

**JERICO ENERGY VENTURES INC.**  
**MANAGEMENT DISCUSSION AND ANALYSIS (“MD&A”)**  
**For the interim period ended September 30, 2021**  
**(Expressed in CDN\$ unless otherwise indicated)**

The following Management’s Discussion and Analysis (“MD&A”) of the financial condition and results of operations of Jericho Energy Ventures Inc. (“Jericho” or “the Company”) for the period ended September 30, 2021 is dated November 29, 2021 and should be read in conjunction with the Company’s unaudited condensed interim consolidated financial statements for the period ended September 30, 2021, as well as the Company’s audited consolidated annual financial statements for the year ended December 31, 2020. The unaudited condensed interim consolidated financial statements and the audited consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS” or “GAAP”) as issued by the International Accounting Standards Board.

**INTRODUCTION**

Jericho was incorporated on October 21, 2010 under the Laws of British Columbia and was listed on the TSX Venture Exchange after completion of its initial public offering on May 29, 2012. The Company’s name was changed from Dakar Resource Corp. to Jericho Oil Corporation in 2014, and to Jericho Energy Ventures in March 2021. The Company trades on the TSX Venture Exchange under the symbol “JEV”, and on the United States OTC exchange under the symbol “JROOF”. The head office, principal address and records office of the Company are located at Suite 2100 - 1055 W. Georgia Street, Vancouver, British Columbia, Canada, V6E 3P3.

Consistent with the Company’s name change in March 2021, Jericho began expanding its energy portfolio and will focus on advancing the global low-carbon energy transition with investments in hydrogen technologies, energy storage, carbon capture and new energy systems. Jericho’s first step to diversify its business into clean energy was executed with the acquisition of the assets of California-based Hydrogen Technologies Inc. during the first quarter of 2021. For further discussion of the Company’s diversification efforts, see the section *2021 Outlook* in this MD&A.

The Company incorporated a subsidiary, Jericho Oil (Kansas) Corp., in the State of Delaware, United States, on January 27, 2014, and another subsidiary, Jericho Oil (Oklahoma) Corp., also in the State of Delaware, on February 18, 2015.

Jericho’s legacy business is an independent crude oil and natural gas company engaged in the exploration, development and production of crude oil and natural gas. Jericho’s operations are primarily focused on exploration and development activities in the Anadarko Basin STACK Play, Hunton, Mississippi Lime and Woodford Shale formations in Oklahoma. The Company has approximately 55,000 net acres of developed and undeveloped acreage.

Jericho conducts its oil and gas operations through its subsidiaries and various joint arrangements in the states of Oklahoma and Kansas. The Company classifies its interests in joint arrangements as either joint operations (if Jericho has rights to the assets and obligations for the liabilities relating to an arrangement), or joint ventures (if Jericho has rights only to the net assets of an arrangement).

In the case of a joint operation, the Company combines its share of the joint operations' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Company's consolidated financial statements. Jericho's oil and gas interests in Kansas are considered joint operations and therefore it records its proportionate share of revenues, expenses, assets and liabilities in its consolidated financial statements.

In the case of a joint venture whereby the participating parties have joint control and only rights to the net assets of the arrangement, the Company accounts for its interests using the equity method. Under the equity method of accounting, the carrying amount of the investment reflected on the Consolidated Statement of Financial Position as Equity investments is adjusted to recognize changes in Jericho's share of net assets of each joint venture since the acquisition date less distributions received or any impairments. Jericho's share of the results of operations of its joint ventures and associates is reflected on the Consolidated Statement of Comprehensive Income (Loss) as Share of income (loss) from equity investments.

As of September 30, 2021, the majority of Jericho's oil and gas operations were held in Oklahoma with operations conducted through various joint ventures and associates accounted for using the equity method. At September 30, 2021 and December 31, 2020, the Company held the following joint ventures and associates in Oklahoma:

	September 30, 2021	December 31, 2020
Eagle Road Oil, LLC ("Eagle Road")	50 %	50 %
Lurgan Oil, LLC ("Lurgan")	50 %	50 %
Jericho Buckmanville Oil, LLC ("Buckmanville")	50 %	50 %
RSTACK Walnut, LLC ("Walnut")	26.5 %	26.5 %
Cherry Rancher, LLC ("Cherry Rancher")	31 %	31 %

The following discussion will summarize the results of operations for Jericho and its related joint arrangements in Kansas and Oklahoma.

## **OVERALL PERFORMANCE AND RESULTS OF OPERATIONS**

Throughout 2021, world markets have shown signs of recovery from the global pandemic experienced in 2020. Spot prices for commodity products have risen to multi-year highs, but uncertainty still weighs on forward pricing used to value oil and gas reserves. Consistent with the Company's efforts to diversify its energy portfolio, Jericho's results of operations for the third quarter and first nine months of 2021 reflect greater costs incurred into building and diversifying its clean energy assets.

Jericho's joint ventures in Central Oklahoma operate with a goal of maximizing cash flow through production efficiencies and cost reduction efforts. Management believes that the Anadarko Basin STACK play and other more conventional prospects in Jericho's portfolio still provide opportunities for growth when the improvement in the economic outlook is sustained.

**OVERALL PERFORMANCE AND RESULTS OF OPERATIONS (continued)**

The following table summarizes the results of operations for Jericho for the three and nine months ended September 30, 2021, compared with the same periods of 2020.

**Consolidated Statements of Income (Loss)**

**(Unaudited)**

(Expressed in Canadian dollars)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net product revenue	\$ 10,550	\$ 2,696	\$ 49,551	\$ 52,423
Operating expenses				
Production costs	6,750	9,304	33,496	71,079
Depletion, depreciation and amortization	1,453	118	2,577	23,476
Accretion of decommissioning liabilities	69	1,092	207	3,329
General and administrative expenses	1,184,635	1,126,275	4,638,419	1,982,449
Foreign exchange (gain) loss	(101,352)	(85,737)	4,925	58,314
Total operating expenses	1,091,555	1,051,052	4,679,624	2,138,647
Share of income (loss) from equity investments	312,183	(435,420)	206,566	(9,764,792)
Operating loss	(768,822)	(1,483,776)	(4,423,507)	(11,851,016)
Other income (loss)				
Other income (loss)	(137,449)	(102)	24,363	12,512
Impairment of petroleum properties	—	—	—	(400,422)
Gain on disposal of petroleum properties	—	—	95,574	—
Write-off of prepayment on investment	(391,989)	—	(391,989)	—
	(529,438)	(102)	(272,052)	(387,910)
<b>Net Loss</b>	<b>\$ (1,298,260)</b>	<b>\$ (1,483,878)</b>	<b>\$ (4,695,559)</b>	<b>\$ (12,238,926)</b>
<b>Net Loss for periods included</b>	<b>\$ (1,298,260)</b>	<b>\$ (1,483,878)</b>	<b>\$ (4,695,559)</b>	<b>\$ (12,238,926)</b>

As reflected in the table above, the Company experienced favorable operating results for the nine months ended September 30, 2021 compared to the same period in 2020. Favorable operating results are primarily due to an improvement of the share of income (loss) from equity investments compared to the same period in 2020 partially offset by higher general and administrative expenses associated to business development efforts and marketing efforts in the Company's expansion into clean energy, including the acquisition of Hydrogen Technologies, Inc. ("HTI").

## **OVERALL PERFORMANCE AND RESULTS OF OPERATIONS (continued)**

### 2021 Outlook

Throughout 2021, the Company has evaluated several acquisition opportunities within the hydrogen value chain. Management has focused on the build out of the Company's clean energy portfolio, including commercializing HTI's Patented Hydrogen Fueled Steam Generation Technology. HTI's zero emission steam is focused on the approximately \$30 billion industrial and commercial steam market. These markets account for greater than 20 percent of global green house gas emissions.

After acquiring the assets of HTI early in 2021, the Company participated in a Series-A financing for H2U Technologies, Inc. ("H2U"), and invested \$1.9 million (USD \$1.5 million) in preferred shares of H2U, giving Jericho approximately a 6.65% interest in the equity shares of the company. The investment is a strategic positioning of the Company into the process of making and using "green" hydrogen. Hydrogen has always been a part of the energy value chain, but in recent years the focus has shifted to green hydrogen and zero-emission energy solutions using hydrogen as a fuel. H2U is a company focused on developing electrolyser technology and catalyst that serve the growing hydrogen market. H2U will use the proceeds of its funding to develop its proprietary technology which replaces precious metal catalysts with cheap, stable, and effective electrocatalysts which we believe is a required step in the global adoption of green hydrogen. The resulting electrocatalyst discovery pipeline is focused on the discovery of new catalysts for hydrogen electrolysis, fuel cells and batteries from earth-abundant minerals and compounds.

As the domestic and global regulatory environment moves to tax and/or ban the use or generation of fossil fuels, the Company will continue to build its portfolio of carbonless energy technologies. This strategy will not materially impact near-term revenue as the recently acquired assets of HTI are pre-revenue with first sales orders expected in late 2021 or early 2022. At the same time, the Company will also look to add additional novel clean energy technologies with a focus on the hydrogen value chain and the necessary resources to build and support the portfolio. Future acquisitions will primarily focus on commercial ready clean energy technologies with large addressable markets and are cost competitive with fossil fuel solutions currently offered in the market.

For the Company's legacy assets, we continue to evaluate drilling and development opportunities through drilling partnerships focused on seismic defined in-field PUDs and prospects.

See Liquidity and Capital Resources for additional disclosure regarding financing during 2021.

The results of operations of Jericho's joint ventures and associates are discussed below.

**OVERALL PERFORMANCE AND RESULTS OF OPERATIONS (continued)**

*Joint Venture and Equity Investment Operating Statements to September 30, 2021*

The following tables present a reconciliation of 100% joint venture partners' income to Jericho's share of income (loss) from equity investments for the nine months ended September 30, 2021 and 2020 based on IFRS. Please also refer to the Company's share of investment in the joint ventures in Canadian dollars under IFRS in Note 5 of the unaudited condensed interim consolidated financial statements for the period ended September 30, 2021.

<b>Nine Months Ended September 30, 2021</b>	<b>Eagle Road</b>	<b>Lurgan</b>	<b>Buckmanville</b>	<b>Walnut</b>	<b>Cherry Rancher</b>	<b>Total</b>
100% Net income (loss) in US\$	18,313	28,044	319,711	(152,705)	72,582	285,945
100% Net income (loss) in CDN\$	22,917	35,095	400,086	(191,095)	90,829	357,832
Jericho's ownership	50 %	50 %	50 %	26.5 %	31 %	
Jericho's share of net income (loss) in US\$	9,158	14,022	159,856	(40,467)	22,500	165,069
<b>Jericho's share of net income (loss) in CDN\$</b>	<b>\$ 11,458</b>	<b>\$ 17,548</b>	<b>\$ 200,043</b>	<b>\$ (50,640)</b>	<b>\$ 28,157</b>	<b>\$ 206,566</b>

<b>Nine Months Ended September 30, 2020</b>	<b>Eagle Road</b>	<b>Lurgan</b>	<b>Buckmanville</b>	<b>Walnut</b>	<b>Cherry Rancher</b>	<b>Total</b>
100% Net income (loss) in US\$	(6,093,008)	(1,878,701)	(5,453,450)	(2,060,591)	5,614	(15,480,136)
100% Net income (loss) in CDN\$	(8,195,883)	(2,525,875)	(7,336,829)	(2,784,355)	7,599	(20,835,343)
Jericho's ownership	50 %	50 %	50 %	26.5 %	31 %	
Jericho's share of net income (loss) in US\$	(3,046,504)	(939,351)	(2,726,725)	(545,851)	1,740	(7,256,691)
<b>Jericho's share of net income (loss) in CDN\$</b>	<b>\$ (4,097,942)</b>	<b>\$ (1,262,938)</b>	<b>\$ (3,668,415)</b>	<b>\$ (737,854)</b>	<b>\$ 2,357</b>	<b>\$ (9,764,792)</b>

**OVERALL PERFORMANCE AND RESULTS OF OPERATIONS (continued)**

**Statement of 100% Joint Venture Partners' and Associates' Income (US\$)**

The presentation below reflects the operations in the currency in which revenue prices are denominated. It also presents the combined joint ventures and equity Investments as viewed by investors, lenders, and American readers of the financial performance of the combined entity.

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2021	2020	2021	2020
Oil (BBL)	<b>23,794</b>	23,787	<b>71,615</b>	70,672
Natural gas (MCF)	<b>56,958</b>	63,285	<b>163,281</b>	198,991
NGL (BBL)	<b>8,100</b>	10,200	<b>22,596</b>	28,017
Total sales (BOE)	<b>41,387</b>	44,534	<b>121,424</b>	131,854
Average daily sales (BOE/d)	<b>450</b>	484	<b>445</b>	481
Average daily sales (BOE/d) net to JEV	<b>197</b>	214	<b>196</b>	213
Operating Results Per BOE:	<b>USD\$</b>	USD\$	<b>USD\$</b>	USD\$
Oil sales (\$/BBL)	<b>\$ 69.44</b>	\$ 38.91	<b>\$ 63.16</b>	\$ 36.31
Natural gas sales (\$/MCF)	<b>4.00</b>	1.78	<b>3.88</b>	1.54
NGL sales (\$/BBL)	<b>37.86</b>	15.88	<b>32.04</b>	14.30
Total sales (\$/BOE)	<b>52.84</b>	26.95	<b>48.43</b>	24.81
Lease operating expenses (\$/BOE)	<b>\$ 18.75</b>	\$ 18.11	<b>\$ 19.17</b>	\$ 17.56

Note: Realized Natural gas prices for a portion of gas sales were favorably impacted by abnormally high spot prices realized during extreme cold winter conditions experienced in Oklahoma during first quarter 2021.

**OVERALL PERFORMANCE AND RESULTS OF OPERATIONS (continued)**

**Statement of 100% Joint Venture Partners' and Associates' Income (US\$)**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
<b>Operating Results:</b>				
Oil sales	\$ 1,652,222	\$ 925,426	\$ 4,523,045	\$ 2,565,784
Natural gas sales	227,787	112,683	633,106	305,501
NGL sales	306,691	161,946	723,914	400,587
<b>Product revenues</b>	<b>2,186,700</b>	<b>1,200,055</b>	<b>5,880,065</b>	<b>3,271,872</b>
Lease operating expenses	775,887	806,605	2,327,184	2,315,603
Production taxes and deductions	230,693	173,038	638,325	482,596
Impairment expense	—	—	—	14,933,568
Depreciation, depletion, and amortization	507,342	810,977	1,522,671	2,582,030
Accretion expense	19,030	36,690	57,110	110,070
General and administrative	392,389	417,385	1,223,030	1,276,305
Other operating expense (income)	(419)	83,650	(30,766)	71,368
<b>Total operating costs and expenses</b>	<b>1,924,922</b>	<b>2,328,345</b>	<b>5,737,554</b>	<b>21,771,540</b>
<b>Operating income (loss)</b>	<b>261,778</b>	<b>(1,128,290)</b>	<b>142,511</b>	<b>(18,499,668)</b>
Realized gain on derivatives	—	—	—	(37,632)
Unrealized fair value loss on derivatives	—	—	—	2,154
Interest income	(216)	(829)	(1,113)	(12,843)
Interest expense	62,053	70,408	187,739	229,670
Loan forgiveness	(330,060)	(277,250)	(330,060)	(277,250)
Deferred income tax recovery	—	—	—	(2,923,631)
<b>Joint venture net income (loss) as reported</b>	<b>\$ 530,001</b>	<b>\$ (920,619)</b>	<b>\$ 285,945</b>	<b>\$ (15,480,136)</b>
<b>Joint venture net income (loss) as reported</b>	<b>\$ 530,001</b>	<b>\$ (920,619)</b>	<b>\$ 285,945</b>	<b>\$ (15,480,136)</b>
Depreciation, depletion, and amortization	507,342	810,977	1,522,671	2,582,030
Accretion, plus	19,030	36,690	57,110	110,070
Deferred income tax recovery	—	—	—	(2,923,631)
Unrealized fair value loss on derivatives	—	—	—	2,154
Impairment expense	—	—	—	14,933,568
Interest expense	62,053	70,408	187,739	229,670
Loan forgiveness	(330,060)	(277,250)	(330,060)	(277,250)
Payments on lease obligations	(40,945)	(33,599)	(124,951)	(112,193)
Non-cash adjustments, plus	24,229	98,587	51,628	71,410
<b>Total adjusted joint venture income (loss) (1)</b>	<b>\$ 771,650</b>	<b>\$ (214,806)</b>	<b>\$ 1,650,082</b>	<b>\$ (864,308)</b>

(1) Adjusted joint venture income is a "Non-GAAP" measure. Refer to section entitled "NON-GAAP MEASURES" at the end of this MD&A.

**OVERALL PERFORMANCE AND RESULTS OF OPERATIONS (continued)**

**Statement of 100% Joint Venture Partners' and Associates' Income (US\$) (continued)**

Results for the three and nine months ended September 30, 2021

Results of operations for the Company's joint venture interests during the three and nine months ended September 30, 2021 were favorable compared to the same period in 2020. Results of operations during the nine months ended September 30, 2020 were impacted by non-cash impairment charges and lower operating revenues from lower sales prices from the effects of COVID-19.

Favorable results of operations for the Company's joint venture interests during the three and nine months ended September 30, 2021 were primarily due to higher product revenues resulting from a 95 percent increase in the realized price per barrel of oil equivalent partially offset by an 8 percent decrease in total sales volumes of the joint ventures on a barrel of oil equivalent basis. During February 2021, Oklahoma had extreme low temperatures resulting in an increase to average realized natural gas prices; however, the increase in prices was offset by a decline in volumes due to the low temperatures and the challenges associated with transportation of oil.

**ENVIRONMENTAL LIABILITIES**

We recognize that there are concerns over the potential environmental effects of developing oil and gas projects. We are researching methods to improve extraction and processing to enhance the sustainability of our projects. We accrue environmental and reclamation obligations over the life of our oil and gas production operation.

**OFF-BALANCE-SHEET ARRANGEMENTS**

As of the date of the MD&A, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

**SELECTED FINANCIAL INFORMATION**

**SUMMARY OF QUARTERLY RESULTS (CDN\$)**

Quarter Ended	9/30/2021	6/30/2021	3/31/2021	12/31/2020	9/30/2020	6/30/2020	3/31/2020	12/31/2019
Net product revenue	\$ 10,550	\$ 17,171	\$ 21,830	\$ 3,127	\$ 2,696	\$ 13,146	\$ 36,581	\$ 60,431
Loss for the period	(1,298,260)	(1,321,122)	(2,076,177)	(7,717,974)	(1,483,878)	(1,269,093)	(9,485,955)	(5,078,426)
Basic and diluted loss per share	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.05)	\$ (0.01)	\$ (0.01)	\$ (0.07)	\$ (0.04)

During third quarter 2021, the company recorded a loss of \$1.3 million. The Company continues to invest in business development activity, including marketing and legal costs associated with the expansion of its energy portfolio into the low-carbon energy transition. In addition, the Company expensed approximately \$392 thousand of acquisition related costs for a potential acquisition that the Company determined was not likely to consummate. The Company's loss for the period was offset by \$312 thousand share of income from equity investments resulting primarily from an increase in the realized price per barrel of oil equivalent.

During second quarter 2021, the Company recorded a loss of \$1.3 million. The Company continues to invest in business development activity, marketing and legal costs associated with the expansion of its energy portfolio into the low-carbon energy transition. The Company's loss for the period was offset by approximately \$96 thousand in gain on disposal of the Kansas properties.

During first quarter 2021, the Company recorded a loss of \$2.1 million. The Company had a \$1.2 million increase in general and administrative expense, compared to the three months ended December 31, 2020, primarily due to greater business development activity and marketing costs associated with the expansion of its energy portfolio into the low-carbon energy transition. In addition, the Company had \$818 thousand in shared based payment expense during the first three months of 2021.

During fourth quarter 2020, the Company recorded a loss of \$7.7 million. The Company's share of loss from equity investments included a \$8.0 million impairment charge, partially offset by a deferred income tax recovery of \$1.4 million, net to Jericho.

During third quarter 2020, the Company recorded a loss of \$1.5 million. During the quarter, the Company granted stock options under its stock option plan for 7,316,000 common shares to certain directors, officers, employees, and consultants of the Company and recorded \$733 thousand in stock compensation expense. The Company's loss was partially offset by the improvement from the Company's share of loss from equity investments resulting from higher product realized prices and oil production.

During second quarter 2020, the Company recorded a loss of \$1.3 million. During the quarter, the Company and its joint ventures experienced the impacts of the COVID-19 panic, including significantly lower oil price realizations and lower oil production.

During first quarter 2020, the Company recorded a loss of \$9.5 million. The Company's share of loss from equity investments included a \$9.9 million impairment charge net to Jericho, partially offset by a deferred income tax recovery of \$2.0 million.

During fourth quarter 2019, the Company recorded a loss of \$5.1 million. The Company's share of loss from equity investments included a \$4.1 million impairment charge net to Jericho.

### SELECTED ANNUAL INFORMATION

The following table shows selected financial information for the years ended December 31:

	Year ended 2020	Year ended 2019	Year ended 2018
Revenue	\$ 55,550	\$ 237,649	\$ 408,773
Net loss for the year	(20,128,000)	(8,529,519)	(4,064,469)
Net loss per share	(0.13)	(0.07)	(0.03)
Cash	3,543,176	1,579,451	3,963,688
Total assets	19,656,136	34,102,198	44,184,054
Total current financial liabilities	\$ 403,568	\$ 520,371	\$ 271,627

### LIQUIDITY AND CAPITAL RESOURCES

The activities of the Company, principally the acquisition and development of prospective oil and gas properties and the investments in and operation of clean energy assets, are financed through the completion of equity transactions such as equity offerings and the exercise of stock options and warrants, credit financing and cash flow from production.

There is no assurance that future equity capital will be available to the Company in the amounts or at the times desired by the Company or on terms that are acceptable to it, if at all. The Company has limited operating revenues and therefore must utilize its current cash reserves, funds obtained from the exercise of warrants and other financing equity or credit financing to maintain its capacity to meet ongoing operating activities. As of September 30, 2021, the Company had a working capital (or current assets minus current liabilities) surplus of \$1.7 million, including \$2.2 million held in cash.

Liquidity requirements are managed based upon forecast cash flows to ensure that there is working capital to meet the Company's obligations. The Company's liquidity as of the date of the MD&A is sufficient to meet the Company's corporate, administrative and commitments for the next twelve months, notwithstanding any unexpected events. The Company's main funding requirements are for its expansion into clean energy projects, development of its Oklahoma oil interests and corporate overheads. While the Company has been

successful in raising such financing in the past, its ability to raise additional equity financing may be affected by numerous factors beyond the Company's control, including, but not limited to, adverse market conditions and/or commodity price changes and economic downturn. There can be no assurance that the Company will be successful in obtaining any additional financing required to continue its business operations.

On June 12, 2020, the Company closed a fully subscribed non-brokered private placement of 50,000,000 units at a price of \$0.10 per unit for gross proceeds of \$5,000,000. Proceeds received totaled approximately \$4,829,000 due to foreign exchange rate changes on funds received. Each unit is comprised of one common share and one warrant with each warrant exercisable for one additional common share at a price of \$0.13 per share for a period of 36 months from the date of issuance. As of the date of this report, 34,498,727 of those warrants had been exercised in 2021 for gross proceeds of \$4,484,834. Proceeds received totaled approximately \$4,444,000 due to foreign exchange rate changes on funds received.

During 2021, the Company granted stock options under its stock option plan 2021 for 4,465,000 common shares to certain directors, officers, employees, and consultants of the Company. The options are exercisable at an average price of \$0.49 for a period of up to five years.

#### **TRANSACTIONS WITH RELATED PARTIES**

Key management are the officers and directors of the Company. Management fees in 2021 include costs incurred since January 2021 for the management team of HTI as previously discussed in this report. The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

	<b>Nine Months Ended</b>	
	<b>September 30, 2021</b>	<b>September 30, 2020</b>
Management fees	\$ 585,967	\$ 293,384
Share-based payments	260,095	497,206
	<u>\$ 846,062</u>	<u>\$ 790,590</u>

At September 30, 2021, included in accounts payable and accrued liabilities is \$13,827 payable to a company controlled by the Chief Executive Office ("CEO") of the Company (2020 - \$3,452).

At September 30, 2021, the Company had \$Nil in advances and \$200,876 in accounts payable to equity investments (December 31, 2020 - \$Nil and \$70,939).

Accounts payable and accrued liabilities to related parties are non-interest bearing, due on demand and with no specific terms of repayment.

## **NEW ACCOUNTING STANDARDS**

None.

## **MANAGEMENT OF CAPITAL**

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern. The Company does not have any externally imposed capital requirements to which it is subject. As of September 30, 2021, the Company considers capital to consist of all components of shareholders' equity. The Company manages the capital structure and adjusts it based on changes in economic conditions and the risk characteristic of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue common shares or dispose of assets to increase the amount of cash on hand.

To facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

Jericho does not pay out dividends at this stage of the Company's development to maximize ongoing development efforts.

The Company's investment policy is to invest its cash in highly liquid short-term interest-bearing instruments with maturities of 90 days or less from the original date of acquisition.

The Company expects its current capital resources to be sufficient to carry its exploration and development plans and operations through the next twelve months. Cost control measures have been implemented to preserve capital. See Liquidity and Capital Resources for a discussion of \$4.4 million raised through the issuance of common shares from the exercise of warrants in 2021.

## **FINANCIAL INSTRUMENTS AND RISK**

As of September 30, 2021, and December 31, 2020, the Company's financial instruments consist of cash and cash equivalents, accounts receivable, investment in equity securities, and accounts payable. The Company believes that the recorded values on the consolidated balance sheets of cash equivalents, accounts receivable and accounts payable approximate their current fair values because of their nature and relatively short maturity dates or durations and current market rates for similar instruments. The Company considers its strategic investment in the equity securities of the private company H2U to be Level 3 fair value assets due to a lack of observable market data.

The Company examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. Where material, these risks are reviewed and monitored by management. There have not been any significant changes from the previous year as to how these risks are reviewed and

monitored by management. The types of financial instrument risk exposures and the objectives and policies for managing these risks exposures is described below:

*Credit risk*

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company's cash and cash equivalents are held at a large Canadian financial institution in interest bearing accounts. The Company has no investments in asset-backed commercial paper. The Company's accounts receivable consists mainly of oil sales and purchase taxes remitted from the Government of Canada. The Company is exposed to a significant concentration of credit risk with respect to its trade accounts receivable balance because all its oil sales are with one counterparty. However, the Company has not recorded any allowance against its trade receivables because to-date all balances owed have been settled in full when due (typically within 60 days of submission).

*Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company manages liquidity risk through its management of capital as outlined in Note 11 to the condensed consolidated financial statements. The Company had cash at September 30, 2021 in the amount of \$2,210,728 (December 31, 2020 - \$3,543,176) to meet business requirements, and strategic investments.

At September 30, 2021, the Company had current liabilities of \$611,885 (December 31, 2020 - \$403,568). Current liabilities are due within 12 months.

Contractual maturities of financial liabilities as of September 30, 2021, are as follows:

	<b>&lt;1 year</b>	<b>2-3 Years</b>	<b>4-5 Years</b>	<b>Thereafter</b>	<b>Total</b>
Accounts payable and accrued liabilities	\$ 611,885	\$ —	\$ —	\$ —	\$ 611,885
Decommissioning liabilities	—	—	—	7,377	7,377
	<b>\$ 611,885</b>	<b>\$ —</b>	<b>\$ —</b>	<b>7,377</b>	<b>\$ 619,262</b>

*Market risk*

Market risk consists of interest rate risk, foreign currency risk and price risk. These are discussed further below.

*Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no interest-bearing obligations at

September 30, 2021. The risk that the Company will realize a loss because of a decline in the fair value of the cash equivalents included in cash and cash equivalents because of lower interest rates is insignificant.

#### *Foreign currency risk*

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign currency risk to the extent that the following monetary assets and liabilities are denominated in US dollars at September 30, 2021:

Cash	USD\$	1,346,169
Receivables		6,600
Accounts payable and accrued liabilities		(429,149)
Net exposure	USD\$	923,620
Canadian dollar equivalents	CDN\$	1,171,427

The result of sensitivity analysis shows that a 10 percent change in the US\$ exchange rate, with all other variables held constant, could impact the net loss by approximately CDN\$117,143.

#### *Price risk*

The Company's profitability and ability to raise capital to fund development of oil properties is subject to risks associated with fluctuations in oil prices. Management closely monitors oil prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

#### *Exploration, Development, and Production Risks*

The acquisition of leasehold interests and the selection of prospects for oil and natural gas drilling, the drilling, ownership and operation of oil and natural gas wells, and the ownership of non-operating interests in oil and natural gas properties is highly speculative. There is no certainty that prospects will produce oil or natural gas or commercial quantities of oil or natural gas. Additionally, the amount of time it will take to recover any oil or gas is unpredictable. Oil and natural gas operations involve many risks that even experience, knowledge and careful evaluation may not be able to overcome. The long-term commercial success of the Company depends on its ability to find, acquire, develop, and commercially produce oil and natural gas reserves.

Without the continual addition of new reserves, any existing reserves the Company may have at any time, and the production there from, will decline over time as such existing reserves are exploited. A future increase in the Company's reserves will depend not only on its ability to explore and develop properties it may have from time to time, but also on its ability to select and acquire suitable producing properties and prospects. No assurance can be given that the Company will be able to continue to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, management of the Company may determine that current markets, terms of acquisitions and participation or pricing conditions make such acquisitions or participations uneconomic.

There is no assurance commercial quantities of oil and natural gas will be discovered or acquired by the Company. Further, completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. Delays and added expenses may also be caused by poor weather conditions affecting, among other things, the ability to lay pipelines or otherwise transport or market hydrocarbons. In addition, ground water, impenetrable substances, various clays and lack of porosity and permeability may hinder or restrict production or even make production impractical or impossible. While diligent field operations and effective maintenance operations can contribute to maximizing production rates over time, production delays and declines from normal field operating conditions cannot be eliminated and can be expected to adversely affect revenue and cash flow levels to varying degrees.

#### *Regulatory*

Oil and natural gas operations (exploration, production, pricing, marketing and transportation) are subject to extensive controls and regulations imposed by various levels of government, which may be amended from time to time. Governments may regulate or intervene with respect to price, taxes, royalties and the exportation of oil and natural gas. Such regulations may be changed from time to time in response to economic or political conditions. The implementation of new regulations or the modification of existing regulations affecting the oil and natural gas industry could reduce demand for crude oil and natural gas and increase the Company's costs, any of which may have a material adverse effect on the Company's business, financial condition, results of operations and prospects. To conduct oil and gas operations, the Company will require licenses from various government authorities. There can be no assurance that the Company will be able to obtain all the licenses and permits that may be required to conduct operations that it may wish to undertake.

#### *Environmental*

All phases of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of federal laws, local laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with oil and natural gas operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach of applicable environmental legislation may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require the Company to incur costs to remedy such discharge. Although the Company believes that it is in material compliance with current applicable environmental regulations no assurance can be given that environmental laws will not result in a curtailment of production or a material adverse effect on the Company's business, financial condition, results of operations and prospects. Given the evolving nature of the debate related to climate change and the control of greenhouse gases and resulting requirements, it is not possible to predict the impact on the Company and its operations and financial condition.

## CONTINGENT LIABILITIES

Since 2016, the operator of the Company's oil and gas operations in Oklahoma, Eagle Road Oil, LLC (Eagle Road), a joint venture entity in which its U.S subsidiary Jericho Oil Oklahoma Corp. owns a 50% interest, was named in various multi-plaintiff and multi-defendant claims related to alleged man-made earthquakes and property damage. Several of these claims were settled or dismissed in 2021 for immaterial amounts. The Company considers the remaining claims to be without merit and expects them to be settled or dismissed for minimal amounts.

## OUTLOOK

The Company's long-term goal is to focus on the build out of its clean energy portfolio, including commercializing HTI's Patented Hydrogen Fueled Steam Generation Technology, evaluate and develop oil properties, to seek partners for some of its properties as market conditions permit, and to continue to seek out new opportunities. There is no guarantee that the Company will discover or successfully develop such properties.

## PROPOSED TRANSACTIONS

None.

## SHARE CAPITAL UPDATE

As at the date of this report, the Company had the following share capital outstanding:

Share Capital	\$	64,133,868
Common shares issued		221,981,869
Stock options outstanding		16,100,000
Warrants outstanding		15,501,273
Total share capital outstanding		253,583,142

## DIRECTORS AND OFFICERS

The Company's directors and officers as at the date of this report are:

<b>Directors</b>	<b>Officers</b>	<b>Officer Title</b>
Brian Williamson	Brian Williamson	Chief Executive Officer and President
Allen Wilson	Benjamin Holman	Chief Financial Officer
Nicholas Baxter		
Markus Seywerd		

## **NON-GAAP MEASURES**

Adjusted joint venture income is a Non-GAAP measure not recognized under Canadian generally accepted accounting principles ("GAAP") and does not have a standardized meaning prescribed by GAAP. Management believes the measure presents the combined joint ventures and Equity Investments as viewed by investors and lenders of the financial performance of the combined joint ventures, while reflecting the operations in the currency in which revenue and prices are denominated. The Company's Non-GAAP measures may differ from similar computations as reported by other organizations and, accordingly, may not be comparable to non-GAAP measures as reported by such organizations. The Company's Non-GAAP measures should not be construed as alternatives to net income, cash flows related to operating activities, working capital or other financial measures determined in accordance with GAAP, as an indicator of the Company's performance.

## **FORWARD-LOOKING STATEMENTS**

This MD&A contains or incorporates, by reference, forward-looking statements. All statements other than statements of historical fact included or incorporated by reference and that address activities, events or developments that we expect or anticipate may or will occur in the future are forward-looking statements. While any forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding the direction of our business; actual results may vary, sometimes materially, from any estimates, predictions, projections, assumptions or other suggestions of future performance herein. Undue reliance should not be placed on these forward-looking statements, which are based upon our assumptions and are subject to known and unknown risks and uncertainties and other factors, some of which are beyond our control, which may cause actual results, levels of activity and achievements to differ materially from those estimated or projected and expressed in or implied by such statements. We undertake no obligation to update publicly or revise any forward-looking statements contained herein, and such statements are expressly qualified by this cautionary statement.

## **ADDITIONAL INFORMATION**

Additional information relating the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com)

Board Approval

The contents of this management's discussion and analysis have been approved and its filing has been authorized by the Board of Directors of the Company.

On Behalf of the Board of Directors

/s/ Brian Williamson

Brian Williamson