

Jericho Oil Corp.

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FORM 51-101F1 STATEMENT OF RESERVES DATA AND OTHER OIL & GAS INFORMATION



National Instrument 51-101

In accordance with National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities, the Company's qualified reserves evaluator Cawley, Gillespie & Associates, Inc. ("Cawley") prepared a report (the "Cawley Report") dated April 1, 2019. The Cawley Report evaluated 100% of Jericho Oil Corp.'s ("Jericho" or the "Company") oil and natural gas reserves, as at December 31, 2018. The report relates to Jericho's ownership interests in various properties located in the states of Oklahoma and Kansas, United States of America. This report was prepared for the purpose of evaluating the Company's oil and gas reserves according to Canadian Oil and Gas Evaluation Handbook (COGEH) reserve definitions and standards consistent with National Instrument 51-101 (NI 51-101). In accordance with these standards, and by reference in NI 51-101, certain tables are presented for the forecast prices and costs case, which summarize the reserves and net present values as of December 31, 2018.

In the calculations of Barrels of Oil Equivalent, BOEs, gas volumes are converted to equivalent oil volumes using the ratio of six thousand cubic feet of gas to one barrel of oil equivalent (6 Mcf:1 bbl). The use of BOEs may be misleading, particularly if used in isolation. The BOE conversion ratio of 6 MCF of gas: 1 bbl of oil is based on an energy equivalency conversion primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

All monetary values are expressed in \$US, one United States Dollar, or M\$, one thousand United States dollars.

Oil volumes are expressed in bbl which is one 42-gallon barrel, or Mbbl which is one thousand barrels. Gas volumes are expressed in Mcf which is one thousand standard cubic feet, or MMcf which is one million standard cubic feet.

The discounted cash flow values and discounted future net revenue values are presented to reflect the time value of money and do not represent an estimate of fair market value.

Part 1 Date of Statement

Item 1.1 Relevant Dates:

Dates of Statement: April 1, 2019

Effective Date of Statement: December 31, 2018

Preparation Date of Statement: April 8, 2019

Part 2 Disclosure of Reserves Data

The following table (reference Item 2.1) presents the summary of the proved developed producing (PDP), proved developed non-producing (PDNP), proved undeveloped (PUD), total proved (TP), probable (PROB) and total proved plus probable (2P) reserves categories.

Table 1 NI 51-101 Summary of Oil and Gas Reserves As of December 31, 2018 Forecast Prices and Costs								
Reserves								
	Light and Medium Oil		Heavy Oil		Natural Gas (non-associated & associated)		Natural Gas Liquids	
Reserve Category	WI (Mbbl)	NRI Net (Mbbl)	WI (Mbbl)	NRI Net (Mbbl)	WI (MMcf)	NRI Net (MMcf)	WI (Mbbl)	NRI Net (Mbbl)
Proved Developed Producing	908.2	723.9	-	-	2,620.6	2,156.6	148.3	118.0
Proved Developed Behind-Pipe	3.4	2.8	-	-	-	-	-	-
Proved Developed Non-Producing	474.6	378.8	-	-	2,211.4	1,780.6	-	-
Proved Developed Shut-In	-	-	-	-	-	-	-	-
Proved Undeveloped	782.4	642.2	-	-	266.8	211.7	-	-
Proved Reserves Total	2,168.6	1,747.7	-	-	5,098.9	4,148.9	-	-
Probable	154.2	121.9	-	-	253.5	204.0	-	-
Total Proved plus Probable	2,322.8	1,869.6	-	-	5,352.4	4,352.9	-	-

Reference Item 2.2(1) of Form 51-101F1

The following table (reference Item 2.1) presents a summary of net present values of future net revenue, before income taxes and after income taxes.

Table 2 NI 51-101 Summary of Net Present Values of Future Net Revenue As of December 31, 2018 Forecast Prices and Costs											
	Net Present Values of Future Net Revenue						Net Present Values of Future Net Revenue				
	Before Income Taxes						After Income Taxes				
	Discounted at (%/Year)						Discounted at (%/Year)				
Reserve Category	0 (M\$)	5 (M\$)	10 (M\$)	15 (M\$)	20 (M\$)	Reserve Category	0 (M\$)	5 (M\$)	10 (M\$)	15 (M\$)	20 (M\$)
Proved Developed Producing	37,923	23,759	17,101	13,330	10,928	Proved Developed Producing	28,837	18,209	13,208	10,374	8,566
Proved Developed Behind-Pipe	122	50	21	9	4	Proved Developed Behind-Pipe	93	38	16	7	3
Proved Developed Non-Producing	17,553	11,734	8,485	6,457	5,085	Proved Developed Non-Producing	13,347	8,992	6,551	5,020	3,981
Proved Developed Shut-In	-1	-1	-1	-1	-1	Proved Developed Shut-In	-1	-1	-1	-1	-1
Proved Undeveloped	25,875	15,384	9,939	6,739	4,688	Proved Undeveloped	19,676	11,784	7,663	5,228	3,655
Total Proved	81,472	50,926	35,544	26,534	20,704	Total Proved	61,951	39,023	27,438	20,628	16,204
Probable	4,459	2,597	1,598	1,013	647	Probable	3,391	1,994	1,239	795	514
Total Proved plus Probable	85,931	53,523	37,142	27,547	21,350	Total Proved plus Probable	65,342	41,017	28,677	21,422	16,719

Note: Income Taxes estimated assuming a 24% income tax rate. The after-tax net present value reflects the tax burden on the properties on a stand-alone basis. The after-tax net present value does not consider the business-entity-level tax situation, or tax planning.

The Net Present Value of Future Net Revenue includes all resource income: sale of oil, gas, and by-product reserves; processing third party reserves; and other income.

Reference Item 2.1(2) of Form 51-101F1

The following table (reference Item 2.1) presents the total future net revenue (undiscounted) for the PDP, PDNP, PUD and PROB reserves categories.

Table 3 NI 51-101 Total Future Net Revenue (Undiscounted) As of December 31, 2018 Forecast Prices and Costs								
Reserve Category	WI Revenue (M\$)	Royalties (M\$)	Operating Costs (M\$)	Development Costs (M\$)	Abandonment Costs (M\$)	Production Taxes (M\$)	Ad Valorem Taxes (M\$)	Future Net Revenue Before Income Tax (M\$)
Proved Developed Producing	83,028	16,559	24,227	0	18	4,300	0	37,923
Proved Developed Behind-Pipe	277	52	85	3	0	16	0	122
Proved Developed Non-Producing	43,479	8,723	11,504	3,231	2	2,466	0	17,553
Proved Developed Shut-In	0	0	0	0	1	0	0	-1
Proved Undeveloped	59,679	10,725	11,564	8,054	12	3,449	0	25,875
Probable	12,592	2,630	2,505	2,303	3	692	0	4,459

Note: Columns and rows may not total due to rounding.

Reference Item 2.1(3 a & b) of Form 51-101F1

The following table (reference Item 2.1) presents the net present value of future net revenue discounted at 10% by Production Group for the Total Proved and Proved Plus Probable reserves categories.

Table 4 NI 51-101 Net Present Value of Future Net Revenue by Production Group As of December 31, 2018 Forecast Prices and Costs		
Reserve Category	Production Group	Future Net Revenue Before Income Taxes (Discounted at 10%/Yr) (M\$)
Proved Developed Producing	Light and Medium Crude Oil (including solution gas and associated by-products)	16,376
	Heavy Oil (including solution gas and associated by-products)	-
	Natural Gas (including associated by-products)	725
Proved Developed Behind-Pipe	Light and Medium Crude Oil (including solution gas and associated by-products)	21
	Heavy Oil (including solution gas and associated by-products)	-
	Natural Gas (including associated by-products)	-
Proved Developed Non-Producing	Light and Medium Crude Oil (including solution gas and associated by-products)	8,485
	Heavy Oil (including solution gas and associated by-products)	-
	Natural Gas (including associated by-products)	-
Proved Developed Shut-In	Light and Medium Crude Oil (including solution gas and associated by-products)	(1)
	Heavy Oil (including solution gas and associated by-products)	-
	Natural Gas (including associated by-products)	(0)
Proved Undeveloped	Light and Medium Crude Oil (including solution gas and associated by-products)	9,939
	Heavy Oil (including solution gas and associated by-products)	-
	Natural Gas (including associated by-products)	-
Probable	Light and Medium Crude Oil (including solution gas and associated by-products)	1,598
	Heavy Oil (including solution gas and associated by-products)	-
	Natural Gas (including associated by-products)	-

Reference Item 2.1(3 c) of Form 51-101F1

Part 3 Pricing Assumptions

The following table (reference Item 3.2) presents a summary of forecast pricing and inflation rate assumptions.

Table 5 NI 51-101 Summary of Pricing and Inflation Rate Assumptions As of December 31, 2018 Forecast Prices and Costs			
Year	WTI Cushing Oil Price \$US/BBL	Henry Hub Natural Gas Price \$US/MMBtu	Inflation Rate %/Yr
2019	63.00	3.00	2.0
2020	67.00	3.25	2.0
2021	70.00	3.50	2.0
2022	71.40	3.57	2.0
2023	72.83	3.64	2.0
2024	74.28	3.71	2.0
2025	75.77	3.79	2.0
2026	77.29	3.86	2.0
2027	78.83	3.94	2.0
2028	80.41	4.02	2.0
2029	82.02	4.10	2.0
Thereafter	Flat	Flat	Flat

Notes:

Forecast Oil and Gas Prices are the Sproule price for Crude Oil and Natural Gas.

Product sale prices will reflect these reference prices with further adjustments for quality, gravity, BTU content, marketing, processing and transportation to point of sale.

Reference Item 3.2 of Form 51-101F1

Part 4 Reconciliation of Changes in Reserves

Table 6	Light and Medium Oil			Heavy Oil			Associated and Non-Associated Natural Gas		
	WI Proved (Mbbbl)	WI Probable (Mbbbl)	WI Proved Plus Probable (Mbbbl)	WI Proved (Mbbbl)	WI Probable (Mbbbl)	WI Proved Plus Probable (Mbbbl)	WI Proved (MMcf)	WI Probable (MMcf)	WI Proved Plus Probable (MMcf)
December 31, 2017	1,692	191	1,884				4,635	622	5,258
Extensions and Improved Recovery	189	-	189				-	-	-
Technical Revisions	(50)	(66)	(116)				(410)	(419)	(828)
Discoveries	12	-	12				78	-	78
Acquisitions	-	-	-				-	-	-
Dispositions	-	-	-				-	-	-
Economic Factors	(18)	(3)	(21)				-	-	-
Production	(77)	-	(77)				(153)	-	(153)
December 31, 2018	1,748	122	1,870				4,150	203	4,353

Note: Gross volumes are working interest volumes. All figures may not add due to rounding;
Gas figures include NGLs

Reference Item 4.1 of Form 51-101 F1

Part 5 Additional Information Relating to Reserves Data

The proved undeveloped reserves are generally for drilling locations that are direct offset to wells that are producing in the same accumulation or that have produced from the same accumulation.

All proved undeveloped reserves are planned to be developed in years 2019, 2020 and 2021. The following table (reference Item 5.3) presents a summary of the future capital and abandonment costs for the Total Proved (TP) and Total Proved Plus Probable (2P) reserves categories.

Table 7 NI 51-101 Future Capital and Abandonment Costs Proved & Probable Reserves As of December 31, 2018 Forecast Prices and Costs							
<u>Proved</u>	2019	2020	2021	2022	2023	Remaining	Total
<u>Capital Costs, M\$</u>							
Undiscounted	1,379	5,398	4,507	-	-	3	11,288
<u>Abandonment Costs, M\$</u>							
Undiscounted	7	1	0	(0)	1	25	33
<u>Proved & Probable</u>							
<u>Capital Costs, M\$</u>							
Undiscounted	1,379	5,688	6,367	-	-	156	13,591
<u>Abandonment Costs, M\$</u>							
Undiscounted	7	1	0	(0)	1	28	37

All numbers are net to the working interest.

Reference Item 5.3(1) of Form 51-101F1

Part 6 Other Oil and Gas Information

Jericho Oil Corporation holds assets in Kansas and Oklahoma. Jericho's Oklahoma operation is a natural extension of the Company's strategy to acquire long-life producing assets within known mid-continent legacy basins. In Oklahoma, Jericho's primary focus is on stacked-pays. The region includes productive Pennsylvania Sands, Mississippian Lime, Devonian, Woodford Shale and Silurian Hunton opportunities. Jericho's current assets are located in Blaine, Major, Alfalfa, Pottawatomie, Seminole, Creek, Payne and Lincoln Counties. The Oklahoma operating team brings over 100 years of collective regional knowledge and operating experience having developed and operated all the targeted formations in the region.

Jericho's Blaine, Major and Alfalfa County assets are located in the STACK play of Oklahoma. The STACK is a prolific hydrocarbon system with high oil and liquids-rich natural gas content, multiple horizontal target horizons, extensive production history and historically high drilling success rates. The fields were originally developed by the large majors (Exxon and Texaco) and have historically been drilled vertically on 80-acre spacing. Since 2011, when the play was rediscovered through the advent of horizontal development and hydraulic fracturing, billions of dollars have moved into the basin driving significant learnings resulting in repeatable stacked, multi-zone unit development across the play. Some of the largest U.S. E&P's have significant assets and investments in the STACK including: Continental Resources, Devon Energy, Marathon Oil, Alta Mesa Resources, Newfield Exploration and Chesapeake Energy.

Jericho's Kansas operation is all vertical wells spread across Douglas and Miami counties. These leases produce from shallow sands over 3,750 acres.

The following table (reference Item 6.8) presents the estimated volumes of production for the first year reflected in the estimates of the gross proved reserves and gross probable reserves and for certain fields that are estimated to be 20% or more of the forecast production.

Table 8								
NI 51-101 F1								
First Year Production Volume Estimates								
As of December 31, 2018								
Forecast Prices and Costs								
Production Volume Estimates for Calendar Year 2019								
	Light and Medium Oil		Heavy Oil		Natural Gas (non-associated & associated)		Natural Gas Liquids	
Reserve Category	WI (Mbbbl)	NRI Net (Mbbbl)	WI (Mbbbl)	NRI Net (Mbbbl)	WI (MMcf)	NRI Net (MMcf)	WI (Mbbbl)	NRI Net (Mbbbl)
Kansas	4.9	4.2			0.0	0.0		
Lurgan	18.5	14.9			85.1	68.4		
Morrison/ Eagle Road	17.4	14.2			106.6	88.2		
Jericho Buckmanville	45.0	35.1			71.9	56.5		
Walnut	9.8	7.9			116.5	93.3		
Non-Op	1.1	1.0			8.5	9.8		
Total Proved	96.7	77.3			388.6	316.3		
Total Probable	0.0	0.0			0.1	0.0		

Note: Gross volumes are working interest volumes.

Reference Item 6.8 of Form 51-101F1

Wells

Gross and Net Oil and Gas Wells

December 31, 2018	Gross	Net
Oil	328	146

The Company produces gas as a by-product of their oil wells.

Properties with No Attributed Reserves

Jericho has leases in both Kanas and Oklahoma that were not attributed reserves in 2018. The Oklahoma and Kansas leases were primarily those with no current production or have too high operating expenses in the current price environment.

Additional Information Concerning Abandonment and Reclamation Costs

Summary information for abandonment and reclamation costs (net of salvage) applied to the reserves is disclosed in Table 7 - Future Capital and Abandonment Costs.

Tax Horizon

The Company was not required to pay any income taxes for the year ended December 31, 2018. The Company has deductions against taxable income for depletion of capital asset costs, general and administrative costs, and losses carried forward from prior years. Based on current production and price assumptions and a continuing business model, the Corporation does not expect to pay taxes in the near term.

Costs Incurred

The following costs were incurred during the year ended December 31, 2018:

Table 10	
	Costs Incurred
	2018
Acquisition	\$1,367,000
Development	2,506,000
Exploration	1,015,000
Total	\$4,888,000

Exploration and Development Activities

During 2018, Jericho expanded its acreage position in anticipation of development activities in a higher price environment, continued a capital workover development program, and drilled a horizontal discovery well in the northern STACK play.

Production History

The following table sets forth certain information in respect of quarterly and daily production for fiscal 2018.

Table 11 (2018)	Q1	Q2	Q3	Q4	Total
Average Daily Production					
Light and Medium Oil (bbl/d)	217.74	204.03	214.58	208.88	211.29
Natural Gas (MMcf/d)	317.54	490.90	410.23	453.60	418.42
Natural Gas Liquids (bbl/d)	55.71	88.93	50.92	57.80	63.31
Average Net Prices Received					
Light and Medium Oil (\$/bbl)	57.22	61.93	64.24	53.61	59.25
Natural Gas (\$/Mcf)	1.89	1.57	1.67	2.27	1.85
Natural Gas Liquids (\$bbl)	19.42	20.72	25.82	20.28	21.37
Royalties					
Light and Medium Oil (\$/bbl)	0.20	0.20	0.20	0.20	0.20
Natural Gas (\$/Mcf)	0.22	0.22	0.23	0.22	0.22
Natural Gas Liquids (\$bbl)	0.21	0.20	0.21	0.21	0.21
Production Costs					
Light and Medium Oil (\$/bbl)	25.74	25.71	25.42	19.72	24.13
Natural Gas (\$/Mcf)	0.83	0.64	0.64	0.81	0.73
Natural Gas Liquids (\$bbl)	8.68	8.57	10.13	7.33	8.63
Netback Received					
Light and Medium Oil (\$/bbl)	31.28	36.02	38.62	33.70	34.92
Natural Gas (\$/Mcf)	0.84	0.72	0.80	1.24	0.89
Natural Gas Liquids (\$bbl)	10.54	11.95	15.48	12.73	12.53