

Journey Energy Inc. Provides Banking Update

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CALGARY, May 31, 2020 - [Journey Energy Inc.](#) (JOY – TSX; JRNGF - OTCQX) ("Journey" or the "Company") announced an extension to its forbearance agreement with its banking syndicate.

Journey previous reported on April 24 that it entered into a forbearance agreement with its syndicate of lenders in response to the impact of the COVID-19 pandemic on its cash flows. The forbearance agreement was for a period of 30 days, ending on May 29, 2020. Journey is pleased to report that it has reached an agreement with the syndicate to extend the current forbearance until June 30, 2020. The extension of the forbearance period will allow Journey to keep pursuing a solution to the decline in its borrowing base with its banks. The reserves-based lending values have declined due to the dramatic and unprecedented decline in world oil prices resulting from the COVID-19 pandemic and the subsequent Saudi-Russia oil price war. The decline in oil prices has resulted in a corresponding decline in cash flows for the Company and in turn, its reserves-based lending values.

The extension to the forbearance agreement includes holding the bank line at a maximum of \$77 million until the termination of the agreement on June 30, 2020, at which time the forbearance will be re-evaluated. During the intervening period, Journey will continue its evaluation and pursuit of the Federal Government backed loan support programs for the oil and gas sector announced on April 17, 2020. No definitive criteria has been passed on to the Company as of yet from the Business Development Bank of Canada and Export Development Canada, who are the administrators of the programs. In addition, Journey continues to evaluate potential acquisition and divestment opportunities with the intent of making the company more sustainable going forward.

Outlook

Over the past ten weeks, Journey has shut-in approximately 1,500 boe/d (73% oil and NGL) in ten different fields with the majority of these fields being in the head office area. Journey has been able to bring back on-line the majority of these structures. Commodity prices have strengthened over the last month and this improvement in pricing has provided a more constructive operating environment. In turn, this will allow Journey to bring the majority of shut-in volumes back on-line during the month of June, subject to acceptable marketing arrangements. Journey will continue to monitor prices and upon further price strengthening, the remainder of the shut-in production will be brought back on-line. Journey has moved swiftly and decisively to implement cost cutting measures. Even with the shut-in volumes being brought on-line, Journey still expects significant cost savings in the head office field this year. The cost savings Journey achieved in the head office will continue as the additional production volumes offset incremental general and administrative costs from the previously reduced level. Journey continues to avail itself of the Canadian Emergency Wages Subsidy government program which has now been extended to August 31 by the Federal Government.

About the Company

Journey is a Canadian exploration and production company focused on oil-weighted operations in western Canada. Journey's strategy is to grow its production base by drilling on its existing core lands, implementing waterflood projects, and by executing accretive acquisitions. Journey seeks to optimize its legacy oil pools on existing lands through the application of best practices including horizontal drilling and, where feasible, with water floods. Journey is also in the early phases of advancing development of its unconventional shale resource play in the oil window of the Duvernay, in the western shale basin of our central core area.

FORWARD LOOKING STATEMENTS AND OTHER ADVISORIES

Information in this press release that is not current or historical factual information may constitute forward-looking information within the meaning of securities laws, which involves substantial known and unknown risks and uncertainties, most of which are beyond the control of Journey, including, without limitation, those listed under "Risk Factors" and "Forward Looking Statement" in the Annual Information Form filed on [www.SEDAR.com](#) on March 30, 2020. Forward-looking information may relate to Journey's future outlook and anticipated events or results and may include statements regarding the business strategy and plans and objectives. Particularly, forward-looking information in this press release includes, but is not limited to, information concerning Journey's drilling and other operational plans, production rates, the benefits of lease extensions resulting from shut ins, non-core asset dispositions, the temporary nature of staff and compensation reductions and the potential for further financial support by Journey's banking syndicate. Journey cautions investors in Journey's securities about important factors that could cause Journey's actual results to differ materially from those projected in any forward-looking statements included in this press release.

Information in this press release about Journey's prospective funds flows and financial position is based on assumption future events, including economic conditions and courses of action, based on management's assessment of the relevant information currently available. Readers are cautioned that information regarding Journey's financial outlook should not be relied upon for purposes other than those disclosed herein. Forward-looking information contained in this press release is based on estimates, expectations and projections, which Journey believes to be reasonable as of the current date. No assurance can be given that the expectations set out herein will prove to be correct and accordingly, you should not place undue importance on forward-looking information and should not rely upon this information as of any other date. While we may elect to, we are under no obligation and do not undertake to update this information at any particular time except as required by applicable securities laws.

Readers are cautioned that the above list of risks and factors are not intended to be exhaustive. Additional information and other factors that could affect operating and financial results are, or will be, included in reports filed with the applicable securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com).

Abbreviations

boe	barrels of oil equivalent
boe/d	barrels of oil equivalent per day
NGL	natural gas liquids

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

SOURCE [Journey Energy Inc.](#)

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