Dear Fellow Shareholders:

"If we each live properly, we will collectively flourish."

For exploration & production companies ("E&Ps"), 2016 could best be described as a year of chaos. Normally hard to define, chaos, at it's truest meaning is simply, the unknown. (There were 10x the amount of 5% movements in crude oil prices in 2016 than 2017). As E&Ps were faced with multiple unknowns throughout 2016, not least of which the price of crude oil, 2017 was a welcomed sight – an antidote to chaos. While low crude oil prices persisted for a third straight year since the collapse (West Texas Intermediate ("WTI") benchmark averaged ~$51 per barrel for the year), the Global E&P industry, at large, looked to the return of a collective order – an order aimed at global crude oil inventory balance, on the one hand, and a pivot towards greater capital discipline, on the other.

Production growth at any cost, long the mantra of public U.S. E&Ps, turned to a returns-based regime governed largely by "living within one's means." No longer were the debt and equity markets (principally controlled by a handful of money managers) going to fuel the growth of U.S. E&Ps without capital efficiency (i.e., returns on invested capital ("ROIC")). Weary of the chaos, unfettered US production growth had reaped on crude oil prices, it was revealed through a Wall Street Journal article (dated Dec. 2017), that a cabal of twelve New York and Boston-based money managers (collectively owning tens of billions worth of E&Ps equity) had looked to correct this behavior back into a more structured world of familiarity. The spigots would be turned off, the twelve major shareholders posited towards U.S. Shale executives in late 2017, if there was not a return to disciplined, returns-based investing in the Shale oil patch. While U.S. production had nearly doubled to 10mm barrels per day since 2007, shares in an index of U.S. producers (SDPR XOP ETF) had fell 31%, while the S&P 500 rose 80%. E&P companies in that time spent $280 billion *more* than they generated from operations on shale investments, according to advisory firm Evercore ISI. The value destruction was to be no more and the collective effort by the U.S. Shale capital providers have, so far, yielded positive results. Nearly all the top 20 U.S. Shale firms have since announced shareholder-friendly initiatives aimed at prioritizing cash flow metrics (over production growth) in addition to leaner capital expenditure programs (largely within expected cash flows), share buy-backs, increased dividends and, most importantly, changes to executive compensation practices (designed at rewarding the initiatives). Ever the capital-intensive business, the cumulative effect on U.S. E&Ps will be substantial – while productivity gains have empowered production growth in the U.S. throughout the downturn, lower overall capital expenditures moving forward should serve as a cap on run-away growth and (the only) incremental supply to global markets.

Similarly, OPEC was equally exhausted by the chaos gripping the oil markets, ultimately, providing the pathway to a more a predictable (read: cooperating) order. Despite most market observers' fears about OPEC's compliance with their initial production cuts announced in November 2016, the resulting compliance from OPEC since has been nothing short of historical. All told, since November 2016, OPEC (plus Russia) have a ~96 percent compliance rate against their planned 1.8mm barrel a day cut (~1.5 percent of global daily supply). And as of the time of this writing, OPEC is adhering to the agreement by an astounding162 percent (in the month, April 2018)! In times of chaos, individuals yearn for order. Despite the cultural, sociological and geopolitical differences, OPEC and U.S. Shale producers took individual responsibility to seek more predictable crude oil prices.

Because of the indiscriminate chaos endured over the last three years, 2017 ended with a more defined order, helped, no doubt, by the collective efforts of OPEC and U.S. Shale oil producers (and their capital providers). The implications have been widely felt: the global oil market has rebalanced faster than most expected, lifting crude oil prices to multi-year high's (currently around $70 per barrel). Critically, confidence in crude oil prices has returned, a fundamental input to market expectations of value across the E&P sector. However, confidence in current prices has not yet translated into future prices as the futures oil curve (12+ months out) is severally backwardated. Today's spot price is currently ~$13 a barrel higher than the forward price just two years out ($71.50-$58) Thus, despite today's growing confidence, in the long-run, we do not know with any amount of certainty where the market for crude oil prices will end up (in continued chaos or consistent order). Jericho, nonetheless, took actionable steps in 2017 to be prepared for both worlds.

As a result, your Company made its largest single investment to-date into what most market analysts consider to be the lowest-cost shale oil basin in the U.S.: the Anadarko Basin STACK play of Oklahoma. Since the downturn in prices, only a couple U.S. Shale oil plays have demonstrated the economic resiliency to justify continued investment, drilling and A&D activity (the other being the Permian in West Texas). In fact, top-tier well economics has sustained STACK play activity and growth – as prices consistently remained below $45 per barrel, investment in the STACK and the resulting production growth nearly *tripled* as the average annual horizontal shale wells drilled in the play went from 140 to 320 (pre-2014 vs. post-2014). Positioning Jericho into one of the lowest cost (i.e., break-even) basins in a crude oil world defined by a lower global supply cost-curve was imperative to building long-term shareholder value.

For those of you unfamiliar, the STACK is an acronym describing both its location – Sooner Trend Anadarko Basin Canadian and Kingfisher County – and multiple, stacked productive formations present in the area. The STACK is a prolific hydrocarbon system with high oil and liquids-rich natural gas content, multiple horizontal target horizons (measuring nearly 700 feet thick or approximately the size of the Space Needle in Seattle), 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, hundreds of 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 (many of whom neighbor our acreage position) have significant assets and investments in the STACK including: Continental Resources, Devon Energy, Marathon Oil, Alta Mesa Resources, Newfield Exploration and Chesapeake Energy.

All told, Jericho has assembled a 26.5% interest in a ~14,000 contiguous, low-cost net acreage position centered on the normally-pressured oil window of the STACK play. Our entry cost and subsequent leasing efforts continue to be extremely attractive compared to recent public market acquisitions and valuations which have approached $10,000 – 15,000 per acre (not to mention our new publicly-traded neighbor Alta Mesa Resources (NYSE: AMR) who went public at almost $17,000 per acre).

Your Company's focus in 2018 is primarily on the horizontal development of the 700-foot thick Mississippian-age Osage and Meramec formations in Blaine and Major county Oklahoma. The successful development and delineation of both known formations across your Company's acreage is paramount to achieving like-for-like value with other players in the STACK play. This initiative is off to a good start, with our first Meramec Well drilled having an initial IP24 rate of 957 barrels of oil equivalent at 211 boepd per perforated lateral foot, amongst the highest of any well to-date targeting the Meramec formation in the northern STACK.

In addition to the STACK play acquisition, Jericho also increased its stake in its Seminole and Pottawatomie County joint venture to 50%. The Company will generate most of its cash flow from this asset which is highly leveraged to the rise in crude oil prices. Jericho purchased an initial 25% interest in the asset package at year-end 2015, with its Private Family Partner ("PFP") acquiring 75%. Jericho now holds 50% ownership across all assets (excluding its recent STACK acquisition).

Jericho also divested of a small non-core asset in Osage County, Oklahoma during 2017.

Performance Review

In 2017, Jericho deployed ~$14.89mm ($12.0mm for acquisitions of developed and undeveloped land and $2.89mm in capital expenditures). Jericho's opportunistic acquisition strategy allowed the Company to grab a beach-head position in the lowest-cost basin in the U.S., in addition to increasing our stake in the largest cash flowing asset in our portfolio today. Further, we have outlined some of our key year-over-year metrics below (keep in mind our STACK acquisition, despite our large capital outlay, receives little reserves value until we begin to develop our acreage position, again our primary goal in 2018) – all dollar amounts are the Present Value of future cash flows discounted at 10% before tax derived from YE2017 Independent Reserve Report using forecast pricing, $USD:

- Daily production decreased ~8% from Q4-16 to Q4-17
- Proved plus Probable reserves total $37.5mm or 2.76mm barrels of oil equivalent, 12% decrease y-o-y
- Proved (1P) reserves total $33.3mm or 2.46mm barrels of oil equivalent, 20% increase y-o-y
- Proved Developed (PDP *plus* PDNP) reserves represent ~76% and 67% of 1P and 2P reserves, respectively

Our continued execution upon our existing asset base, new acquisitions in addition to stable to rising oil prices (and resulting sentiment) allowed the Company to deliver for Jericho shareholders throughout 2017. The table below shows the relative performance to the SPDR XOP ETF (largely represented by Oil & Gas Exploration & Production companies and other energy-related services):

	Jericho Oil	XOP	Relative Results
Share Performance (1/1/2017 – 12/31/2017)	(A)	(B)	(A) - (B)
	78.3%	*-10.2%*	*88.5%*

Note: The SPDR S&P Oil & Gas Exploration & Production ETF represents the oil and gas exploration and production segment of the S&P total Market Index

XOP ETF Top 10 Holdings: CLR, WLL, RSPP, CPE, CRZO, APA, EGN, PE, COP, DK

For Jericho shareholders in 2017, the stock has performed far better than the price of crude oil (NYMEX WTI), S&P 500, as well as the SPDR XOP ETF. Relative to our peers, as measured by the SPDR XOP ETF, we have outperformed by approximately 88 percent. While we do not foresee this level of outperformance over the long-term, we believe our prudent strategy of investing significant capital throughout the oil price downturn in distressed assets is now reaping benefits for our long-term shareholder base. We believe our current year investments in the STACK play will only drive further risk-adjusted returns for shareholders over the coming years.

State of the Oil Market

In last year's letter we spoke about two seemingly opposing forces that would define oil prices for the foreseeable future: OPEC (collectively supplying the largest absolute amount of oil to global markets or ~31.5mm barrels per day) vs. U.S. Shale (the largest *incremental* supply source at current prices or ~1.5mm barrels per day). Until only recently (2018), crude oil prices have been pinned in a range, supported by (successful) production cuts from OPEC, on the one hand, yet capped by rising U.S. shale oil production, on the other. Resilient and rising U.S. shale oil production, due in large part, to growth in efficiency gains (30-40 percent per annum in new-well oil production from one average rig) amongst strong advancements in completions technology and geological lateral placement, had the effect of 'resetting' the shale oil cost curve. Most market prognosticators were therefore convinced that U.S. Shale would continue these gains, at rates commensurate with historical growth. This reminded us of everyone's favorite investment / legal disclaimer found at the bottom of most presentations: *Prior results may not be indicative of future performance.* Most predictive oil supply models and analysis are based on historical production data, rig / revenue relationships to determine future activity, and critically, current productivity per average rig increases or holds for all future drilling activity.

It is the last point above that we view as the greatest risk. Much of the recent production history has likely seen the greatest level of portfolio high-grading, completion optimization and has taken place during a period of severe cost deflation that has perhaps enabled more aggressive completions in the future in sub-optimal acreage that may not be practical in a rising cost environment. To assume historical productivity gains achieved during one of the worst oil price downturns in 20 years as structural seems to be fundamentally flawed (not too dissimilar from the S-curve theory of technology).

This risk was first argued by Harold Hamm, CEO of Continental Resources (and considered to be one of the leading U.S. shale pioneers), in November 2017 that to extrapolate prior 'unbounded' or 'parent' well results as representative of future 'child' wells may have the effect of overstating the future production outlook for U.S. Shale. Taking the argument to its conclusion, U.S. Shale production, the only incremental supply at current prices able to meet rising global demand, would not be as strong as most inputs into Wall Street models that underpin crude oil price forecasts and thus confidence in actual long-term prices.

Put simply, every new horizontal well is drilled on a one-by-one mile 'unit.' Each unit holds a certain amount of oil and gas that can be efficiently extracted by *multiple* horizontal wells spaced like a wine-rack. As initial horizontal development began in the various U.S. Shale basins, companies would put only one well in each unit at a time, to 'hold' that unit until the well was no longer capable of producing oil and gas (potentially 20-30 years). This bought companies time, to then come back into those 'held' units to fully and efficiently develop the unit with anywhere from 8-20 horizontal wells (draining the unit of its recoverable resources). This future time-period for 'full-field' or 'full-unit' development is upon the shale industry, at large. Every subsequent well (the 'child') drilled after the initial unit well (the 'parent') was assumed, by most, to continue upon the historical productivity growth trend of 30-40 percent per annum. However, incremental productivity from 'child' wells appears to be *lagging* the initial 'parent' well in a range of 20-30 percent. This would result in *declining* productivity on much of the future shale horizontal well locations (remember, for everyone parent, there may be 7 to 19 future child wells). The potential implications for U.S. Shale production growth, and ultimately, global inventory levels are clear in a world of declining productivity. Now, our own caveat to this larger discussion: for years, many thought U.S. Shale ingenuity would run dry much sooner than those who are forecasting now and many have been proven wrong time and time again. However, this time, there seems to be initial supporting data on unit development that would point to a degradation in productivity moving forward. Certainly, something to watch in 2018.

As many of these discussions carry on into 2018 and beyond, Jericho will continue with a singular focus of driving long-term shareholder value. Building a company throughout the oil price downturn has been difficult but extremely gratifying. While it seems we may be on the other side of chaos and lower crude oil prices, we remain vigilant with our shareholders capital and hope to reward all of you with continued success.

In closing, I know many of you are familiar with Jericho's core Leadership Team and some of you even frequently speak with various team members. What you may not know is that over the last year, Jericho's Technical Team has made some very strategic, and rather exceptional, additions with veteran oil & gas individuals that are well-known in the industry as proven, pioneering, game-changers to the oil & gas sector and are now game-changers to your oil & gas company. I would urge shareholders to please spend a few moments and revisit Jericho's recently revamped website, www.JerichoOil.com. Under the Leadership Page, you will see the brief bios of our first-class oil & gas Technical Team. Thank you, Tony Blancato, for making Jericho's Website, so informative and user friendly. And a thank you to Ryan Breen for his tremendous ability to take concepts and ideas and seamlessly weave them together in developing the annual shareholder letter.

On Behalf of your Jericho Team,

Brian Williamson

Chief Executive Officer