

Journey Energy Inc. Updated Corporate Presentation

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CALGARY, Sept. 9, 2022 - [Journey Energy Inc.](#) (TSX: JOY) (OTCQX: JRNGF) ("Journey" or the "Company") reports that it has updated its Corporate Presentation and has posted the presentation on its website at www.journeyenergy.ca. Alex Vermeulen, Journey's President and CEO, will be presenting at the Peters and Company Energy Conference at 3:40 PM Eastern Standard Time on Tuesday September 13, 2022. The presentation will be webcast and a link to the recording of this presentation will be posted to Journey's website as soon as it is available.

On July 28, 2022 Journey announced its intention to enter into a significant transformative acquisition (the "Acquisition"). In preparing this presentation Journey has taken the opportunity to refine its corporate guidance, post preliminary pro-forma results, present a 2023 first look, and update changes to current hedges.

Although the 2022 year-end debt projections and exit rates are essentially unchanged, 2022 average production and Adjusted Funds Flow have been updated. The primary influences pertaining to the guidance adjustments are:

- revising the forecasted closing date for the Acquisition from October 1 to November 1;
- phasing of capital expenditures to later in 2022 in order to ensure sufficient cash reserves are available at closing in an uncertain commodity price environment;
- deferring approximately \$4 million of capital projects into 2023 from 2022; and
- minor third quarter production curtailments associated with NGTL's maintenance related mainline restrictions.

Journey has also presented a preliminary review of its pro-forma reserves using an effective date of November 1, 2022. This preliminary review was performed by Journey's independent evaluator, GLJ Petroleum Consultants Ltd., and is subject to the disclosures highlighted in the presentation. The review utilizes the three consultant's average price deck as of July 1, 2022, November 1, 2022, and post-closing of the Acquisition. Journey forecasts having approximately \$108 million of net debt and 1.1 billion common shares outstanding. Based on these assumptions Journey's per share net asset value will have increased by approximately 100% since December 31, 2021. Journey's proved, developed, producing NPV@10% will have increased by approximately 100% per basic common share under these assumptions.

Journey also provided a first look for 2023 based upon its projected year-end 2022 forecast net debt and exit sales volume. Journey's 2023 forecast incorporates a capital budget of approximately \$75 million, \$15 million of which is allocated to the completion of a 15.5 megawatt power project in Gilby. Assuming an \$85 US/bbl average WTI price, Journey is currently forecasting growth in both production and Adjusted Funds Flow per common share of approximately 30% in 2023 over 2022. Journey's forecasted exit net debt of \$88-92 million in 2022 is projected to decline to \$3-9 million by the end of 2023. Journey has provided updated sensitivities in its 2023 first look.

The business plan for 2023 is preliminary in nature and will be updated prior to the end of 2022. Journey continuously seeks opportunities to expand our base business plan in order to enhance value for shareholders. Management looks forward to updating you regularly on its progress.

Advisories:
Barrel of Oil Equivalents and Volumes

Where amounts are expressed in a barrel of oil equivalent ("boe"), or barrel of oil equivalent per day ("boe/d"), natural gas volumes have been converted to barrels of oil equivalent at six (6) thousand cubic feet ("Mcf") to one (1) barrel. Use of the term "barrel of oil equivalent" is potentially misleading particularly if used in isolation. The boe conversion ratio of 6 Mcf to 1 barrel ("Bbl") of oil or natural gas liquids is based on an energy equivalency conversion methodology primarily applicable at the burner tip, and does not represent a value equivalency at the wellhead. This conversion conforms to the Canadian Securities Regulators' National Instrument 51-101, Standards of Disclosure for Oil and Gas Activities.

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

ADVISORIES

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

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

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

This press release contains future-oriented financial information and financial outlook information (collectively, "FOFI") about Journeys prospective results of operations, funds flow, netbacks, debt, payout ratio well economics and components thereof, all of which are subject to the same assumptions, risk factors, limitations and qualifications as set forth in the above paragraphs. FOFI contained in this press release was made as of the date of this press release and was provided for providing further information about Journey's anticipated future business operations. Journey disclaims any intention or obligation to update or revise any FOFI contained in this press release, whether as a result of new information, future events or otherwise, unless required pursuant to applicable law. Readers are cautioned that the FOFI contained in this press release should not be used for purposes other than for which it is disclosed herein. Information in this press release that is not current or historical factual information may constitute forward-looking information within the meaning of securities laws, which involves substantial known and unknown risks and uncertainties, most of which are beyond the control of Journey, including, without limitation, those listed under "Risk Factors" and "Forward Looking Statements" in the Annual Information Form filed on www.SEDAR.com on March 31, 2022. Forward-looking information may relate to the future outlook and anticipated events or results and may include statements regarding the business strategy and plans and objectives. Particularly, forward-looking information in this press release includes, but is not limited to, information concerning Journey's drilling and other operational plans, production rates, and long-term objectives. Journey cautions investors in Journey's securities about important factors that could cause Journey's actual results to differ materially from those

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

Non-IFRS Measures

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

(1) "Adjusted Funds Flow" is calculated by taking "cash flow provided by operating activities" from the financial statements and adding or deducting: changes in non-cash working capital; non-recurring "other" income; transaction costs; and decommissioning costs. Adjusted Funds Flow per share is calculated as Adjusted Funds Flow divided by the weighted-average number of shares outstanding in the period. Because Adjusted Funds Flow and Adjusted Funds Flow per share are not impacted by fluctuations in non-cash working capital balances, we believe these measures are more indicative of performance than the GAAP measured "cash flow generated from operating activities". In addition, Journey excludes transaction costs from the definition of Adjusted Funds Flow, as these expenses are generally in respect of capital acquisition transactions. The Company considers Adjusted Funds Flow a key performance measure as it demonstrates the Company's ability to generate funds necessary to repay debt and to fund future growth through capital investment. Journey's determination of Adjusted Funds Flow may not be comparable to that reported by other companies. Journey also presents "Adjusted Funds Flow per basic share" where per share amounts are calculated using the weighted average shares outstanding consistent with the calculation of net income (loss) per share, which per share amount is calculated under IFRS and is more fully described in the notes to the audited, year-end consolidated financial statements.

(2) "Net debt" is calculated by taking current assets and then subtracting accounts payable and accrued liabilities; the principal amount of term debt; other loans; and the principal amount of the contingent bank liability. Net debt is used to assess the capital efficiency, liquidity and general financial strength of the Company. In addition, net debt is used as a comparison tool to assess financial strength in relation to Journey's peers.

(3) Journey uses "Capital Expenditures" to measure its capital investment level compared to the Company's ~~Measure of~~ targeted capital expenditures for its organic capital program, excluding acquisitions or dispositions. The directly comparable GAAP measure to capital expenditures is cash used in investing activities. All dollar figures included herein are presented in Canadian dollars, unless otherwise noted.

Where amounts are expressed in a barrel of oil equivalent ("boe"), or barrel of oil equivalent per day ("boe/d"), natural gas volumes have been converted to barrels of oil equivalent at nine (6) thousand cubic feet ("Mcf") to one (1) barrel. Use of the term boe may be misleading particularly if used in isolation. The boe conversion ratio of 6 Mcf to 1 barrel ("Bbl") of oil or natural gas liquids is based on an energy equivalency conversion methodology primarily applicable at the burner tip, and does not represent a value equivalency at the wellhead. This conversion conforms to the Canadian Securities Regulators' National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities.

Abbreviations

The following abbreviations are used throughout these MD&A and have the ascribed meanings:

A&D	acquisition and divestiture of petroleum and natural gas assets
bbl	barrel
bbls	barrels
boe	barrels of oil equivalent (see conversion statement below)
boe/d	barrels of oil equivalent per day
E&D	exploration and development activities as defined in the COGE Handbook
gj	gigajoules
GAAP	Generally Accepted Accounting Principles
IFRS	International Financial Reporting Standards
Mbbls	thousand barrels
MMBtu	million British thermal units
Mboe	thousand boe
Mcf	thousand cubic feet
Mmcf	million cubic feet
Mmcf/d	million cubic feet per day
MSW	Mixed sweet Alberta benchmark oil price
NGL's	natural gas liquids (ethane, propane, butane and condensate)
WCS	Western Canada Select benchmark oil price
WI	Working interest
WTI	West Texas Intermediate benchmark Oil price

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

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

SOURCE [Journey Energy Inc.](#)

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