JERICHO OIL CORPORATION

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

March 31, 2015 and 2014

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying un-audited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Vancouver, B.C.
May 29, 2015

Jericho Oil Corporation
Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian dollars)

	Note	March 31, 2015	December 31, 2014
		(unaudited)	
Assets			
Current assets			
Cash and cash equivalents		$ 4,238,355	$ 4,738,525
Accounts receivable	7	82,107	108,213
Prepaid expenses and deposits		67,298	43,967
		4,387,760	4,890,705
Non-current assets			
Petroleum properties	8	6,985,033	6,113,955
		6,985,033	6,113,955
Total assets		$ 11,372,793	$ 11,004,660
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	10	$ 259,541	$ 365,760
Non-current liabilities			
Decommissioning liabilities	9	244,989	224,088
Total liabilities		$ 504,530	$ 589,848
Shareholder's Equity			
Share capital	11	11,727,096	11,720,896
Contributed surplus	11	1,450,979	1,450,979
Accumulated other comprehensive loss	3(i)	(103,724)	(32,434)
Deficit		(2,206,088)	(2,724,629)
		10,868,263	10,414,812
Total liabilities and shareholders' equity		$ 11,372,793	$ 11,004,660

Nature of operations (Note 1)
Subsequent event (Note 16)
Approved by the Board:

"Allen Wilson"	***"Steve Kenwood"***
Director	Director

(The accompanying notes are an integral part of these condensed consolidated interim financial statements)

Jericho Oil Corporation

Condensed Consolidated Interim Statements of Comprehensive Loss

(Expressed in Canadian dollars)

	Note	3 months ended March 31, 2015	3 months ended March 31, 2014
Net crude oil revenue		$ 175,647	$ -
Production costs		157,115	-
Gross operating profit		18,532	-
Operating Expenses			
Accretion expense		3,330	-
Consulting fees		103,881	-
Depletion costs		61,664	-
Foreign exchange (gain) loss	3(i)	(879,719)	4,466
Insurance		6,870	-
Investor Relations		43,699	3,597
Legal fees		35,599	48,292
Management Fees		30,000	24,000
Office and miscellaneous		16,409	25,215
Professional fees		32,629	31,769
Rent		9,750	4,925
Transfer agency and filing fees		15,190	41,868
Travel		20,689	-
		500,009	(184,132)
Gain (loss) before other items		518,541	(184,132)
Other items			
Interest income		-	638
Other income (loss)		-	638
Net gain (loss) for the period		518,541	(183,494)
Other comprehensive income (loss)			
Foreign currency exchange gain (loss) on translation of foreign subsidiary	3(i)	(71,290)	(349,931)
Comprehensive gain (loss) for the period		$ 447,251	$ (533,425)
Basic and diluted loss per common share		$ 0.01	$ (0.01)
Weighted average number of common		45,530,544	22,742,971

(The accompanying notes are an integral part of these condensed consolidated interim financial statements)

Jericho Oil Corporation

Condensed Consolidated Interim Statement of Changes in Equity

(Expressed in Canadian dollars)

	Number of shares	Share Capital	Contributed Surplus	Accumulated Other Comprehen-sive Income	Deficit	Total Equity
December 31, 2013	15,225,000	$ 1,133,553	$ 258,255	-	$ (1,032,324)	$ 359,484
Issue of common shares for cash	21,826,366	$ 6,547,910				$ 6,547,910
Share issuance cost		(93,118)				(93,118)
Other comprehensive loss				349,931		349,931
Loss for the period	-	-	-	-	(183,494)	(183,494)
March 31, 2014	37,051,366	$ 7,588,345	$ 258,255	$ 349,931	$ (1,215,818)	$ 6,980,713
December 31, 2014	45,515,902	$ 11,720,896	$ 1,450,979	(32,434)	$ (2,724,629)	$ 10,414,812
Issue of common shares for cash	-	$ -	$ -	$ -	$ -	$ -
Share issuance cost	-	(425)	-	-	-	(425)
Share issued under warrant exercise	26,500	6,625	-	-	-	6,625
Other comprehensive loss	-	-	-	(71,290)	-	(71,290)
Gain for the period	-	-	-	-	518,541	518,541
March 31, 2015	45,542,402	11,727,096	1,450,979	(103,724)	(2,206,088)	10,868,263

(The accompanying notes are an integral part of these condensed consolidated interim financial statements)

Jericho Oil Corporation

Condensed Consolidated Interim Statements of Cash Flows

(Expressed in Canadian dollars)

	3 months ended March 31, 2015	3 months ended March 31, 2014
Cash flows from (used in) operating activities		
Loss for the period	$ 518,541	$ (183,494)
Item not affecting cash		
Accretion expense on asset retirement obligation	3,330	
Depletion	61,664	-
Changes in non-cash working capital items		
Decrease in accounts receivables	26,106	2,888
(Increase)/decrease in prepaid expenses and deposits	(23,331)	-
Increase/(decrease) in accounts payable and accrued liabilities	(106,219)	285,881
Net cash used in operating activities	480,091	105,275
Cash flows from (used in) investing activities		
Deferred cost	-	60,866
Acqusition of petroleum properties	(100,732)	(2,794,338)
Development costs	(266,524)	-
Net cash used in investing activities	(367,256)	(2,733,472)
Cash flows from (used in) financing activities		
Proceeds from issuance of common shares	6,625	6,547,909
Share issuance costs	(425)	(93,117)
Net cash from financing activities	6,200	6,454,792
Change in cash and cash equivalents	119,035	3,826,595
Effect of exchange rate changes on cash and cash equivalents	(619,205)	349,931
Cash at beginning of period	4,738,525	354,520
Cash at end of period	$ 4,238,355	$ 4,531,046

(The accompanying notes are an integral part of these condensed consolidated interim financial statements)

1. NATURE OF OPERATIONS

The Company's name, formerly Dakar Resource Corp., was changed to Jericho Oil Corporation (the "Company") on February 27, 2014. The Company resumed trading on the TSX Venture Exchange in March 2014 under the symbol "JCO", and on the OTCQX exchange in December 2014 under the symbol "JROOF".

The head office, principal address and records office of the Company are located at Suite 1100-888 Dunsmuir Street, Vancouver, British Columbia, Canada, V6C 3K4.

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 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 18th February, 2015.

On January 8, 2014, the Company filed a notice with the British Columbia Securities Commission to change the year-end of the Company from September 30 to December 31. As a result, the annual consolidated financial statements include the results of the Company for year ended December 31, 2014 with comparatives for the fifteen-month period ended December 31, 2013.

2. BASIS OF PRESENTATION

These condensed interim consolidated financial statements are prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting under International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), and follow the same accounting policies and methods of application as the Company's most recent annual financial statements but do not contain all of the information required for full annual financial statements. Accordingly, these condensed consolidated interim financial statements should be read in conjunction with the Company's most recent annual financial statements, which were also prepared in accordance with IFRS as issued by the IASB.

The preparation of consolidated financial statements, in compliance with IFRS, requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

The functional currency of Jericho Oil Corporation is the Canadian dollar, and for Jericho Oil (Kansas) Corp. and Jericho Oil (Oklahoma) Corp is the U.S. dollar. The Company presents its consolidated financial statements in Canadian dollars.

The consolidated financial statements include the financial statements of Jericho Oil Corporation and

2. BASIS OF PRESENTATION (Continued)

its 100% owned subsidiary Jericho Oil (Kansas) Corp. from the date of incorporation on January 27, 2014, and Jericho Oil (Oklahoma) Corp. from the date of incorporation on February 18th, 2015.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance to be cash equivalents.

(b) Exploration and Evaluation Assets

Pre-license costs are recognized as an expense when incurred. Exploration and evaluation ("E&E") costs, including the costs of acquiring licenses, exploratory drilling and completion costs, and directly attributable general and administrative costs are initially capitalized as either tangible or intangible E&E assets according to the nature of the asset acquired. These costs are accumulated in cost centers by field or exploration area pending determination of technical feasibility and commercial viability. Ongoing carrying costs including the costs of non-producing lease rentals are capitalized to E&E assets. Proceeds received from the sale of E&E assets are recorded as a reduction to the carrying value of the asset. The technical feasibility and commercial viability of extracting a resource is considered to be determinable when proved and probable reserves are determined to exist. A review of each exploration license or area is carried out, at least annually, to ascertain whether proved and probable reserves have been discovered. Upon determination of proved and probable reserves, E&E assets attributable to those reserves are first tested for impairment and then reclassified from E&E assets to petroleum properties. E&E assets are regularly reviewed for impairment or whenever events or changes in circumstances indicate that the carrying amount of reserve properties exceeds their recoverable amount. When an impairment review is undertaken, the recoverable amount is assessed by reference to the higher of value in use (being the present value of expected future cash flows of the relevant cash-generating unit) and fair value less costs to sell. If the carrying amount of an asset exceeds the recoverable amount an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

(c) Petroleum Properties

Petroleum properties

Petroleum properties include crude oil development and production assets, including costs incurred in developing oil reserves and maintaining or enhancing production from such reserves and directly attributable general and administrative costs. Properties are measured at cost, less accumulated depletion and depreciation and accumulated impairment losses.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Petroleum Properties (continued)

Gains and losses on disposal of petroleum properties, including crude oil interests, are determined by comparing the proceeds from disposal with the net carrying amount of petroleum properties and are recognized within "gain or loss on sale of assets" in income (loss).

Subsequent measurement

Costs incurred subsequent to the determination of technical feasibility and commercial viability of petroleum properties are recognized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in earnings as incurred. Capitalized petroleum properties generally represent costs incurred in developing proved and/or probable reserves and bringing on or enhancing production from such reserves, and are accumulated on a field or geotechnical area basis.

The carrying amount of any replaced or sold component is derecognized at the time of replacement or sale. The costs of the day-to-day servicing of properties are recognized in earnings as incurred.

Depletion and depreciation

The net carrying value of development or production assets is depleted on a field by field basis using the unit of production method by reference to the ratio of production in the year to the related proved and probable reserves. These estimated reserves are reviewed by independent reserve engineers at least annually.

Proved and probable reserves are estimated by independent reserve engineers in accordance with Canadian Securities Regulation National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities. Changes in reserve estimates used in prior periods, such as proved and probable reserves, that affect the unit-of-production calculations do not give rise to prior year adjustments and are dealt with on a prospective basis.

Impairment

The carrying amounts of the Company's petroleum properties are reviewed at each reporting date for indicators of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the amount of the impairment, if any. The recoverable amount of an asset is evaluated at the cash-generating unit level ("CGU"), which is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. The recoverable amount of a CGU is the greater of its fair value less costs to sell and its value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in arm's length transaction between knowledgeable and willing parties, less the costs of

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Petroleum properties (continued)

disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGU's are allocated to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion and depreciation or amortization, if no impairment loss had been recognized.

(d) Revenues

Revenues associated with the production and sale of crude oil owned by the Company are recognized when title to the product passes to the purchaser, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Company, the risks and rewards of ownership of the product have been transferred to the purchaser, and the Company no longer retains control over the product sold. Revenue is measured net of price discounts, customs duties, royalties, and taxes.

(e) Joint Arrangements

As at March 31, 2015 the Company has a working interest in a joint arrangement to conduct oil and gas exploration and development activities on the properties in Eastern Kansas and in Oklahoma. The Company has determined that this joint arrangement represent joint operations (IFRS 11). The consolidated financial statements include the Company's share of the assets, liabilities and cash flows of the joint arrangements. The Company combines its share of the joint arrangement's 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. Income taxes are recorded based on the Company's share of the joint arrangement's activities.

(f) Provisions

I. Legal Matters

A provision is recognized if, as a result of a past event, the Company has a present legal or

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Provisions (continued)

constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are not recognized for future operating losses.

I. Decommissioning Provisions

The Company's activities give rise to dismantling, decommissioning and site disturbance remediation activities. Provisions are made for the estimated cost of site restoration and capitalized in the relevant asset category.

Decommissioning provisions are measured at the present value of management's best estimate of expenditure required to settle the present obligation at the consolidated statement of financial position date. Subsequent to initial measurement, the obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognized as finance costs whereas increases/decreases due to changes in the estimated future cash flows are recorded against the related asset. Actual costs incurred upon settlement of the decommissioning provisions are charged against the provision to the extent the provision was established.

(g) Share-Based Compensation

The Company grants options to purchase common shares to directors, officers, employees, consultants and certain service providers under its stock option plan. Share-based payments are measured at the fair value of the instruments issued and amortized over the vesting periods. The amount recognized as a share-based payment expense during a reporting period is adjusted to reflect the number of awards expected to vest. The offset to this recorded cost is to contributed surplus. The fair value of employee stock options is measured using the Black-Scholes Option Pricing Model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behavior), expected dividends, and the risk-free interest rate (based on short-term government bonds). A forfeiture rate is estimated on the grant date and is subsequently adjusted to reflect the actual number of options that vest.

Share-based payment arrangements with non-employees in which the Company receives goods or services are measured based on the estimated fair value of the goods or services received, unless the fair value cannot be estimated reliably, in which case the Company will measure their value by

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Share-Based Compensation (continued)

reference to the fair value of the equity instruments granted.

(h) Income/Loss per Share

When stock options are exercised, the proceeds received, together with any related amount in contributed surplus, are credited to share capital.

Basic earnings/loss per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted earnings/loss per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted. This follows the treasury method in which the dilutive effect on loss per share is recognized on the use of proceeds that could be obtained from the exercise of options, warrants, and similar instruments. It assumes the proceeds would be used to purchase common shares at the average market price during the year. Diluted loss per shares excludes all dilutive potential common shares if their effect is anti-dilutive.

(i) Comprehensive Income (Loss)

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in profit or loss.

(j) Income Taxes

The Company utilizes the liability method of accounting for income taxes. Under the liability method, deferred income tax assets and liabilities are recognized to reflect the expected deferred tax consequences arising from temporary differences between the carrying value and the tax bases of the assets and liabilities. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. Deferred income tax assets are recognized to the extent that it is probable the asset will be realized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Warrants issued in equity financing transactions

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate resource properties. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants. Depending on the terms and conditions of each financing agreement, the warrants are exercisable into additional common shares prior to expiry at a price stipulated by the agreement. Warrants that are part of units are assigned no value and included in share capital with the common shares that were concurrently issued. Warrants that are issued as payment for an agency fee or other transactions costs are accounted for as share-based payments.

(l) Foreign Currency Translation

Transactions in foreign currencies are translated to the functional currency of the entity at the exchange rate in existence at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the consolidated statement of financial position date are retranslated at the period-end date exchange rates. Non-monetary items which are measured using historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Entities that have functional currencies other than the Canadian dollars are translated from their functional currencies into Canadian dollars on consolidation. Items in the consolidated statement of loss and comprehensive loss are translated using the average exchange rates that reasonably approximate the exchange rate the transaction date. Items in the consolidated statement of financial position are translated at the closing spot exchange rate. Exchange differences on the translation of the net assets of entities with functional currencies other than the CAD dollar, are recognized in a separate component of equity through other comprehensive income.

(m) Financial Instruments

All financial assets are initially recorded at fair value and classified into one of four categories: held to maturity, available-for-sale, loans and receivables, or at fair value through profit or loss (“FVTPL”). All financial liabilities are initially recorded at fair value and classified as either FVTPL or other financial liabilities. Financial instruments comprise cash and cash equivalents, accounts receivable, and accounts payable.

At initial recognition management has classified financial assets and liabilities as follows:

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Financial Instruments (continued)

I. Financial Assets

Held-to-maturity

Held-to-maturity investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. The Company does not have any assets classified as held-to-maturity.

Loans and Receivables

Loans and receivables are financial assets with fixed or determinable payments not quoted in an active market and are classified as loans and receivables. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. The Company has classified its accounts receivable as loans and receivables.

Available-For-Sale Investments

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale equity instruments, are recognized in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to profit or loss. The Company does not have any assets classified as available-for sale.

Financial assets at fair value through profit or loss

Financial assets are classified as FVTPL when the financial asset is held for trading or it is designated as FVTPL. A financial asset is classified as held for trading if: (i) it has been acquired principally for the purpose of selling in the near future; (ii) it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit taking; or (iii) it is a derivative that is not designated and effective as a hedging instrument.

Financial assets classified as FVTPL are stated at fair value with any gain or loss recognized in profit or loss. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset. The Company has classified its cash and cash equivalents at FVTPL.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Financial Instruments (continued)

Impairment of Financial Assets

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

II. Financial Liabilities

Financial liabilities at fair value through profit or loss

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives, are also classified as held for trading and recognized at fair value with changes in fair value recognized in earnings unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in earnings. The Company does not have any liabilities classified as fair value through profit or loss.

Other Financial Liabilities

Financial liabilities classified as other financial liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding. The Company has classified its accounts payable as other financial liabilities.

4. NEW ACCOUNTING STANDARDS

New accounting standards adopted effective January 1, 2014
The mandatory adoption of the following new and revised accounting standards and interpretations on January 1, 2014 had no significant impact on the Company's consolidated financial statements for the periods presented:

IAS 36 – Impairment of Assets
In May 2013, the IASB issued an amendment to address the disclosure of information about the recoverable amount of impaired assets or a CGU for periods in which an impairment loss has been recognized or reversed. The amendments also address disclosure requirements applicable when an

4. NEW ACCOUNTING STANDARDS (continued)

asset's or a CGU's recoverable amount is based on fair value less costs of disposal.

IFRIC 21 – Levies
In May 2013, the IASB issued IFRIC 21, Levies ("IFRIC 21"), an interpretation of IAS 37, Provisions, Contingent Liabilities and Contingent Assets ("IAS 37"), on the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event ("obligating event"). IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

Future changes in accounting standards, which are not yet effective as of March 31, 2015

IFRS 15 – Revenue from Contracts with Customers
In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 11, Construction Contracts, IAS 18, Revenue, IFRIC 13, Customer Loyalty Programmes, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfers of Assets from Customers, and SIC 31, Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition. The standard is effective for annual periods beginning on or after January 1, 2017.

IFRS 9 – Financial Instruments
The IASB intends to replace IAS 39, Financial Instruments: Recognition and Measurement in its entirety with IFRS 9, Financial Instruments ("IFRS 9") which is intended to reduce the complexity in the classification and measurement of financial instruments. In February 2014, the IASB tentatively determined that the revised effective date for IFRS 9 would be January 1, 2018. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

5. 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 determination of the recovery of accounts receivable, amortization, depletion and impairment of petroleum properties, petroleum reserves, decommissioning provisions, deferred income tax assets and liabilities, and assumptions used in valuing options in share-based payments calculations. The

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

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

Oil and Gas Accounting—Reserves Determination

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 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 loss and the resulting carrying values of assets.

Joint Arrangements

The Company may be a party to an arrangement in which they do 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

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

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 9). 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 in regards to shared infrastructure, geographical proximity, resource type and materiality. Based on management's assessment, the Company's properties in Eastern Kansas (Note 9) form one CGU, and the Oklahoma assets also form one CGU.

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

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

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.

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.

6. 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 at March 31, 2015, the Company considers capital to consist of all components of shareholders' equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristic of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue common shares, or dispose of assets to increase the amount of cash on hand.

In order 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.

At this stage of the Company's development, in order to maximize ongoing development efforts, the Company does not pay out dividends.

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.

6. MANAGEMENT OF CAPITAL (continued)

The Company expects its current capital resources to be sufficient to carry its exploration and development plans and operations through the next 12 months. Cost control measures have been implemented and best efforts will be made to raise additional capital.

7. ACCOUNTS RECEIVABLE

	March 31, 2015	December 31, 2014
Amount due from a government agency	$ 4,873	$ 10,733
Receivables from customer	69,565	89,510
Other receivables	7,669	7,970
	$ 82,107	$ 108,213

8. PETROLEUM PROPERTIES

In March 2014, the Company completed an acquisition of a 50% interest in two, shallow, low-decline oil-producing lease packages, "Ekan-1" and "Ekan-2", located in Kansas, USA (the "Kansas Properties") for approximately $2.813 million (US $2.424 million). In April 2014, the Company entered into a joint operating agreement with Kansas Resource Exploration & Development LLC ("KRED"), as an exclusive operator for the further development and production at the Kansas Properties. In June 2014, the Company acquired an additional property, "Ekan-3", located within 5 miles of its existing Kansas Properties for approximately $274,400 (US $236,540). The Company made a cash payment of US $75,000 in 2014 and committed to making a cash payment of US$150,000 in 2015. During the year ended December 31, 2014, the Company sold a 5% carried working interest in the Kansas properties to KRDC (parent company of KRED) for $163,632 (US$141,050).

On March 6, 2015, Jericho announced that it closed on the US$42,750 acquisition of a 50% working interest in 1,850 acres in northeastern Oklahoma. The acquired acreage has both oil and gas production of approximately 7 BOE per day. The acquisition was funded by cash on hand.

At the end of 2013 the Company had no resource interests.

The following table summarizes property acquisition and development costs incurred during the period ended March 31, 2015:

8. PETROLEUM PROPERTIES (continued)

	March 31, 2015	December 31, 2014
Cost:		
Balance, December 31, 2014	6,257,478	-
Acquisition costs	100,732	3,087,076
Development costs	266,524	3,109,946
Decommissioning costs	-	224,088
Proceeds from sale of property	-	(163,632)
Movement in foreign exchange rates	583,621	-
Balance, March 31, 2015	7,208,355	6,257,478
Accumulated depletion:		
Balance, December 31, 2014	143,523	-
Depletion	61,664	136,644
Accretion	3,330	-
Movement in foreign exchange rates	14,805	6,879
Balance, March 31, 2015	223,322	143,523
Net Carrying value (per financial statements):	6,985,033	6,113,955

Production costs of $157,115 include $17,288 spent in Oklahoma. Therefore Kansas production costs were actually $139,827, representing $35,820 operating profit for the quarter from Kansas.

9. DECOMMISSIONING LIABILITIES

The following table presents the reconciliation of the opening and closing aggregate carrying amount of the decommissioning provisions associated with the petroleum properties:

		March 31, 2015
Balance, December 31, 2014	$	224,088
Recognition of decommissioning provision		-
Movement in foreign exchange rates		17,571
Accretion expense		3,330
Balance, March 31, 2015	$	244,989

The present value of the obligation was calculated using an average risk-free interest rate of 2.5% and an inflation rate of 2.32%. The weighted-average life of the wells has been estimated at 18 years.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2015	December 31, 2014
Accounts payable	$ 221,974	$ 323,103
Accrued liabilities	37,567	42,657
	$ 259,541	$ 365,760

11. SHARE CAPITAL AND EQUITY RESERVES

(a) Authorized share capital

Unlimited common shares without par value.

(b) Escrowed shares

	Number of shares
Escrowed shares in IPO	12,210,000
Shares released in 2012	3,687,965
Balance, September 30, 2012	8,522,035
Shares released during the period	6,737,982
Balance, December 31, 2013	1,784,053
Shares eligible for release during the period	1,196,033
Balance, December 31, 2014 and March 31, 2015	588,020

As at March 31, 2015, 588,020 common shares were held in escrow, which are expected to be released in May 2015.

(c) Issued share capital

On February 28, 2014, the Company closed a non-brokered private placement of 21,826,366 units at $0.30 per unit for gross proceeds in the amount of $6,547,910 in conjunction with the purchase of oil interests in Kansas State, USA (Note 9). Each unit is comprised of one common share and one half warrants with each whole warrant being exercisable into one common share of $0.50 per share for a two-year period. Finders, filings and legal fees in the amount of $154,331 were paid in relation to the private placement.

In July 2014, 3,500 share purchase warrants were exercised at $0.25 per share for $875.

On October 9, 2014, the Company closed a non-brokered private placement of 8,461,036 units at $0.50 per unit for gross proceeds of $4,230,517 to finance ongoing development of the Kansas Properties (Note 9). Each unit is comprised of one common share and one half warrant with each whole warrant being exercisable into one common share at $0.75 per share for two years from closing.

11. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

(c) Issued share capital (continued)

Finders, filings and legal fees in the amount of $37,628 were paid in relation to the private placement. A further 26,500 share purchase were exercised at $0.25 per share for proceeds of $6,625 during the period.

(d) Stock options

The Company has a stock options plan in place under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. The options vest on a date set by the director and expire at a time set by the directors, being not more than 10 years from the date of grant, provided that any outstanding options will expire on a date to be determined by the directors following the date that the holder ceases to be a senior officer, director, employee or consultant of the Company, such period not being more than 12 months from the date of such cessation.

On April 1, 2014, the Company granted 3,400,000 stock options to employees, officers, directors and consultants at an exercise price of $0.30 for a term of 5 years. The estimated fair value associated with the stock options grants was $1,192,724. The fair value of the options granted was determined using the Black-Scholes Option Pricing Model with the following assumptions: an annualized volatility of 111%; an expected life of 5 years; a dividend yield rate and forfeiture rate of 0%; and a risk-free interest rate of 1.73%.

The continuity of stock options is as follows:

	Number of options	Weighted Average per option
Outstanding, September 30, 2012 and December 31, 2013	450,000	$ 0.25
Granted	3,400,000	0.30
Forfeited	(275,000)	0.30
Outstanding, December 31, 2014 and March 31, 2015	3,575,000	0.29

As at March 31, 2015, the following incentive stock options are outstanding and exercisable:

Expiration Date	outstanding and exercisable	Exercise price	Average exercise price	Life (years)	remaining life (yrs)
31-May-17	300,000	$ 0.25	0.25	2.17	0.18
1-Apr-19	3,275,000	0.30	0.30	4.01	3.67
	3,575,000		0.30		3.85

11. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

(d) Share purchase warrants

The number and weighted average exercise prices of the warrants at March 31, 2015 are as follows:

	Number of warrant	Weighted Average Exercise Price
Outstanding, September 30, 2012 and December 31, 2013	240,000	$ 0.25
Granted	15,143,716	0.57
Exercised	(3,500)	0.25
Outstanding, December 31, 2014	15,380,216	$ 0.56
Granted	-	-
Exercised	(26,500)	0.25
Outstanding, March 31, 2015	15,353,716	$ 0.57

The following table summarizes the warrants outstanding and exercisable at March 31, 2015 by expiration date:

Expiration Date	Number of Warrants outstanding and exercisable	Exercise price	Weighted average exercise price	Remaining Life (years)	Weighted average remaining life (yrs)
29-May-15	210,000	$ 0.25	$ 0.25	0.16	0.00
28-Feb-16	10,913,198	0.50	0.50	0.92	0.65
16-Oct-16	4,230,518	0.75	0.57	1.55	0.43
	15,353,716		$ 0.57		1.08

12. 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:

	3 months ended March 31, 2015	**3 months ended March 31, 2014**
Management fees paid or accrued to CEO	$ 30,000	$ 24,000
Management fees paid or accrued to CFO	21,000	12,000
Legal fees paid or accrued to company owned by director	2,391	44,871
	$ 53,391	$ 80,871

During the year ended December 31, 2014, directors and officers of the Company were granted 1,800,000 stock options with a related share-based payment expense of $624,000 in total.

13. FINANCIAL INSTRUMENTS AND RISK

As at March 31, 2015, the Company's financial instruments consist of cash and cash equivalents, accounts receivable, and accounts payable.

	March 31, 2015	December 31, 2014
	$	$
Financial Assets:		
Fair value through profit or loss	4,238,355	4,738,525
Loans and receivables	82,107	108,213
Financial Liabilities:		
Other financial liabilities	221,974	323,103

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 March 31, 2015 as follows:

	Balance at March 31, 2015	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	$	$	$	$
Financial Assets:				
Cash and cash equivalents	4,238,355	4,238,355	-	-

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.

13. FINANCIAL INSTRUMENTS AND RISK (continued)

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 is described below:

(a) Credit risk

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

The Company's cash and cash equivalents are held at a large Canadian financial institution in interest bearing accounts. The Company has no investments in asset-backed commercial paper. The Company's accounts receivable consist 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 of 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).

(b) 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 6 to the condensed consolidated interim financial statements. The Company had cash and cash equivalents at March 31, 2015 in the amount of $4,238,355 (2014 - $4,738,525) in order to meet short-term business requirements. At March 31, 2015, the Company had current liabilities of $259,541 (2014 - $365,760).

Accounts payable and accrued liabilities are due within the current operating period. Contractual undiscounted cash flow requirements for financial liabilities as at March 31, 2015 are as follows:

	<1 month	1-3 months	4 month - <1 year	2-4 years	Total
	$	$	$	$	$
Accounts payable and accrued liabilities	259,541	-	-	-	259,541
Office lease	3,750	7,500	33,750	135,000	180,000
	263,291	7,500	33,750	135,000	439,541

13. FINANCIAL INSTRUMENTS AND RISK (continued)

(c) 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 March 31, 2015. The risk that the Company will realize a loss as a result of a decline in the fair value of the cash equivalents included in cash and cash equivalents as a result 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 March 31, 2015:

Cash and cash equivalents	USD$	2,128,279
Receivables		54,849
Accounts payable and accrued		(165,700)
Net exposure	USD$	2,017,428
Canadian dollar equivalents	CDN$	2,558,704

The result of sensitivity analysis shows an increase or decrease of 10% in US$ exchange rate, with all other variables held constant, could have increased or decreased the net loss and comprehensive loss by approximately $256,000.

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.

14. SEGMENTED INFORMATION, MAJOR CUSTOMERS AND ECONOMIC DEPENDENCE

At March 31, 2015, all of the Company's non-current assets (other than financial instruments) are located in States of Kansas and Oklahoma, USA.

The Company's revenues of $175,647 (2014 - $0) are all attributable to the USA where sales are recorded from shipments of crude oil concentrate produced at the Kansas properties. For the period ended March 31, 2015, the Company had one customer that accounted for 100% of revenue. The Company does not consider itself to be economically dependent on this customer as transactions with this party can be easily replaced by transactions with other parties on similar terms and conditions.

15. COMMITMENTS

The Company is responsible for making its share of contributions as required by the partners for the development plan for its Kansas interests.

The Company must also pay approximately $3,750 for monthly rent for its Vancouver office.

16. SUBSEQUENT EVENTS

On May 27, 2015, Jericho announced that it had signed a purchase and sale agreement to acquire a 50% working interest in producing wells and leaseholds in northeastern Oklahoma for a total cash consideration of $762,500 from Chaparral Energy. The asset, which produces approximately 80 gross barrels of oil equivalent per day (to the 100% WI), is in areas complementary to Jericho's existing operations in northeast Oklahoma and allows Jericho to purchase production (97% Oil, 3% Gas), reserves, cash flow and equipment at an appreciable discount from the underlying value of the asset**.**