

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 March 23, 2020. The Cawley Report evaluated 100% of Jericho Oil Corp.'s ("Jericho" or the "Company") oil and natural gas reserves, as at December 31, 2019. 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, 2019.

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: March 23, 2020

Effective Date of Statement: December 31, 2019

Preparation Date of Statement: April 9, 2020

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, 2019 Forecast Prices and Costs								
Reserves								
Reserve Category	Light and Medium Oil		Heavy Oil		Natural Gas (non-associated & associated)		Natural Gas Liquids	
	WI (Mbbbl)	NRI Net (Mbbbl)	WI (Mbbbl)	NRI Net (Mbbbl)	WI (MMcf)	NRI Net (MMcf)	WI (Mbbbl)	NRI Net (Mbbbl)
Proved Developed Producing	796.5	632.0	-	-	2,094.9	1,687.6	473.4	378.9
Proved Developed Behind-Pipe	10.0	7.9	-	-	-	-	-	-
Proved Developed Non-Producing	343.6	274.6	-	-	1,154.7	932.0	141.1	114.0
Proved Developed Shut-In	-	-	-	-	-	-	-	-
Proved Undeveloped	837.5	687.9	-	-	263.2	210.8	37.6	30.5
Proved Reserves Total	1,987.6	1,602.5	-	-	3,512.7	2,830.4	652.1	523.5
Probable	81.8	62.7	-	-	35.9	27.9	2.6	2.1
Total Proved plus Probable	2,069.5	1,665.2	-	-	3,548.6	2,858.3	654.7	525.6

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, 2019 Forecast Prices and Costs											
Net Present Values of Future Net Revenue						Net Present Values of Future Net Revenue					
Before Income Taxes Discounted at (%/Year)						After Income Taxes 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	31,941	20,646	15,112	11,892	9,802	Proved Developed Producing	23,317	15,212	11,235	8,918	7,413
Proved Developed Behind-Pipe	273	184	130	96	73	Proved Developed Behind-Pipe	199	136	97	72	55
Proved Developed Non-Producing	11,268	7,458	5,327	3,993	3,086	Proved Developed Non-Producing	8,222	5,487	3,949	2,980	2,317
Proved Developed Shut-In	4	4	4	4	4	Proved Developed Shut-In	3	3	3	3	3
Proved Undeveloped	26,751	15,481	9,767	6,441	4,318	Proved Undeveloped	19,326	11,208	7,067	4,642	3,083
Proved Total	70,238	43,773	30,340	22,426	17,283	Proved Total	51,068	32,045	22,351	16,616	12,872
Probable	1,516	837	461	243	111	Probable	1,107	613	337	175	75
Total Proved plus Probable	71,754	44,610	30,802	22,670	17,394	Total Proved plus Probable	52,174	32,658	22,688	16,791	12,947

Note: Income Taxes estimated assuming a 27% 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, 2019 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	74,670	15,271	23,979	0	20	3,458	0	31,941
Proved Developed Behind-Pipe	724	151	225	34	0	41	0	273
Proved Developed Non-Producing	30,746	6,128	7,419	4,374	23	1,533	0	11,268
Proved Developed Shut-In	0	0	0	0	-4	0	0	4
Proved Undeveloped	61,774	11,054	12,383	8,172	14	3,400	0	26,751
Probable	6,100	1,426	1,674	1,153	3	328	0	1,516

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, 2019 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)	14,773
	Heavy Oil (including solution gas and associated by-products)	-
	Natural Gas (including associated by-products)	339
Proved Developed Behind-Pipe	Light and Medium Crude Oil (including solution gas and associated by-products)	130
	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)	5,327
	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)	4
	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)	9,767
	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)	461
	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, 2019 Forecast Prices and Costs			
Year	WTI Cushing Oil Price \$US/BBL	Henry Hub Natural Gas Price \$US/MMBtu	Inflation Rate %/Yr
2020	61.00	2.80	2.0
2021	65.00	3.00	2.0
2022	67.00	3.25	2.0
2023	68.34	3.32	2.0
2024	69.71	3.38	2.0
2025	71.10	3.45	2.0
2026	72.52	3.52	2.0
2027	73.97	3.59	2.0
2028	75.45	3.66	2.0
2029	76.96	3.73	2.0
2030	78.50	3.81	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 Factors	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, 2018	1,748	122	1,870				4,150	204	4,354
Extensions and Impr	-	-	-				-	-	-
Technical Revisions	(53)	(49)	(101)				(629)	(146)	(775)
Discoveries	-	-	-				-	-	-
Acquisitions	-	-	-				-	-	-
Dispositions	-	-	-				-	-	-
Economic Factors	(28)	(10)	(38)				(551)	(30)	(581)
Production	(65)	-	(65)				(140)	-	(140)
December 31, 2019	1,603	63	1,665				2,830	28	2,858

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 2020, 2021 and 2022. 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, 2019 Forecast Prices and Costs							
Proved	2020	2021	2022	2023	2024	Remaining	Total
<u>Capital Costs, M\$</u>							
Undiscounted	4,170	8,061	345	-	-	4	12,580
<u>Abandonment Costs, M\$</u>							
Undiscounted	2	1	1	16	1	32	53
<u>Proved & Probable</u>							
<u>Capital Costs, M\$</u>							
Undiscounted	4,269	8,061	1,220	-	-	183	13,733
<u>Abandonment Costs, M\$</u>							
Undiscounted	2	1	1	16	1	35	56

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 assets are 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, 2019									
Forecast Prices and Costs									
Production Volume Estimates for Calendar Year 2020									
Reserve Category	Light and Medium Oil		Heavy Oil		Natural Gas (non-associated & associated)		Natural Gas Liquids		
	WI (Mbbbl)	NRI Net (Mbbbl)	WI (Mbbbl)	NRI Net (Mbbbl)	WI (MMcf)	NRI Net (MMcf)	WI (Mbbbl)	NRI Net (Mbbbl)	
Kansas	3.4	2.9			0.0	0.0			
Lurgan	17.0	13.6			54.4	43.6			
Morrison/ Eagle Road	32.4	26.4			169.7	138.8			
Jericho Buckmanville	45.5	35.5			54.2	42.7			
Walnut	3.6	2.9			70.3	56.3			
Total Proved	101.8	81.3			348.6	281.3			
Total Probable	1.6	1.3			3.2	2.6			

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, 2019	Gross	Net
Oil	323	144

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 2019. 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, 2019. 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, 2019:

Table 10	
	Costs Incurred
	2019
Acquisition	\$ 85,000
Development	817,000
Exploration	-
Total	\$ 902,000

Exploration and Development Activities

During 2019, Jericho expanded maintained its acreage position, continued a capital workover development program, and postponed development activities in anticipation of a higher price environment.

Production History

The following table sets forth certain information in respect of quarterly and daily production for fiscal 2019.

Table 11 (2019)	Q1	Q2	Q3	Q4	Total
Average Daily Production					
Light and Medium Oil (bbl/d)	189.27	184.64	164.83	169.69	177.02
Natural Gas (MMcf/d)	440.33	374.34	318.98	362.79	373.75
Natural Gas Liquids (bbl/d)	59.05	54.76	51.91	60.94	56.66
Average Net Prices Received					
Light and Medium Oil (\$/bbl)	49.07	53.80	50.87	51.57	51.33
Natural Gas (\$/Mcf)	2.01	1.40	1.14	1.31	1.50
Natural Gas Liquids (\$bbl)	14.54	11.48	9.18	11.71	11.80
Royalties					
Light and Medium Oil (\$/bbl)	0.20	0.20	0.20	0.20	0.20
Natural Gas (\$/Mcf)	0.22	0.24	0.24	0.22	0.23
Natural Gas Liquids (\$bbl)	0.21	0.22	0.22	0.21	0.22
Production Costs					
Light and Medium Oil (\$/bbl)	22.14	23.88	31.02	24.26	25.13
Natural Gas (\$/Mcf)	0.89	0.59	0.66	0.60	0.71
Natural Gas Liquids (\$bbl)	6.50	4.96	5.46	5.45	5.68
Netback Received					
Light and Medium Oil (\$/bbl)	26.73	29.72	19.65	27.11	25.99
Natural Gas (\$/Mcf)	0.90	0.57	0.24	0.48	0.56
Natural Gas Liquids (\$bbl)	7.83	6.30	3.49	6.05	5.90