

# **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 28, 2016. The Cawley Report evaluated 100% of Jericho Oil Corp.'s ("Jericho" or the "Company") oil and natural gas reserves, as at December 31, 2015. The report relates to the Jericho Energy, Ltd. 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.

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 Mbbbl 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 28, 2016

Effective Date of Statement: December 31, 2015

Preparation Date of Statement: April 28, 2016

**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.

<b>Table 1</b> <b>NI 51-101</b> <b>Summary of Oil and Gas Reserves</b> <b>As of December 31, 2015</b> <b>Forecast Prices and Costs</b>								
<b>Reserves</b>								
	<b>Light and Medium Oil</b>		<b>Heavy Oil</b>		<b>Natural Gas (non-associated &amp; associated)</b>		<b>Natural Gas Liquids</b>	
<b>Reserve Category</b>	<b>WI (Mbbl)</b>	<b>NRI Net (Mbbl)</b>	<b>WI (Mbbl)</b>	<b>NRI Net (Mbbl)</b>	<b>WI (MMcf)</b>	<b>NRI Net (MMcf)</b>	<b>WI (Mbbl)</b>	<b>NRI Net (Mbbl)</b>
<b>Proved Developed Producing</b>	732.8	587.3	-	-	953.6	757.4	-	-
<b>Proved Developed Non-Producing</b>	253.2	200.4	-	-	392.9	314.7	-	-
<b>Proved Undeveloped</b>	99.7	81.3	-	-	211.3	172.3	-	-
<b>Probable</b>	149.5	121.9	-	-	317.0	258.4	-	-

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.

<b>Table 2</b>												
<b>NI 51-101 F1</b>												
<b>Summary of Net Present Values of Future Net Revenue</b>												
<b>As of December 31, 2015</b>												
<b>Using Forecast Prices and Costs</b>												
<b>Net Present Values of Future Net Revenue</b>												
<b>Reserve Category</b>	<b>Net MBOE</b>	<b>Unit Values</b>	<b>Before Income Taxes Discounted at (%/Year)</b>					<b>After Income Taxes Discounted at (%/Year)</b>				
	<b>Net (Mbbbl)</b>	<b>Net \$/BOE</b>	<b>0 (M\$)</b>	<b>5 (M\$)</b>	<b>10 (M\$)</b>	<b>15 (M\$)</b>	<b>20 (M\$)</b>	<b>0 (M\$)</b>	<b>5 (M\$)</b>	<b>10 (M\$)</b>	<b>15 (M\$)</b>	<b>20 (M\$)</b>
<b>Proved Developed Producing</b>	713.5	14.48	21,720	14,104	10,334	8,133	6,704	20,506	13,284	9,758	7,713	6,387
<b>Proved Developed Non-Producing</b>	252.9	17.79	11,102	6,607	4,499	3,320	2,579	10,668	6,313	4,291	3,168	2,464
<b>Proved Undeveloped</b>	110.0	8.52	2,726	1,545	937	587	369	2,551	1,423	847	517	313
<b>Total Proved</b>	<b>1,076.4</b>	<b>14.65</b>	<b>35,549</b>	<b>22,256</b>	<b>15,769</b>	<b>12,040</b>	<b>9,653</b>	<b>33,725</b>	<b>21,019</b>	<b>14,896</b>	<b>11,398</b>	<b>9,164</b>
<b>Probable</b>	165.0	8.62	4,136	2,342	1,422	894	566	3,868	2,155	1,284	788	482
<b>Total Proved &amp; Probable</b>	<b>1,241.3</b>	<b>13.85</b>	<b>39,685</b>	<b>24,598</b>	<b>17,191</b>	<b>12,934</b>	<b>10,219</b>	<b>37,593</b>	<b>23,174</b>	<b>16,180</b>	<b>12,186</b>	<b>9,646</b>

Note: Income Taxes estimated assuming a 39.6% corporate 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 after-tax net present value does not provide an estimate of the value at the business-entity-level, which may be significantly different.

Unit values are based on net reserve volumes, mboe, and 10% discounted cash flow before tax. 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.

<b>Table 3</b> <b>NI 51-101</b> <b>Total Future Net Revenue</b> <b>(Undiscounted)</b> <b>As of December 31, 2015</b> <b>Forecast Prices and Costs</b>								
<b>Reserve Category</b>	<b>WI Revenue (M\$)</b>	<b>Royalties (M\$)</b>	<b>Operating Costs (M\$)</b>	<b>Development Costs (M\$)</b>	<b>Abandonment Costs (M\$)</b>	<b>Production Taxes (M\$)</b>	<b>Ad Valorem Taxes (M\$)</b>	<b>Future Net Revenue Before Income Tax (M\$)</b>
<b>Proved Developed Producing</b>	60,408	11,584	23,564	0	189	2,823	527	21,720
<b>Proved Developed Non-Producing</b>	21,693	4,064	4,562	912	2	1,048	3	11,102
<b>Proved Undeveloped</b>	8,811	1,545	2,535	1,489	-1	509	7	2,726
<b>Probable</b>	13,268	2,327	3,805	2,223	-1	767	11	4,136

Reference Item 2.2(3)(b) of Form 51-101F1

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.

<b>Table 4</b> <b>NI 51-101</b> <b>Net Present Value of Future Net Revenue</b> <b>by Production Group</b> <b>As of December 31, 2015</b> <b>Forecast Prices and Costs</b>		
<b>Reserve Category</b>	<b>Production Group</b>	<b>Future Net Revenue Before Income Taxes (Discounted at 10%/Yr) (M\$)</b>
<b>Proved Developed Producing</b>	Light and Medium Crude Oil (including solution gas and associated by-products)	10,342
	Heavy Oil (including solution gas and associated by-products)	-
	Natural Gas (including associated by-products)	(9)
<b>Proved Developed Non-Producing</b>	Light and Medium Crude Oil (including solution gas and associated by-products)	4,499
	Heavy Oil (including solution gas and associated by-products)	-
	Natural Gas (including associated by-products)	-
<b>Proved Undeveloped</b>	Light and Medium Crude Oil (including solution gas and associated by-products)	937
	Heavy Oil (including solution gas and associated by-products)	-
	Natural Gas (including associated by-products)	-
<b>Probable</b>	Light and Medium Crude Oil (including solution gas and associated by-products)	1,422
	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.

<b>Table 5 NI 51-101 Summary of Pricing and Inflation Rate Assumptions As of December 31, 2015 Forecast Prices and Costs</b>			
<b>Year</b>	<b>WTI Cushing Oil Price \$US/BBL</b>	<b>Henry Hub Natural Gas Price \$US/MMBtu</b>	<b>Inflation Rate %/Yr</b>
2016	45.00	2.25	1.5
2017	60.00	3.00	1.5
2018	70.00	3.50	1.5
2019	80.00	4.00	1.5
2020	81.20	4.25	1.5
2021	82.42	4.31	1.5
2022	83.65	4.38	1.5
2023	84.91	4.44	1.5
2024	86.18	4.51	1.5
2025	87.48	4.58	1.5
2026	88.79	4.65	1.5
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**

<b>Table 6</b>									
<b>NI 51-101 F1</b>									
<b>Reconciliation of Company Gross Reserves</b>									
<b>By Principal Product Type</b>									
<b>As of December 31, 2015</b>									
<b>Forecast Prices and Costs</b>									
<b>Factors</b>	<b>Light and Medium Oil</b>			<b>Heavy Oil</b>			<b>Associated and Non-Associated Natural Gas</b>		
	<b>WI Proved (Mbbbl)</b>	<b>WI Probable (Mbbbl)</b>	<b>WI Proved Plus Probable (Mbbbl)</b>	<b>WI Proved (Mbbbl)</b>	<b>WI Probable (Mbbbl)</b>	<b>WI Proved Plus Probable (Mbbbl)</b>	<b>WI Proved (MMcf)</b>	<b>WI Probable (MMcf)</b>	<b>WI Proved Plus Probable (MMcf)</b>
<b>December 31, 2014</b>	497	301	797						
<b>Extensions and Improved Recovery</b>									
<b>Technical Revisions</b>	(287)	(300)	(587)						
<b>Discoveries</b>									
<b>Acquisitions</b>	976	150	1,125				1,558	317	1,875
<b>Dispositions</b>									
<b>Economic Factors</b>	(82)	(1)	(82)						
<b>Production</b>	(18)	-	(18)						
<b>December 31, 2015</b>	1,086	150	1,235				1,558	317	1,875

Note: Gross volumes are working interest volumes.

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 year 2018. 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.

<b>Table 7</b> <b>NI 51-101</b> <b>Future Capital and Abandonment Costs</b> <b>Proved &amp; Probable Reserves</b> <b>As of December 31, 2015</b> <b>Forecast Prices and Costs</b>							
<b>Proved</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>Remaining</b>	<b>Total</b>
<b><u>Capital Costs, M\$</u></b>							
<b>Undiscounted</b>	509	403	1,489	-	-	-	2,401
<b><u>Abandonment Costs, M\$</u></b>							
<b>Undiscounted</b>	-	-	-	123	-	67	191
<b><u>Proved &amp; Probable</u></b>							
<b><u>Capital Costs, M\$</u></b>							
<b>Undiscounted</b>	509	1,137	2,978	-	-	-	4,624
<b><u>Abandonment Costs, M\$</u></b>							
<b>Undiscounted</b>	-	-	-	123	-	66	190

All numbers are net to the working interest.

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

## Part 6 Other Oil and Gas Information

All properties are located onshore in the States of Kansas and Oklahoma, United States of America.

During 2015, Jericho acquired four producing properties in Oklahoma. The initial acquisition in Q1 2015 was in Rogers and Nowata County, similar in nature to its shallow water-flood production in Eastern Kansas. At acquisition, the asset produced 3 barrels of oil equivalent (BOE) a day and included 1850 acres. Post-acquisition in 2015, the focus was to stabilize the asset's infrastructure and prepare it to be developed in the future at higher oil prices.

The second acquisition, in Q2 2015, was a series of Mississippian Lime Horizontal wells producing 80 gross BOE of production on 2500 acres in Osage County Oklahoma. This asset was acquired from Chaparral Energy for a total cost of \$1.5mm (50% net to Jericho). Post-acquisition in 2015, Jericho focused on long-term operating cost reduction strategies including utilizing production natural gas to power the horizontal wells.

The third and fourth acquisitions closed at the end of 2015, but had an effective date of October 1, 2015. The Creek County acquisition was a series of producing Mississippi Lime Horizontal Wells, Disposal Wells and infrastructure. At acquisition the asset produced 119 BOE a day and included approximately 10,000 acres in four townships in Creek County. The fourth acquisition was a group of Horizontal and Vertical Producing Assets in Seminole and Pottawatomie County Oklahoma. The total acquisition cost was \$13 million (Jericho acquires 25% W.I). These wells currently produce primarily from the Hunton Lime and Woodford Shale formation. At acquisition the asset produced 427 BOEs a day and included ~30,000 acres.

Jericho's efforts in Kansas focused on reducing costs across the lease hold and a few wells were drilled to hold acreage and/or increase water-flood injection capacity.

There was very little drilling in 2015 as prices provided Jericho the opportunity to acquire production at a cost that was below development costs and risks.

### Undeveloped Lands

Jericho acquired 45,000 acres in 2015, the majority of which has significant development opportunities at slightly higher price levels and many rework and restimulation candidates. The focus will be to maintain, and in certain situations, grow the Oklahoma land bank in 2016.

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, 2015 Forecast Prices and Costs								
Production Volume Estimates for Calendar Year 2016								
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	10.6	9.1			0.0	0.0		
Osage	12.2	9.7			10.0	7.8		
Creek	17.3	14.0			54.4	43.8		
Seminole	35.7	28.0			67.0	52.8		
<b>Total Proved</b>	<b>75.9</b>	<b>60.9</b>			<b>131.4</b>	<b>104.5</b>	<b>0.0</b>	<b>0.0</b>
<b>Total Probable</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Note: Gross volumes are working interest volumes.

Reference Item 6.8 of Form 51-101F1

## Oil Wells

### Gross and Net Oil and Gas Wells

Gross = 781 Oil Wells      Net = 356 Oil Wells

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

### Properties with No Attributed Reserves

Jericho has leases in both Kansas and Oklahoma that were not attributed reserves in 2015. The Oklahoma leases were primarily those with no current production or a part of the initial 2015 acquisition and in Kansas, 16 leases had no current reserve value.

### Forward Contracts - Not Applicable in 2015

In April of 2016, Jericho entered in a fixed price swap for 4,500 per month of gross barrels of production in Jericho Buckmanville from May 2016 through December 2016 at \$45.00 per barrel. The counterparty to the swap contract, Cargill, has the option on December 29, 2016 to extend the hedge into 2017 on 3,500 gross barrels of production per month

### Additional Information Concerning Abandonment and Reclamation Costs

The following table summarizes the abandonment and reclamation costs (net of salvage) applied to the reserves disclosed in Item 2.1 - Reserve Data (Forecast Prices and Costs):

### Tax Horizon

The Company was not required to pay any income taxes for the year ended December 31, 2015. The Company has deductions against taxable income for depletion of capital asset costs, general and administrative costs, intercompany loans, and losses carried forward from 2014. Based on current production and price assumptions and a continuing business model, the Corporation does not expect to pay taxes until 2020.

### Costs Incurred

For the year ended December 31, 2015:

Table 10

	2015
Acquisition of oil and gas interests	\$5,714,498
Dispositions of oil and gas interests	\$0
Development costs	\$467,380
Exploration expenditures	\$108,363

## Exploration and Development Activities

Jericho deferred the planned 2015 development activities as a result of lower oil prices. Jericho utilized this lower price environment to focus on acquisition opportunities.

## Production History

The following table sets forth certain information in respect of quarterly and daily production for fiscal 2015.

**Table 11**

Net Production History	Fiscal 2015				
	Q1	Q2	Q3	Q4	Total
<b><u>Average Daily Production</u></b>					
Light and Medium Oil (bbl/d)	48.55	70.25	80.08	70.16	67.35
Natural Gas (MMcf/d)	-	22.57	43.82	0.00	21.93
Natural Gas Liquids (bbl/d)	-	-	-	-	-
<b><u>Average Net Prices Received</u></b>					
Light and Medium Oil (\$/bbl)	43.29	51.85	42.35	36.91	43.56
Natural Gas (\$/Mcf)	-	1.88	1.62	1.30	1.61
Natural Gas Liquids (\$bbl)	-	-	-	-	-
<b><u>Royalties</u></b>					
Light and Medium Oil (\$/bbl)	6.28	8.75	7.48	6.62	7.37
Natural Gas (\$/Mcf)	-	0.43	0.29	0.30	0.33
Natural Gas Liquids (\$bbl)	-	-	-	-	-
<b><u>Production Costs</u></b>					
Light and Medium Oil (\$/bbl)	29.74	30.83	36.37	34.51	32.86
Natural Gas (\$/Mcf)	-	3.48	2.54	4.07	3.36
Natural Gas Liquids (\$bbl)	-	-	-	-	-
<b><u>Netback Received</u></b>					
Light and Medium Oil (\$/bbl)	7.26	8.78	(4.05)	(8.29)	(0.04)
Natural Gas (\$/Mcf)	-	-	-	-	-
Natural Gas Liquids (\$bbl)	-	-	-	-	-