JERICHO OIL CORPORATION
MANAGEMENT DISCUSSION AND ANALYSIS ("MD&A")
For the year ended December 31, 2019
(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 Oil Corporation ("Jericho" or "the Company") for the three months and year ended December 31, 2019 is dated April 9, 2020 and should be read in conjunction with the Company's audited consolidated financial statements for the years ended December 31, 2019 and 2018. The audited consolidated 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 Oil Corporation ("Jericho" or the "Company") 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, formerly Dakar Resource Corp., was changed on February 27, 2014. The Company trades on the TSX Venture Exchange under the symbol "JCO", 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 West Georgia Street, Vancouver, British Columbia, Canada, V6E 3P3.

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 is an independent crude oil and natural gas company engaged in the exploration, development and production of crude oil and natural gas. The Company derives its revenues, operating income, and cash flows from the sale of crude oil and natural gas and expects this to continue in the future. 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 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 December 31, 2019, 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 December 31, 2019 and December 31, 2018, the Company held the following joint ventures and associates in Oklahoma:

	December 31, 2019	**December 31, 2018**
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

Jericho's joint ventures in Central Oklahoma continue to operate with a goal of maximizing cash flow through cost reduction efforts while experiencing continued commodity price unpredictability. The decrease in oil prices experienced since fourth quarter 2018 and during 2019 impacted the Company's results of operations and the timing of the Company's drilling activities. The Anadarko Basin STACK play continues to be Jericho's primary focus for growth when the economic outlook improves.

OVERALL PERFORMANCE AND RESULTS OF OPERATIONS (continued)

The following table summarizes the results of operations for Jericho for the three and twelve months ended December 31, 2019, compared with the same periods of 2018.

	Three Months Ended December 31,		Year Ended December 31,	
	2019	**2018**	**2019**	**2018**
Net crude oil revenue	$ 60,431	$ 89,646	$ 237,649	$ 408,773
Operating expenses				
Production costs	48,004	62,846	239,791	258,265
Depletion, depreciation and amortization	29,411	22,686	115,680	76,657
Accretion of decommissioning liabilities	1,081	1,053	4,350	4,130
General and administrative expenses	542,655	541,265	1,947,397	3,071,500
Foreign exchange (gain) loss	20,089	(173,035)	95,051	(236,282)
Total operating expenses	641,240	454,815	2,402,269	3,174,270
Share of loss from equity investments	(4,477,018)	(226,509)	(6,342,531)	(1,274,696)
Operating loss	(5,057,827)	(591,678)	(8,507,151)	(4,040,193)
Other income (loss)				
Interest income	24	24	160	24
Other income/(loss)	8,567	(139)	6,662	(21,071)
Impairment of petroleum properties	(29,190)	—	(29,190)	—
	(20,599)	(115)	(22,368)	(21,047)
Loss before income tax	$ (5,078,426)	$ (591,793)	$ (8,529,519)	$ (4,061,240)
Income tax				
Income tax expense	—	(22)	—	(3,229)
Loss for the period	$ (5,078,426)	$ (591,815)	$ (8,529,519)	$ (4,064,469)

As reflected in the table above, the Company had unfavorable operating results for the three and twelve months ended December 31, 2019 Favorable reductions in general and administrative expense were more than offset by a greater loss from equity investments. 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 December 31, 2019

The following tables present a reconciliation of 100% joint venture partners' income to Jericho's share of income (loss) from equity investments for the year ended December 31, 2019 and 2018 based on IFRS. Please also refer to the Company's share of investment in the Joint Ventures in Canadian dollars under IFRS in Note 7 of the annual financial statements.

Year Ended December 31, 2019	Eagle Road	Lurgan	Buckmanville	Walnut	Cherry Rancher	Total
100% Net income (loss) in US$	(3,699,935)	(1,835,457)	(800,470)	(6,114,622)	15,711	(12,434,773)
100% Net income (loss) in CDN$	(4,909,182)	(2,435,339)	(1,062,088)	(8,113,058)	20,846	(16,498,821)
Jericho's ownership	50 %	50 %	50 %	26 %	31 %	
Jericho's share of net income (loss) in US$	(1,849,968)	(917,729)	(400,235)	(1,617,150)	4,864	(4,780,216)
Jericho's share of net income (loss) in CDN$	**$ (2,454,591)**	**$ (1,217,669)**	**$ (531,044)**	**$ (2,145,681)**	**$ 6,454**	**$ (6,342,531)**

Year Ended December 31, 2018	Eagle Road	Lurgan	Buckmanville	Walnut	Cherry Rancher	Total
100% Net income (loss) in US$	(614,347)	(237,916)	55,464	(2,251,146)	33,451	(3,014,494)
100% Net income (loss) in CDN$	(796,317)	(308,388)	71,892	(2,917,937)	43,359	(3,907,391)
Jericho's ownership	50 %	50 %	50 %	26 %	31 %	
Jericho's share of net income (loss) in US$	(307,174)	(118,958)	27,732	(595,366)	10,356	(983,409)
Jericho's share of net income (loss) in CDN$	**$ (398,158)**	**$ (154,194)**	**$ 35,946**	**$ (771,714)**	**$ 13,424**	**$ (1,274,696)**

OVERALL PERFORMANCE AND RESULTS OF OPERATIONS (continued)

Statement of 100% Joint Venture and Equity Investment 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 December 31,		**Year Ended December 31,**	
	2019	**2018**	**2019**	**2018**
Oil (BBL)	**31,518**	39,965	**131,871**	160,796
Natural gas (MCF)	**97,512**	124,098	**410,754**	466,432
NGL (BBL)	**12,837**	14,704	**50,230**	59,614
Total sales (BOE)	**60,607**	75,352	**250,560**	298,149
Average daily sales (BOE/d)	**659**	819	**686**	817
Average daily sales (BOE/d) net to JCO	**288**	329	**289**	336
Operating Results Per BOE:	**USD$**	USD$	**USD$**	USD$
Oil sales ($/BBL)	**$ 55.49**	$ 57.41	**$ 55.19**	$ 63.54
Natural gas sales ($/MCF)	**1.78**	3.05	**2.07**	2.54
NGL sales ($/BBL)	**18.66**	23.40	**17.81**	26.04
Total sales ($/BOE)	**35.67**	40.04	**36.02**	43.45
Lease operating expenses ($/BOE)	**$ 15.59**	$ 14.62	**$ 17.40**	$ 17.00

OVERALL PERFORMANCE AND RESULTS OF OPERATIONS (continued)

Statement of 100% Joint Venture and Equity Investment Income (US$) (continued)

	Three Months Ended December 31,		Year Ended December 31,	
	2019	**2018**	**2019**	**2018**
Operating Results:				
Oil sales	**$ 1,749,069**	$ 2,294,358	**$ 7,277,455**	$ 10,217,295
Natural gas sales	**173,368**	378,576	**852,172**	1,184,774
NGL sales	**239,503**	344,091	**894,637**	1,552,224
Product revenues	**2,161,940**	3,017,025	**9,024,264**	12,954,293
Lease operating expenses	**944,615**	1,101,791	**4,358,897**	5,068,051
Production taxes and deductions	**264,733**	338,721	**1,062,293**	1,383,647
Depreciation, depletion, and amortization	**1,245,375**	1,514,793	**4,974,845**	5,066,320
Impairment expense	**8,091,353**	1,649,000	**8,091,353**	1,649,000
Accretion expense	**54,300**	30,167	**216,519**	123,875
General and administrative	**503,947**	640,719	**2,277,216**	2,253,410
Other operating expense (income)	**5,364**	85,273	**(10,651)**	123,561
Total operating costs and expenses	**11,109,688**	5,360,464	**20,970,472**	15,667,864
Operating income	**(8,947,748)**	(2,343,439)	**(11,946,208)**	(2,713,571)
Realized (gain) loss on derivatives	**2,520**	433,292	**(2,772)**	736,471
Unrealized fair value (gain) loss on derivatives	**109,213**	(1,510,732)	**345,688**	(782,187)
Interest income	**(4,783)**	(4,476)	**(14,322)**	(14,278)
Interest expense	**103,087**	81,374	**435,485**	360,916
Deferred income tax recovery	**(275,514)**	—	**(275,514)**	—
Joint venture net income (loss) as reported	**$ (8,882,270)**	$ (1,342,898)	**$ (12,434,773)**	$ (3,014,494)

Joint venture net income (loss) as reported	**$ (8,882,270)**	$ (1,342,898)	**$ (12,434,773)**	$ (3,014,494)
Depreciation, depletion, and amortization	**1,245,375**	1,514,793	**4,974,845**	5,066,320
Accretion, plus	**54,300**	30,167	**216,519**	123,875
DIT Recovery	**(275,514)**	—	**(275,514)**	—
Unrealized fair value (gain) loss on derivatives	**109,213**	(1,510,732)	**345,688**	(782,187)
Impairment expense	**8,091,353**	1,649,000	**8,091,353**	1,649,000
Interest expense, plus	**103,087**	81,374	**435,485**	360,916
Payments on lease obligations	**(121,962)**	—	**(121,962)**	—
Non-cash adjustments, plus	**(23,247)**	(93,139)	**61,119**	24,270
Total adjusted joint venture income (1)	**$ 300,336**	$ 328,567	**$ 1,292,762**	$ 3,427,701

(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 and Equity Investment Income (US$) (continued)

Results for the three and twelve-month periods ended December 31, 2019

Operating results for the Company's Joint Ventures in 2019 were unfavorable compared with 2018. The primary factors impacting 2019 results compared to 2018 were significant non-cash impairment charges and lower operating revenues from lower sales prices and volumes. For 2019, impairment charges increased by $6.4 million largely due to a decrease in forward oil prices which impacted the value of the Company's reserves. For Walnut, impairment charges in 2019 related primarily to leasehold acreage with primary terms expiring before drilling would likely occur.

In addition, results of operations were impacted by decreased product revenues due to a combination of lower oil, natural gas and NGL sales volumes and prices during 2019 compared to 2018. Total sales volumes of the joint ventures on a barrel of oil equivalent basis decreased approximately 20 percent and 16 percent for the three and twelve-months ended December 31, 2019 compared to 2018, respectively. Lower sales volumes are primarily the result of less drilling activity in 2019 and natural declines of horizontal wells drilled during 2018, coupled with an 11 percent and 17 percent decrease in the realized price per barrel of oil equivalent for the three and twelve-months ended December 31, 2019 compared to 2018, respectively.

Operations in 2019 were also impacted by non-recurring events experienced throughout the year. Operating revenues and costs were lower during the second quarter of 2019 as several of Jericho's joint ventures were impacted by severe weather in Oklahoma. No permanent damage was sustained, but several power outages and flooding required the temporary suspension of operations in some areas and a delay in scheduled reworks. The Eagle Road joint venture was significantly impacted by an unscheduled outage on the purchaser's natural gas gathering system in the third quarter, resulting in lower product sales volumes and higher operating expenses.

The Company's unfavorable results in 2019 were offset by the Company's continued efforts to lower production operating expenses compared with prior years.

2020 Outlook

For 2020, the Company was preparing to focus on drilling opportunities in the Company's legacy assets. However, during the first quarter of 2020, the World Health Organization declared a world-wide pandemic resulting from the coronavirus (COVID-19) outbreak. As the disease rapidly spread across the globe, many countries have required companies to limit or suspend business operations, implemented travel restrictions, and ordered individuals to stay at home. These measures have materially impacted the demand for the Company's hydrocarbon products. The current lack of global demand combined with over-supply of oil has resulted in a significant decrease in spot and forward oil prices to twenty-year lows. Additionally, in response to the precipitous fall in global oil prices, the Organization of Petroleum Exporting Countries (OPEC), led by Saudi Arabia, has stated its intention to increase production, causing further downward pressure on oil price

OVERALL PERFORMANCE AND RESULTS OF OPERATIONS (continued)

futures markets. We anticipate that these events will result in lower sales revenues for our joint ventures, which could impact their ability to comply with debt covenants in the first and second quarters of 2020. In March 2020, we executed costless collar contracts for 6,750 barrels per month for the period April to June. The contracts consist of buying puts at $20 per barrel and selling calls at $29 per barrel.

In March 2020, the U.S Government approved a $2 trillion stimulus package which includes $350 billion to guarantee loans for small businesses. The Company believes that its joint ventures may qualify for a loan under this program which is designed to provide funding for certain qualifying expenditures. The Company's joint ventures will apply for these loans following the issuance of regulations in the second quarter.

The Company makes significant estimates related to reserves that could be materially impacted by a sustained decrease in prices of our products. To estimate the economically recoverable crude oil reserves and related future net cash flows, management incorporates many factors and assumptions including the expected reservoir characteristics, future commodity prices and costs and assumed effects of regulation by governmental agencies. Reserves are used to calculate the depletion of the capitalized petroleum properties and for impairment purposes. If the lower commodity prices continue for a sustained period, our expectations of future commodity prices could lower the value of our reserves and result in material impairments of our long-term assets.

The COVID-19 pandemic is rapidly evolving, and its ultimate impact on our business is uncertain. At this point, we cannot reasonably estimate the duration, complexity, or severity of this pandemic, which could have a material adverse impact on our business, results of operations, financial position and cash flows. Other possible effects may include disruptions in the demand for our hydrocarbon products, absenteeism in the Company's labor workforce, unavailability of products and supplies used in operations, and a decline in value of assets held by the Company's joint ventures.

To date, we have taken several steps to reduce operating and capital expenditures and continue to produce our products as safely as possible. We anticipate our plans for 2020 will evolve and alter due to rapidly changing environment caused by this global pandemic.

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	12/31/2019	9/30/2019	6/30/2019	3/31/2019	12/31/2018	9/30/2018	6/30/2018	3/31/2018
Loss for the period	(5,078,426)	(1,088,261)	(981,806)	(1,381,026)	(591,815)	(1,142,599)	(1,284,841)	(1,045,214)
Basic and diluted loss per share	(0.04)	(0.01)	(0.01)	(0.01)	(0.00)	(0.01)	(0.01)	(0.01)

2019

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.

During third quarter 2019, the Company recorded a loss of $1.1 million, representing a greater loss than the second quarter. The Company continues to lower general and administrative costs at its head office, but also experienced lower equity income during the period.

During second quarter 2019, the Company recorded a loss of $982 thousand. The loss was lower than first quarter 2019 primarily as a result of lower general and administrative costs at its head office and higher income from equity investments. The Company's share of income from equity investments increased primarily because its joint ventures recorded unrealized fair value losses on derivatives in first quarter 2019.

During first quarter 2019, the Company recorded a loss of $1.4 million. The loss was primarily a result of lower income from equity investments compared with fourth quarter 2018. The Company's share of income from equity investments decreased because its joint ventures recorded unrealized gains on derivate contracts in fourth quarter 2018. The joint ventures also recorded higher depletion expense compared with previous periods.

2018

During fourth quarter 2018, the Company recorded a loss of $592 thousand compared to a loss of $571 thousand in fourth quarter 2017. In fourth quarter 2018, the Company's share of loss from equity investments included a $570 thousand impairment charge net to Jericho, which was more than offset by a $975 unrealized gain on derivatives. In fourth quarter 2017, two of the Company's joint ventures recorded significant non-cash impairment charges, which were partially offset by deferred tax recovery gains related to the impairments and changes in U.S. corporate tax laws enacted at the end of 2017.

During third quarter 2018, the Company recorded a loss of $1.1 million compared to a loss of $3.4 million in third quarter 2017. The comparable increase in income was primarily a result of lower general and administrative expense and lower foreign exchange losses compared with the same period of 2017. The Company's share of income from equity investments was also higher during third quarter 2018 compared with 2017.

During second quarter 2018, the Company recorded a loss of $1.3 million compared to a loss of $848 thousand in second quarter 2017. The comparable decrease in income was primarily a result of higher general and administrative expense compared with the same period of 2017. The Company's share of income from equity investments was also lower during second quarter 2018 compared with 2017. Despite higher realized oil prices in 2018, the joint venture's increased revenues were more than offset by the combination of higher depletion and general administrative expenses compared with the same period of 2017.

During first quarter 2018, the Company recorded a loss of $1.0 million compared to a loss of $1.1 million in first quarter 2017. The comparable increase in income was primarily a result of the Company experiencing a foreign exchange gain in 2018 compared with a foreign exchange loss during the same period of 2017. The comparable change in foreign exchange gains and losses was offset by higher general and administrative expense related to increased investor relations activity compared with first quarter 2017. The Company's share of income from equity investments was also lower during first quarter 2018 compared with 2017.

SELECTED ANNUAL INFORMATION

The following table shows selected financial information of Jericho for the years ended December 31, 2019, 2018, and 2017:

	Year ended 2019	**Year ended 2018**	**Year ended 2017**
Revenue	$ 237,649	$ 408,773	$ 391,431
Net income (loss)	(8,529,519)	(4,064,469)	(6,014,776)
Net income per share	(0.07)	(0.03)	(0.07)
Cash	1,579,451	3,963,688	5,292,783
Total assets	34,102,198	44,184,054	42,916,838
Total current financial liabilities	$ 520,371	$ 271,627	$ 244,493

LIQUIDITY AND CAPITAL RESOURCES

The activities of the Company, principally the acquisition and development of prospective oil and gas properties, 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.

Liquidity requirements are managed based upon forecasted cash flows to ensure that there is sufficient working capital to meet the Company's obligations. The Company's liquidity as at 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 the 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. See Subsequent Events discussion at the end of this report. There can be no assurance that the Company will be successful in obtaining any additional financing required to continue its business operations.

Jericho has not completed any capital raises during 2019. The following section details the capital raises Jericho achieved during 2018.

During fourth quarter 2018, 791,026 stock options were exercised at an average price of $0.30 for gross proceeds of $ 237,308.

During third quarter 2018, 500,000 stock options were exercised at an average price of $0.30 per share for gross proceeds of $150,000.

During second quarter 2018, 365,729 warrants were exercised at $0.60 per share for proceeds of $219,437, and 375,000 stock options were exercised at $0.30 per share for gross proceeds of $112,500.

On January 9, 2018 the Company closed a non-brokered private placement of 3,784,946 units at a price of $0.60 per unit for gross proceeds of $2,270,968. Each unit is comprised of one common share and one-half warrant with each full warrant entitling the holder to purchase one common share of the Company at a price of $0.90 per share for a period of 24 months from closing. The Company received $2,193,535 in connection with this private placement during the year ended December 31, 2017.

During first quarter 2018, 9,023,560 warrants were exercised at $0.60 per share for proceeds of $5,414,136. The Company received $4,412,929 in connection with these warrant exercises during the year ended December 31, 2017.

TRANSACTIONS WITH RELATED PARTIES

Key management are the officers and directors of the Company. 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:

	Year Ended	
	December 31, 2019	December 31, 2018
Management fees	$ 476,423	$ 619,784
Salaries	—	252,693
Directors' fees	40,000	50,000
Share-based payments	5,258	73,434
	$ 521,681	$ 995,911

At December 31, 2019, included in accounts payable and accrued liabilities is an amount of $Nil payable to a director of the Company (2018 - $12,186).

At December 31, 2019, included in accounts payable and accrued liabilities is an amount of $Nil payable to a company controlled by the Chief Executive Officer ("CEO") of the Company (2018 -$9,000).

At December 31, 2019, the Company had $Nil in advances and $295,489 in accounts payable to equity investments as described in Note 7 (2018 - $8,772 and $33,698).

In addition to costs included above, one of the Company's joint ventures incurred approximately $115,400 (USD$87,500) in compensation for Chief Financial Officer ("CFO") services during 2019.

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

New accounting standard adopted effective January 1, 2019:

The Company adopted IFRS 16 – *Leases*, which replaces previous IFRS guidance on leases under IAS 17. Under previous guidance, lessees had to determine if the lease was a finance or operating lease. Generally, finance leases were recognized on the Consolidated Statements of Financial Position while operating leases were recognized in net income on the Consolidated Statements of Comprehensive Loss. IFRS 16 brings leasing arrangements onto the Consolidated Statements of Financial Position by creating a single model for lease accounting, which requires a right-of-use asset and liability to be recognized on the Consolidated Statements of Financial Position. The Company adopted IFRS 16 using the modified retrospective approach whereby the Company recorded an approximate $67,000 right-of-use asset (a non-current asset) and a corresponding lease liability in connection with its office lease as the cumulative effect of initially applying the standard. Eagle Road Oil, LLC, the Company's joint venture in Oklahoma, recognized approximately $500,000 (USD$375,000) as a right-of-use asset and a corresponding lease liability in connection with its office lease in Tulsa, Oklahoma. On adoption of IFRS 16, the Company's lease liabilities related to contracts classified as lease are measured at the discounted present value of the remaining minimum lease payments, excluding short-term and low-value leases. The right-of-use assets recognized were measured at amounts equal to the present value of the lease obligations and are amortized over the lease term. The weighted average incremental borrowing rate used to determine the lease obligation at adoption was approximately 6.25%. The Company elected to not apply lease accounting to leases with a lease term of 12 months of the date of initial application.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts within the consolidated financial statements. Judgments, estimates and underlying assumptions are reviewed on a continuous basis and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In preparing the consolidated financial statements, management makes judgments regarding the application of IFRS for the Company's accounting policies. Significant judgments relate to the following areas:

Joint arrangements

The Company may be a party to an arrangement in which it does not have control. Judgment is required in determining whether joint control over such arrangements exists and if so, which parties have joint control and whether each arrangement is a joint venture or joint operation.

In assessing whether the Company has joint control, management analyzes the activities of each arrangement and determines which activities most significantly affect the returns of the arrangement. These activities are determined to be the relevant activities of the arrangement. If unanimous consent is required over the decisions about the relevant activities, the parties whose consent is required would have joint control over the arrangement. The judgments around which activities are considered the relevant activities of the arrangement are subject to analysis by each of the parties to the arrangement and may be interpreted differently. When performing this assessment, the Company considers decisions about activities such as managing the asset during its life, acquisition, expansion and dispositions of assets, financing, operating and capital decisions.

Management may also consider activities including the approval of budgets, appointment of key management personnel, representation on the board of directors and other factors. If management concludes that the Company has joint control over the arrangement, an assessment of whether the arrangement is a joint venture or joint operation is required. This assessment is based on whether the Company has rights to the assets and obligations for the liabilities relating to the arrangement, or whether it has rights to the net assets of the arrangement. In making this determination, management reviews the legal form of the arrangement, the terms of the contractual arrangement, and other facts and circumstances.

In a situation where the legal form and the terms of the contractual arrangement do not give the Company rights to the assets and obligations for the liabilities, an assessment of other facts and circumstances is required, including whether the activities of the arrangement are primarily designed for the provision of output to the parties and whether the parties are substantially the only source of cash flows contributing to the arrangement. In such circumstances management may consider the application of other facts and circumstances to conclude that a joint arrangement is a joint operation is appropriate. This conclusion requires judgment and is specific to each arrangement.

Management has applied the use of other facts and circumstances to conclude that the extraction of petroleum in Eastern Kansas is a joint operation for the purposes of the consolidated financial statements (see Note 6). The other facts and circumstances considered are the provisions for output to the parties of the joint arrangement. The Company will take its share of the output from the assets directly over the life of the arrangement. Management has concluded that this, combined with other factors, gives the Company direct rights to the assets and obligations for the liabilities of these arrangements, proportionate to the Company's ownership interest.

Cash generating unit (CGU)

The Company's assets are aggregated into cash-generating units ("CGUs"), based on the unit's ability to generate independent cash inflows. The determination of the Company's CGUs is based on management's judgments regarding shared infrastructure, geographical proximity, resource type and materiality. Based on management's assessment, the Company's properties in Eastern Kansas (Note 6) form one CGU, and the Company's four properties in Oklahoma each form separate CGUs.

Income taxes

Judgments are made by management at the end of the reporting period to determine the likelihood that deferred income tax assets will be realized from future taxable earnings. Assessing the recoverability of deferred income tax assets requires the Company to make judgments related to the expectations of future cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in profit or loss in the period in which the change occurs.

The areas in the consolidated financial statement that require significant estimates are set out in the following paragraphs:

Oil and gas — reserves

The process of estimating reserves is complex. It requires significant estimates based on available geological, geophysical, engineering and economic data. To estimate the economically recoverable crude oil reserves and related future net cash flows, management incorporates many factors and assumptions including the expected reservoir characteristics, future commodity prices and costs and assumed effects of regulation by governmental agencies. Reserves are used to calculate the depletion of the capitalized petroleum properties and for impairment purposes as described in Note 3(c).

Petroleum properties

The Company evaluates exploration and evaluation assets and petroleum properties for impairment if indicators exist. Cash flow estimates for impairment assessments require assumptions and estimates about the following primary elements—future prices, future operating and development costs, remaining recoverable reserves and discount rates. In assessing the carrying values of unproved properties, management makes assumptions about future plans for those properties, the remaining terms of the leases and any other factors that may be indicators of potential impairment.

Impairment testing

Impairment testing is based on discounted cash flow models prepared by experts with assistance from third-party advisors when required. The inputs used are based on management's best estimates of what an independent market participant would consider appropriate and are reviewed by senior management. Changes in these inputs may alter the results of impairment testing, the amount of the impairment charges recorded in the consolidated statement of comprehensive income (loss) and the resulting carrying values of assets.

Decommissioning provisions

In estimating the Company's future asset retirement obligations, the Company makes assumptions about activities that occur many years into the future including the cost and timing of such activities. The ultimate financial impact is not clearly known as asset removal and remediation techniques and costs are constantly changing, as are legal, regulatory, environmental, political, safety and other such considerations. In arriving at amounts recorded, numerous assumptions and estimates are made on ultimate settlement amounts, inflation factors, discount rates, timing and expected changes in legal, regulatory, environmental, political and safety environments.

Share-based payments

Management uses judgment when applying the Black-Scholes Option Pricing Model to determine the fair value of the options granted during the period and forfeiture rates. Volatility is calculated using historical trading data of the Company. The zero-coupon bond yield per the bank of Canada is used as the risk-free rate.

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 December 31, 2019, 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, draw on its credit facility 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.

The Company 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 capital resources to be sufficient to carry its current exploration and development plans and operations through the next twelve months. Cost control measures have been implemented and best efforts will be made to raise additional capital.

FINANCIAL INSTRUMENTS AND RISK

As at December 31, 2019 and 2018, the Company's financial instruments consist of cash, accounts receivable, and accounts payable.

	December 31, 2019	December 31, 2018
Financial Assets:		
Fair value through profit or loss	$ 1,579,451	$ 3,963,688
Amortized cost	19,269	38,190
Financial Liabilities:		
Amortized cost	$ 362,484	$ 130,703

IFRS 7 *Financial Instruments – Disclosures*, establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. IFRS 7 prioritizes the inputs into three levels that may be used to measure fair value:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities. The Company considers its cash and cash equivalents to be at fair value using Level 1 inputs.

Level 2 – Inputs that are observable, either directly or indirectly, but do not qualify as Level 1 inputs (i.e. quoted prices for similar assets or liabilities).

Level 3 – Prices or valuation techniques that are not based on observable market data and require inputs that are both significant to the fair value measurement and unobservable.

Financial assets and liabilities measured at fair value on a recurring basis are presented on the Company's consolidated statement of financial position as of December 31, 2019 as follows:

	Balance as at December 31, 2019	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Financial Assets:				
Cash	$ 1,579,451	$ 1,579,451	—	—

The Company believes that the recorded value of 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 thoroughly 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 are 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 is 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 13 to the consolidated financial statements. The Company had cash at December 31, 2019 in the amount of $1,579,451 (2018 - $3,963,688) to meet short-term business requirements, and strategic investments.

At December 31, 2019, the Company had current liabilities of $520,371 (2018 - $271,627). Accounts payable and accrued liabilities are due within the current operating period. Contractual undiscounted cash flow requirements for financial liabilities as at December 31, 2019 are as follows:

	<1 year	2-3 Years	4-5 Years	Thereafter	Total
Accounts payable and accrued liabilities	$ 510,545	—	—	—	$ 510,545
Lease obligation	9,826	—	—	—	9,826
Decommissioning liabilities	—	—	—	155,700	155,700
	$ 520,371	—	—	$ 155,700	$ 676,071

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 December 31, 2019. The risk that the Company will realize a loss 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 December 31, 2019:

Cash	USD$	1,100,723
Receivables		14,834
Accounts payable and accrued liabilities		(270,185)
Net exposure	USD$	845,372
Canadian dollar equivalents	CDN$	1,098,138

The result of sensitivity analysis shows an increase or decrease of 10% in USD$ exchange rate, with all other variables held constant, could have increased or decreased the net loss and comprehensive loss by approximately $109,814 (2018 - $296,699).

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.

Operational Dependence

An unrelated party operates all the producing wells in Kansas. Because of the Company's lack of exclusive control over the operation of the assets or their associated costs, the Company's financial performance could be adversely affected. The Company's return on assets operated by others therefore depends upon several factors that may be outside of the Company's control, including the timing and amount of capital expenditures, the operator's expertise, the approval of other participants, and the selection of technology and risk management practices.

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.

POTENTIAL CLAIMS

The Company reported that in November 2016, 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 as one of 27 defendants in a class action petition filed in the district court of Pawnee County Oklahoma. The petition alleges that the named oil and gas companies caused man-made earthquakes through the disposal of fracking wastewater. No specific damage amount is alleged in the action. Eagle Road carries industry standard insurance for operational, general and environmental liabilities. Eagle Road conducts its operations in accordance with industry standard practices and adheres to state guidelines and regulations.

Eagle Road filed a motion to dismiss the case. The motion was heard on July 7, 2017. The motion was sustained in part and denied in part. The claim for ultra-hazardous activity was dismissed and the motion was denied as to the remaining claims. The court required the plaintiffs amend the petition with the photographs removed. Plaintiff's refiled their complaint with the ultra-hazardous activity claim replead as requested by the Court. The Court has ordered Plaintiff's to present evidence to the Court to attempt to establish an ultra-hazardous liability claim on August 23, 2018. This hearing has since been postponed as additional defendants are being added to the case. The Judge in Pawnee County District County has stated a hearing will be conducted to determine whether plaintiffs may purse an ultrahazardous activity claim against Eagle Road and other defendants.

OUTLOOK

The Company's long-term goal is to 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.

SUBSEQUENT EVENTS

During the first quarter of 2020, the World Health Organization declared a world-wide pandemic resulting from the coronavirus (COVID-19) outbreak. As the disease rapidly spread across the globe, many countries have required companies to limit or suspend business operations, implemented travel restrictions, and ordered individuals to stay at home. These measures have materially impacted the demand for the Company's hydrocarbon products. The current lack of global demand combined with over-supply of oil has resulted in a significant decrease in spot and forward oil prices. Additionally, in response to the precipitous fall in global oil prices, the Organization of Petroleum Exporting Countries (OPEC), led by Saudi Arabia, has stated its intention to increase production, causing further downward pressure on oil price futures markets. See *2020 Outlook* for further discussion.

SHARE CAPITAL UPDATE

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

Share Capital	$ 50,440,274
Common shares issued	128,608,142
Stock options outstanding	5,119,000
Warrants outstanding	17,314,989
Total share capital outstanding	151,042,131

DIRECTORS AND OFFICERS

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

Directors	Officers	Officer Tittle
Brian Williamson	Brian Williamson	Chief Executive Officer and President
Allen Wilson	Benjamin Holman	Chief Financial Officer and Secretary
Nicholas Baxter		
Markus Seywerd		

Effective March 1, 2019, Brian Williamson, CEO assumed the additional position of President of the Company, and Allen Wilson remained as a Director.

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**

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