Jericho Oil Publishes Annual Letter to Shareholders

VANCOUVER, BC and TULSA, OK, May 16, 2016 – Jericho Oil Corporation ("Jericho") (TSX-V: JCO; OTC: JROOF) announces that it has published its Annual Letter to Shareholders from Chairman and CEO, Allen Wilson. The full text of the letter follows:

Dear Fellow Shareholders,

It was as if we finally completed the five stages of grief and the end of 2015 brought about an acceptance around the exploration & production ("E&P") industry with respect to the price of crude oil. As '14 turned into '15, our collective first reaction as crude oil prices dropped 65% was one of denial (the first stage of grief), a defense mechanism to buffer the immediate price shock. Quickly, that denial turned to anger (the second stage), at OPEC and overleveraged companies who would not or could not stop drilling more and more wells. Anger then led to bargaining (the third stage) whereby companies promised to behave, thus putting an end to aggressive drilling, so that supply and demand could rebalance and prices normalize. Some companies even fell into depression (the fourth stage), effectively giving up and falling into bankruptcy. However, for those companies who have successfully navigated the prolonged oil price downturn, the end of 2015 has produced an embrace and acceptance (the fifth and final stage of grief) of the opportunity afforded to those who are left. Your Company not only accepted the reality of a 'lower for longer' oil price environment, but has actively worked to set up Jericho Oil to come out of the experience in a better position to create long-term shareholder value.

We continued to deliver for our shareholders throughout 2015 as we have since our first acquisition in March 2014. The table below shows the relative performance to the SPDR XLE ETF (the Energy Select Sector SPDR Fund represents Energy companies that primarily develop and produce crude oil and natural gas, and provide drilling and other energy-related services):

	Jericho Oil	XLE	Relative Results
Share Performance since Inception	(A)	(B)	(A) - (B)
(3/25/2014 – 12/31/2015)[1]	*43%*	*-31%*	*75%*

[1] Jericho Oil completed its re-organization and recommenced trading on the TSX-V on March 25, 2014
Note: The Energy Select Sector SPDR Fund represents Energy companies that primarily develop and produce crude oil and natural gas, and provide drilling and other energy-related services

XLE ETF Top 10 Holdings: XOM, CVX, SLB, PXD, EOG, OXY, COP, PSX, HAL, VLO

For Jericho Oil shareholders, since March 25, 2014, the stock has performed far better than the price of crude oil (NYMEX WTI), the S&P 500, as well as the SPDR XLE ETF. Relative to our peers, as measured by the SPDR XLE ETF, we have outperformed by approximately 75 percent. During this historical downturn in prices, our Company has sought to improve the strength and quality of our asset and human capital base, which over time, will hopefully lead to strong risk-adjusted returns for shareholders.

In last year's annual shareholder letter, we spoke about what we saw as the opportunity in the year ahead (2015) for Jericho Oil as prices collapsed from $110 to $40 per barrel. We spoke about our strategy transitioning from one of drilling and development to acquiring high quality producing assets with substantial option value, at significant discounts to what we believe to be the long-term intrinsic value. Accordingly, we made three significant acquisitions in Central Oklahoma:

Central Oklahoma Acquisitions			
Counties	Osage Co.	Creek Co.	Several Co.'s
Purchase Price	$1.525mm	$3.100mm	$12.900mm
Daily Production	72 BOEPD	119 BOEPD	427 BOEPD
$ / Flowing BOEPD	$21,181	$26,050	$30,211
Acreage	2,500 acres	10,000 acres	30,000 acres
Net PDP BOE Reserves	204,600	125,683	1,290,000
$ / PDP BOE	$7.45	$24.67	$10.00
% Oil / Gas	*87 / 13%*	*85 / 15%*	*88 / 12%*
WTI Differential	($0.50)	($1.50)	($1.50)

Note: Above figures are as of the Transaction Effective Date. All figures in $USD

On both a relative and absolute basis, the Central Oklahoma region (specifically, east of the geologically important Nemaha Ridge) offers, in our opinion, some of the best risk-adjusted returns. The Mississippi Lime / Woodford region has struggled to maintain its place as the 'next horizontally drilled shale play' due to a variety of factors including: complex geology, extreme formation variation, water disposal issues, but most importantly, access to capital in the downturn. During higher prices, leveraged capital flowed freely into the basin to purchase raw, undeveloped acreage and for the drilling of new wells in hopes of 'proving-out' the formation. However, many companies who took on expensive capital (12-20% interest rates) without the requisite cash flows, fell victim to the crude oil price drop. As a result, the Mississippi Lime / Woodford region, more broadly, saw the steepest year-over-year decline in rig count to-date, which serves as a function of capital flight and has resulted in advantageous market dislocations relative to other basins across North America. Accordingly, many small to large cap producers have vacated the region (while retrenching to other core areas), allowing Jericho the opportunity to capitalize on the large sunk costs, exploration efforts and experiences of previous development. This region will continue to be a focus for Jericho in 2016.

It is no secret the E&P industry is an extremely capital intensive business. Once capital investment declines or all together ceases (as is the case with many companies today), the production, revenue and cash flow of the company correspondingly declines. With variation amongst basins and within oil and gas bearing formations, the average horizontally drilled well can decline anywhere from 40 to 85% in the first year alone and has a hyperbolic decline that flattens out over time. Imagine if a manufacturing business stopped investing organically (in factories, workers, new technology, etc.) and the quantity of output dropped by 50%, while at the same time, the price derived from the sold product also dropped by 50%. This devastating scenario, however imperfectly analogized, is what is happening to many oil and gas producers around the United States. In fact, E&P sector capital expenditures have fallen by approximately 49% year-over-year with total U.S. rig counts dropping by 77% and crude oil prices down 65%. Recurring cash flows within the E&P sector only come about through more and more recurring capital investment.

With excess cash flows (after royalties, operating expenses and debt service) decimated and access to outside capital scarce for many of these distressed companies, asset sales and bankruptcies, in many cases, are the only options left.

Performance Review

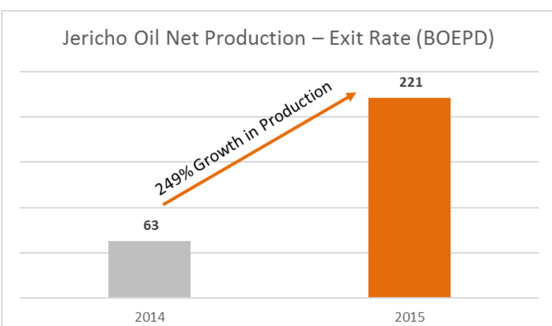
Against this challenging backdrop, Jericho has spent this past year building for the future. As asset sales and bankruptcies from small and large cap producers have come to market, Jericho has been extremely active. Since January 2015, your Company has diligenced 25 deals, put forth an offer on 9 and closed 3.

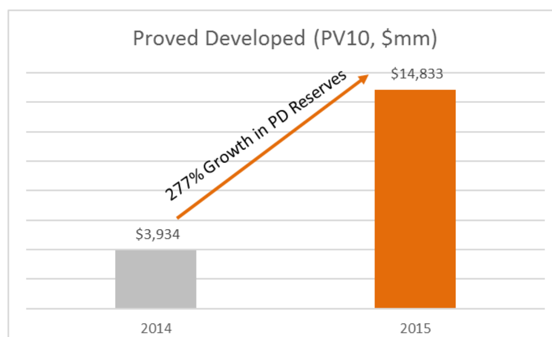
All told, Jericho invested USD$6.3mm in capital expenditure programs on opportunistic acquisitions ($5.7mm) and existing assets ($0.6mm). Given current and future crude oil prices, Jericho should be able to purchase currently producing barrels of oil cheaper than we could drill for those barrels on our existing properties which guided our capital allocation decisions over the last 12 months. The Company funded its investment program with cash on hand in addition to the continued support of our shareholders by issuing new common equity at CAD$0.40 per share. While we do not take the dilution of existing shareholders lightly, it is our view that the growth in per share value over the next 3-5 years will more than make up for any short-term dilution within our common equity shares.

Each acquisition shared five critical characteristics: 1) Producing assets with recurring field-level cash flow neutrality at or less than $20 per barrel; 2) Incremental cash flow upside through operational enhancements and cost reductions; 3) Large-scale infrastructure in-place for future development optionality; 4) Inventory of low-risk and low-cost PDNP opportunities and; 5) High quality geology with option value through stacked-play development.

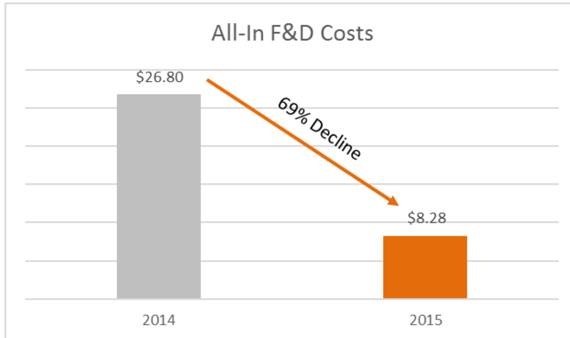
As a result of Jericho's acquisition strategy the Company increased production and reserves, the main drivers of our Company's intrinsic value (all dollar amounts are the Present Value of future cash flows discounted at 10% before tax derived from the YE2015 Independent Reserve Report, $USD):

- Proved plus Probable (2P) reserves total $17.1mm or 1.24mm barrels of oil equivalent
- Proved (1P) reserves total $15.7mm or 1.07mm barrels of oil equivalent
- Proved Developed (PDP + PDNP) reserves (the most 'certain' of reserves) totaled 966k barrels of oil equivalent, 367% increase y-o-y
- Proved Developed reserves accounted for 90% of the Total Proved reserves
- Daily production increased 158 net barrels of oil equivalent, 249% increase y-o-y





A critical measure of capital efficiency is the true cost of finding and developing our oil and gas reserves. As a result of the distressed marketplace, Jericho drove down the cost to find and develop our Proved Developed reserves by 69%. All-in finding and development costs went from $26.80 to $8.28 per barrel (Exploration Costs + Proved Property Acquisition Costs + Development Cost) / (Barrels derived from: extensions + discoveries + revisions + improved recovery + acquisitions). Jericho spent ~$6.29mm yielding an increase of 760k barrels of oil equivalent in 2015.



These acquisitions should drive shareholder value as crude oil prices recover.

Legacy assets in Kansas experienced an impairment charge of $3.6mm reflecting a decline in the value of its reserves due primarily to lower crude oil prices. The impairment charge represents the difference between the cost of the assets at acquisition and the 'current' value of the assets as measured by our third-party reserves engineering firm. Despite the impairment, Jericho's Legacy assets produced an approximately 19% field-level cash operating margin in 2015.

Critically, to-date the Company has not employed any leverage and its assets remain entirely unencumbered. Jericho's prudent risk management of its asset base, while inefficient from a capital perspective, has allowed greater flexibility in navigating the current environment and provided equity investors with a margin of safety. In our opinion, an inefficient capital structure is better than an insolvent one. That said, we believe we are at or near the bottom for crude oil prices and we will look to employ a more efficient capital structure by leveraging our current asset base to take full advantage of the distressed marketplace. Moreover, Jericho will look to implement price floors, price swaps and hedging collars as crude oil prices recover to ensure a margin of safety for a portion of our cash flows.

In addition to adding high-quality, producing assets to our portfolio, we have also worked to bolster our human capital to better take advantage of the opportunity, that is low oil prices. We have added three key personnel, including our lead Petroleum Engineer, Geologist and Landman. Each new addition has 25 years' experience operating and working within our targeted Central Oklahoma basins and have worked for companies such as Chevron, Sandridge and Williams. These new members have added a crucial technical framework to the Jericho team that will allow us to build size and scale throughout the downturn.

State of the Oil Market – Outlook

I've had the chance to speak with many of you and the most poignant and often received question is: when will oil prices recover? As of this writing, the world produces approximately 1.0 – 2.0mm barrels more of oil than the world consumes on a daily basis. At the midpoint, that suggests oversupply of less than 2% on a global market of approximately 96mm barrels per day. This excess supply that does not get consumed, builds within large oil storage tank farms (e.g., Cushing, OK), at refiners across the globe and even on 'floating storage' (large crude oil holding vessels at sea). This daily oversupply in crude oil has produced massive inventories of stored crude oil (~200mm barrels or 60% more than the 5-year average). After five years of ~$100 oil, the only source of non-OPEC oil supply growth between 2011 and 2014 was in North America (particularly in US shale).

Therefore, as capital expenditure budgets are slashed, drilling rigs idled (active oil & gas rigs in North America have dropped by 80% from 2,358 to 471) and the natural depletion of wells accelerates within US shale, daily production will decline and eventually crude oil, on a global basis, will become undersupplied. It is then, that the current surplus of inventories should start to decline. In fact, since peak daily production in the United States of 9.6mm barrels (April 2015), production has declined by ~600k barrels to under 9.0mm barrels and is projected to decline by another 600 – 750k barrels through year-end 2016, depending on the agency making the estimate. This pushes a sustained oil recovery into 2017 as markets rebalance. To be clear, we do not envision crude oil prices returning to $110 per barrel for the foreseeable future (in fact, that is the price per barrel assumed under the Wall Street Comprehensive Capital Analysis and Review, or 'Stress Test,' amongst other systemically important factors). Our expectation is that prices should return to $60 - $70 per barrel *over the long-term* to properly incentivize new supply for a growing oil-demand world. This recovery will not be without volatility. Increased volatility is here to stay in the Oil markets. Ultimately, changes to the price of oil will be driven by the same fundamental reality: the sources of new production that will be required to meet global demand in the medium to long term, whether it be US shale, Canadian Oil Sands, the deep water or Artic, need crude oil prices well in excess of current levels to be developed economically.

Until oil prices recover Jericho Oil's focus will remain on acquiring acreage and high-quality producing assets with significant optionality at higher prices. The belief in our Company, what we are building and the long-term prospects of crude oil prices has never wavered. As evidence of this conviction, insiders at Jericho increased their ownership by ~5mm shares over the last twelve months, which now equates to 22% of the common equity. Simply put, we have put our money where our mouth is. The ability to withstand near-term volatility, block out the non-stop coverage of the oil price drop by the financial press will enable patient investors, like ourselves, to benefit from this historical crude oil prices downturn.

Carpe Diem –

Allen Wilson

Chairman and Chief Executive Officer