchase Journey shares in the public market. Company contributions are expensed under general and administrative expense.

15. FINANCE EXPENSE

Finance expense is comprised of the following:

	2025	2024
Interest and bank fees	5,882	6,746
Accretion of lease obligations	89	167
Accretion of decommissioning liabilities	5,389	5,635
Accretion of term and bank debt	1,432	512
Accretion of convertible debentures	614	440
Finance expense	13,406	13,500

16. INCOME TAXES

The provision for income tax reflects an effective rate, which differs from the expected, statutory, federal and provincial income tax rates. Differences between the statutory rate and the effective rate for the years ended December 31, 2025 and 2024 are reconciled as follows:

	2025	2024
Net income before income taxes	27,681	7,180
Expected statutory tax rate	23.00%	23.00%
Expected income tax expense	6,367	1,651
Increase (decrease) in income taxes resulting from:		
Non-deductible expenses	6	13
Share based compensation	(40)	304
Flow-through share expense	-	1,615
True-up of tax pools on filing	-	161
Change in unrecognized deferred tax asset	(4,574)	(403)
Future income tax expense	1,759	3,341
Flow-through share premium	-	(1,305)
Total income tax expense	1,759	2,036

Deferred income tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized. The estimation of future taxable profit was based primarily on the projected cash flows from the reserve report prepared by Journey’s independent reserve evaluators at each year end. As a result, the deferred tax asset was re-evaluated and \$4,574 (2024 - \$403) of deferred tax assets were recognized.

The movements in deferred income tax assets (liabilities) were as follows:

	Balance December 31, 2024	Recognized in comprehensive income	Recognized in equity	Balance December 31, 2025
Property, plant and equipment and E&E	(45,377)	6,189	-	(39,188)
Decommissioning obligations	37,496	(5,671)	-	31,825
Convertible debentures	(740)	141	-	(599)
Term debt	(1)	1	-	-
Leases	275	(132)	-	143
Financial derivatives	-	(234)	-	(234)
Non-capital losses	84,726	(1,812)	-	82,914
Share based compensation	343	278	135	756
Debt issue costs	1,425	(389)	-	1,036
Share issue costs	329	(130)	-	199
Deferred tax asset	78,476	(1,759)	135	76,852

	Balance December 31, 2023	Recognized in comprehensive income	Recognized in equity	Balance December 31, 2024
Property, plant and equipment and E&E	(44,702)	(675)	-	(45,377)
Decommissioning obligations	42,053	(4,557)	-	37,496
Convertible debentures	-	(202)	(538)	(740)
Term debt	(31)	30	-	(1)
Leases	393	(118)	-	275
Non-capital losses	83,286	1,440	-	84,726
Share based compensation	631	(109)	(179)	343
Debt issue costs	430	995	-	1,425
Share issue costs	454	(145)	20	329
Deferred tax asset	82,514	(3,341)	(697)	78,476

The Company has approximately \$360,495 (2024 - \$368,374) in non-capital losses available for carry forward, which will expire at various times between 2031 and 2041.

17. PER SHARE AMOUNTS

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

	2025	2024
Net income and comprehensive income	25,922	5,144
Weighted average shares - basic	67,193	62,366
Weighted average shares - diluted	67,844	63,049
Net income per share – basic	0.39	0.08
Net income per share – diluted	0.38	0.08

The basic net income per share is calculated by dividing the net income attributable to the shareholders of the Company by the weighted average number of common shares outstanding for the period. For the year ended December 31, 2025 outstanding RSU's, SPSU's, PPSU's and warrants of 651 (December 31, 2024 – 683) were added to the weighted average common shares for diluted shares outstanding. The impact of the issuance of the convertible debentures for the year ending December 31, 2025, have an anti-dilutive effect and were therefore excluded from the calculation of diluted shares.

18. FINANCIAL INSTRUMENTS

(a) Designation and valuation of financial instruments

Journey has designated its financial instruments as follows:

	December 31, 2025		December 31, 2024	
	Carrying value	Estimated fair value	Carrying value	Estimated fair value
Amortized cost				
Accounts receivable	24,639	24,639	25,458	25,458
Other receivable	-	-	619	619
Accounts payable and accrued liabilities	(31,519)	(31,519)	(41,177)	(41,177)
Other loans	(375)	(375)	(417)	(417)
Bank debt	(5,801)	(5,801)	-	-
Term debt	(8,981)	(8,981)	(18,248)	(18,248)
Convertible debentures liability	(35,396)	(35,396)	(34,782)	(34,782)
Fair value through profit and loss				
Financial derivatives	1,018	1,018	-	-

Journey's financial instruments recognized in the Consolidated Statement of Financial Position consist of cash, accounts receivable, other receivable, financial derivative contracts, accounts payable, bank debt, term debt, other loans, and the liability component of the convertible debentures. The carrying value of the accounts receivable, other receivable, accounts payable and accrued liabilities approximates their fair value at December 31, 2025 due to their short-term nature. The fair value of the bank debt, term debt, other loans, and liability component of the convertible debentures approximate the carrying value as current credit adjusted rates approximate the effective interest rates applied to the loans (level 2 inputs). The fair value of the financial derivative commodity contracts are based upon level 2 inputs. The derivative contracts are valued by the financial intermediary with whom the transactions were completed and tested by management for reasonableness based on current prices and market data.

(b) Derivative contracts

Journey is exposed to commodity price risk on its production of oil, natural gas and natural gas liquids.

As at December 31, 2025, the Company had financial derivative contracts in place. The current fair value of these contracts results in a \$1,333 financial asset, while the long term fair value is a \$315 financial liability.

The gain (loss) on derivative contracts for the years ended December 31, 2025 and 2024 periods ended were as follows:

	2025	2024
Unrealized gain on derivative contracts	1,018	-
Realized gain on derivative contracts	875	-
Total	1,893	-

(c) Risks

Commodity price risk

Due to the volatility of commodity prices, the Company is exposed to adverse consequences in the event of declining prices. The Company entered financial derivative petroleum and natural gas contracts in order to partially protect its cash flow on future sales as part of a covenant in the credit facility agreement. These contracts reduce the fluctuation in sales prices by locking in prices with respect to future deliveries of petroleum and natural gas on the contracted volumes.

Credit risk

A substantial portion of Journey's accounts receivable is with oil and gas 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:

	2025	2024
Accounts receivable	24,639	25,458
Other receivable	-	619

Management has determined the provision for uncollectable accounts as at December 31, 2025 to be \$857 (2024 - \$833). Accounts receivable balances with third parties in excess of 90 days are \$2,822 (2024 - \$2,714).

The continuity of the Company's reserve for doubtful accounts for the years ended December 31 is as follows:

	2025	2024
Allowance for doubtful accounts, January 1	833	937
Amounts recovered (written off)	(666)	(201)
Changes to provision	690	97
Allowance for doubtful accounts, December 31	857	833

Interest rate risk

The Company's convertible debentures bear interest at a fixed rate. The Company's credit facility loans bear interest depending on the Company's Consolidated Net Debt to EBITDA ratio and as well varies depending on the current Canadian Prime, U.S. Base, CORRA, and SOFR rates.

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.

Liquidity risk

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

The Company has a credit facility with a \$55 million borrowing base (Note 8). The Company continues to make progress in reducing its overall net debt position primarily using the cash generated from operations. Commodity prices and the general economic environment continue to be volatile, increasing the risk that cash flow from operations could decline, which could result in Journey being unable to fund upcoming debt maturities. Journey is dependent on current commodity pricing to enable it to generate cash flow necessary to fund debt principal repayments and interest as they fall due. Journey also commenced a hedging program to secure minimum realized sales prices, which in turn will assist with debt repayments.

The following table details Journey's financial liabilities as at December 31, 2025:

	Total	< 1 year	1-3 years	4-5 years
Accounts payable and accrued liabilities	31,519	31,519	-	-
Bank debt	5,801	5,801	-	-
Term debt	8,981	8,981	-	-
Interest on term debt	250	250	-	-
Other loans	375	375	-	-
Financial derivatives	315	-	315	-
Convertible debentures	35,396	-	-	35,396
Interest on convertible debentures	13,638	3,895	7,801	1,942
Natural gas transportation	2,418	1,279	828	311
Operating leases (non-lease components)	1,310	1,310	-	-
Total financial liabilities	100,003	53,410	8,944	37,649

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

	Total	< 1 year	1-3 years	4-5 years
Accounts payable and accrued liabilities	41,177	41,177	-	-
Term debt	18,248	18,248	-	-
Interest on term debt	743	743	-	-
Other loans	417	108	309	-
Convertible debentures	34,782	-	-	34,782
Interest on convertible debentures	17,533	3,895	7,790	5,848
Natural gas transportation	2,836	1,712	1,106	18
Operating leases (non-lease components)	2,679	1,613	1,066	-
Total financial liabilities	118,415	67,496	10,271	40,648

19. SUPPLEMENTAL CASH FLOW INFORMATION

a) Changes in non-cash working capital

Sources (uses) of funds:	2025	2024
Accounts receivable	819	(724)
Prepaid expenses and deposits	(5,459)	1,039
Other receivable	619	(619)
Accounts payable and accrued liabilities	(9,658)	(6,037)
	(13,679)	(6,341)
Relating to:		
Operating activities (i)	(12,420)	(8,744)
Investing activities	(1,259)	2,403
	(13,679)	(6,341)

- (i) Excluded in the changes in operating non-cash working capital on the statement of cash flows is \$457 for the year ended December 31, 2025 in relation to prepaid amortization of deferred financing charges. These expenses have been included in the non-cash financing charges of the operating activities in the statement of cash flows.

b) *Supplementary cash flow information*

	2025	2024
Interest paid	5,662	5,966

c) *Sales by product type*

	2025	2024
Crude oil	155,897	165,119
Natural gas (i)	19,672	14,074
Natural gas liquids	18,924	17,956
Petroleum and natural gas sales	194,493	197,149

- (i) During 2025, Journey entered into certain fixed-price physical natural gas delivery contracts as part of its commodity price risk management strategy. Revenue recognized from these physical gas contracts is included with the natural gas sales line item. The fixed pricing provided under these contracts results in revenue that may differ from prevailing market prices at the time of delivery. The Company also had power revenues of \$740 recorded in Other Income for the year ended December 31, 2025 (\$1,525 for the year ended December 31, 2024).

d) *Employee compensation costs*

Journey's Statement of Comprehensive Income is prepared primarily by nature of expense, with the exception of employee compensation costs, which are included in property, plant, and equipment, share-based compensation and general and administrative expenses.

The following table details the amount of total employee compensation costs included in property, plant and equipment, share-based compensation and general and administrative expenses:

	2025	2024
General and administrative expense	9,055	11,031
Share based compensation expense ¹	3,966	3,756
Property, plant and equipment	-	134
Total employee compensation costs	13,021	14,921

1. Share based compensation expense consists of the amortization of share-based compensation expense plus the cash payment for the settlement of tax withholdings upon vesting of long-term incentives.

20. RELATED PARTY TRANSACTIONS

The Company considers its directors and executives to be key management personnel. Compensation for these individuals is comprised of the following:

	2025	2024
Salaries and wages	2,702	2,930
Short-term employee benefits	190	168
Share based payments (i)	1,324	1,536
Total related party compensation	4,216	4,634

- (i) These amounts represent the amortization of share-based compensation associated with the Company's share based compensation plans.
- (ii) As at December 31, 2025 there were twelve (2024 – twelve) individuals that were considered key management personnel.
- (iii) At December 31, 2025 there was a \$4,461 commitment (2024 - \$4,209) relating to a termination of employment for key management personnel with employment contracts.

The related party transactions above were recorded at the above disclosed exchange amounts.

21. COMMITMENTS AND CONTINGENCIES

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, are expected to have a significant impact on the Company's Consolidated Financial Statements.

(a) Contractual obligations

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 future cash obligations that the Company must pay under the terms of the contracts.

	Total	< 1 year	2-3 years	4-5 years
Natural gas transportation	2,418	1,279	828	311
Leases, including non-lease components	1,310	1,310	-	-
Total	3,728	2,589	828	311

(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 related to this having a potentially material adverse effect on the Company as a whole.

22. CAPITAL MANAGEMENT

Journey manages its capital structure with the goal of maintaining flexibility to respond to changing economic conditions, commodity prices, and the risk profiles of its assets. Journey has the ability to adjust its capital structure through various means, including issuing new shares and debt, repurchasing shares or debt, or changing capital expenditures relative to adjusted funds flow. Journey has established a long-term net debt target of less than 1.0 times adjusted funds flow, annualized for the current quarter. While the actual ratio may fluctuate on a quarterly basis due to factors such as facility outages, commodity price changes, capital expenditures, and the timing of acquisitions and dispositions, Journey actively monitors these variables to manage its capital structure effectively. As of December 31, 2025, Journey's net debt was 0.8 times its annualized fourth quarter adjusted funds flow (December 31, 2024 – 1.4 times). This ratio represents the number of years it would take to pay off the net debt if no additional capital expenditures were made and adjusted funds flow remained consistent.

Management views the capital structure to be comprised of working capital (current assets less current liabilities, but excluding the fair value of other liability, derivative contracts and decommissioning liabilities), share capital, term-debt, convertible debentures, and other loans. The Company's key objectives when managing its capital structure are to: 1) meet its financial obligations as they come due; 2) to ensure sufficient financial flexibility to achieve its continuing business objectives including the replacement of production, funding future growth opportunities, expanding its developing power business, and the pursuit

of accretive acquisitions; and 3) to repay its borrowings at their maturity dates (or renegotiate existing debt agreements upon acceptable commercial terms). To accomplish this Management strives to optimize its cost of capital while at the same time managing its leverage. To manage its capital structure Journey may issue equity or term-debt, convertible debentures, adjust discretionary capital spending, use its credit facility, or dispose of non-core assets.

The Company's primary source of funds is cash provided from operating activities. As of December 31, 2025, Journey had \$1,541 of cash on hand. Management believes the Company is positioned to execute on its future strategic growth plans, including funding debt payments as they come due. Future exploration and development capital expenditures are expected to be mainly funded through cash generated from operating activities.

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. The budget is updated quarterly for acquisition and divestiture activity as needed; changes in commodity prices; and drilling results. Given the volatile commodity price environment, which is significantly impacted 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. Journey's approach ensures its capital structure aligns with both short-term operational needs and long-term strategic goals, balancing liquidity with flexibility to support growth opportunities while maintaining financial strength.

Adjusted funds flow

Journey considers adjusted funds flow to be a key measure that provides a more comprehensive view of the company's ability to generate cash flow necessary for financing capital expenditures, meeting asset retirement obligations, and fulfilling its financial commitments. Adjusted funds flow is calculated by adjusting cash flow from operating activities to exclude changes in non-cash working capital and asset retirement expenditures. Management believes these elements are subject to timing variations in collection, payment, and occurrence. By excluding them, management is able to provide a more meaningful performance measure of Journey's ongoing operations. Specifically, expenditures on asset retirement obligations may fluctuate depending on the company's capital programs and the maturity of its operating areas, while environmental remediation recovery is tied to an infrequent incident that management does not expect to recur regularly.

The settlement of decommissioning obligations is managed through Journey's capital budgeting process, which incorporates the available adjusted funds flow. A reconciliation of adjusted funds flow is presented in the following table:

	Three months ended,	
	2025	2024
Cash flow provided by operating activities	12,752	13,121
<u>Add (deduct):</u>		
Changes in non-cash working capital	(350)	(5,399)
Transaction costs	-	-
Decommissioning costs incurred	2,615	3,229
Adjusted Funds Flow¹	15,017	10,951

(1) Adjusted funds flow as presented does not have any standardized meaning prescribed by IFRS Accounting Standards and therefore it may not be comparable with the calculation of similar measures of other entities. Management considers adjusted funds flow to be a capital management measure.

Net debt

Net debt is used by management to provide a more comprehensive understanding of Journey's capital structure and to assess the Company's liquidity. Journey calculates net debt by considering cash, accounts receivable, prepaid expenses, accounts payable and accrued liabilities, short and long-term debt (the Credit Facility), senior unsecured notes, convertible debentures and other liabilities. Management uses total market capitalization and the ratio of net debt to annualized adjusted funds flow for the current quarter to analyze balance sheet strength and liquidity. The following is a summary of total market capitalization, net

debt, annualized current quarter adjusted funds flow, and net debt to annualized current quarter adjusted funds flow:

	2025	2024
Principal amount of term debt	9,160	18,248
Principal amount of bank debt	6,375	-
Principal amount of convertible debentures	38,000	38,000
Accounts payable and accrued liabilities	31,519	41,177
Other loans	375	417
<u>Deduct:</u>		
Cash in bank	(1,541)	(8,213)
Accounts receivable	(24,639)	(25,458)
Prepaid expenses	(8,691)	(3,232)
Other receivable	-	(619)
Net debt¹	50,558	60,320
Annualized current quarter adjusted funds flow	60,068	43,804
Net debt to annualized current quarter adjusted funds flow	0.8	1.4

(1) Net debt as presented does not have any standardized meaning prescribed by IFRS Accounting Standards and therefore it may not be comparable with the calculation of similar measures of other entities. Management considers net debt to be a capital management measure.

23. SUBSEQUENT EVENTS

The following financial instruments were entered into subsequent to December 31, 2025:

Commodity	Contract	Volume	Reference Price	Strike	Term
Crude Oil	Collar	750	WTI Nymex	\$72.50-\$98 CAD	Apr 1, 2026 to Dec 31, 2026
Crude Oil	Collar	750	WTI Nymex	\$60-\$72.15 USD	Apr 1, 2026 to Sep 30, 2026
Crude Oil	Swap	500	WTI Nymex	\$67.57 USD	Apr 1, 2026 to Dec 31, 2026
Crude Oil	Collar	300	WTI Nymex	\$61.55-\$75 USD	Apr 1, 2026 to Mar 31, 2027
Crude Oil	Swap	750	WTI Nymex	\$75 USD	Apr 1, 2026 to Jun 30, 2026