

**JERICO EXPLORATIONS INC.**  
**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED MARCH 31, 2012**

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS'  
EQUITY**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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## **NOTICE TO READER**

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Our auditors have not reviewed these unaudited financial statements for the six-month period ended March 31, 2012. These financial statements have been prepared by the Company's management in accordance with the principles of International Financial Reporting Standards, consistent with previous periods, as described in Note 3. These unaudited financial statements have been reviewed and approved by the Company's board of directors. Readers are advised to read the attached financial statements in conjunction with the Company's audited financial statements for the year ended September 30, 2011.

**JERICO EXPLORATIONS INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**(Unaudited – Prepared by Management)**

(expressed in CDN dollars)		March 31, 2012	September 30, 2011
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$	7,793	\$ 35,707
Receivables		2,742	87
Prepaid expenses and deposits		3,900	1,300
		<u>14,435</u>	<u>37,094</u>
<b>RESOURCE PROPERTY INTERESTS – Note 4</b>		<b>331,672</b>	<b>328,310</b>
	\$	<b>346,107</b>	\$ 365,404
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>CURRENT</b>			
Accounts payable and accrued liabilities	\$	4,853	\$ 10,392
		<u>4,853</u>	<u>10,392</u>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital - Note 6		691,529	691,529
Reserves - Note 6		209,198	184,146
Deficit		(559,473)	(520,663)
		<u>341,254</u>	<u>355,012</u>
	\$	<b>346,107</b>	\$ 365,404

ON BEHALF OF THE BOARD:

(signed) **Reinhold (Ron) Wiesendahl**

Director

(signed) **Pamela Egger**

Director

See accompanying notes to the consolidated financial statements.

**JERICO EXPLORATIONS INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**  
**(Unaudited – Prepared by Management)**

(expressed in CDN dollars)				
	Three Months ended March 31, 2012	Three Months ended March 31, 2011	Six Months ended March 31, 2012	Six Months ended March 31, 2011
<b>EXPENSES</b>				
Accounting and audit	\$ 1,016	\$ -	\$ 1,016	\$ -
Consulting	-	-	-	-
Legal fees	4,960	7,239	5,075	8,984
Management services - Note 5	5,000	5,000	10,000	10,000
Office and miscellaneous	18	74	76	132
Stock based compensation – Note 6	7,093	5,097	15,052	10,193
Transfer Agent, Filing, & Stock Exchange Fees	3,108	3,033	7,591	8,227
	<b>21,195</b>	<b>20,443</b>	<b>38,810</b>	<b>37,536</b>
<b>LOSS BEFORE OTHER ITEMS</b>	<b>(21,195)</b>	<b>(20,443)</b>	<b>(38,810)</b>	<b>(37,536)</b>
<b>OTHER ITEMS</b>				
Interest income	Nil	6	Nil	16
<b>NET INCOME (LOSS)</b>	<b>(21,195)</b>	<b>(20,437)</b>	<b>(38,810)</b>	<b>(37,520)</b>
<b>DEFICIT, BEGINNING</b>	<b>(538,278)</b>	<b>(445,307)</b>	<b>(520,663)</b>	<b>(428,224)</b>
<b>DEFICIT, ENDING</b>	<b>\$ (559,473)</b>	<b>\$ (465,744)</b>	<b>\$ (559,473)</b>	<b>\$ (465,744)</b>
<b>LOSS PER SHARE – BASIC AND DILUTED</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>
<b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING</b>	<b>6,699,001</b>	<b>6,699,001</b>	<b>6,699,001</b>	<b>6,699,001</b>

See accompanying notes to the consolidated financial statements.

**JERICO EXPLORATIONS INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
Expressed in Canadian dollars – Unaudited

		<u>Share Capital</u>			<u>Reserves</u>		
	Notes	Number of Shares		Stock option reserve	Donated Services	Deficit	Total
<b>Balance October 1, 2010</b>	6	6,549,001	\$648,774	\$58,235	\$80,000	\$(428,224)	\$358,785
Comprehensive loss for the period	6					(37,519)	(37,519)
Shares issued for cash – option exercise	6	150,000	42,755	(12,755)			30,000
Donated management services	6				10,000		10,000
Stock based compensation	6			10,193			10,193
<b>Balance at March 31, 2011</b>	6	6,699,001	691,529	55,673	90,000	(465,743)	371,459
<b>Balance at September 30, 2011</b>	6	6,699,001	691,529	84,146	100,000	(520,663)	355,012
Comprehensive loss for the period	6					(38,810)	(38,810)
Donated management services	6				10,000		10,000
Stock based compensation	6			15,052			15,052
<b>Balance at March 31, 2012</b>		6,699,001	691,529	99,198	110,000	(559,473)	341,254

**JERICO EXPLORATIONS INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited – Prepared by Management)

(expressed in CDN dollars)

	Three Months ended March 31, 2012		Three Months ended March 31, 2011		Six Months ended March 31, 2012		Six Months ended March 31, 2011	
<b>OPERATING ACTIVITIES</b>								
Loss before income taxes	\$	(21,194)	\$	(20,443)	\$	(38,810)	\$	(37,552)
Adjustments for non-cash items:								
Management fees, imputed		5,000		5,000		10,000		10,000
Stock based Compensation		7,093		5,097		15,052		10,193
Change in non-cash working capital items:								
Receivables		(2,462)		(1,753)		(2,655)		(2,214)
Prepaid expenses		(3,900)		(3,900)		(2,600)		(2,650)
Accounts payable and accrued liab		(8,337)		(5,238)		(5,539)		(6,906)
<b>Net cash used in operating activities</b>		<b>(23,800)</b>		<b>(21,237)</b>		<b>(24,552)</b>		<b>(29,112)</b>
<b>Investing activities</b>								
Expenditures on exploration and evaluation assets		(3,362)		-		(3,362)		(2,254)
<b>Net cash flows used in investing activities</b>		<b>(3,362)</b>		<b>-</b>		<b>(3,362)</b>		<b>(2,254)</b>
<b>FINANCING ACTIVITIES</b>								
Proceeds of share issuance – interest		-		6		-		30,016
<b>Net cash flows from financing activities</b>		<b>-</b>		<b>6</b>		<b>-</b>		<b>30,016</b>
<b>DECREASE IN CASH</b>		<b>(27,162)</b>		<b>(21,231)</b>		<b>(27,914)</b>		<b>(1,350)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINING</b>		<b>34,955</b>		<b>64,686</b>		<b>35,707</b>		<b>44,805</b>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	\$	<b>7,793</b>	\$	<b>43,455</b>	\$	<b>7,793</b>	\$	<b>43,455</b>

See accompanying notes to the consolidated financial statements.

# **JERICO EXPLORATIONS INC.**

## **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**Six months ended March 31, 2012**

**(Unaudited – Prepared by Management)**

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### **1. NATURE OF OPERATIONS**

The Company was incorporated under the Canada Business Corporations Act on February 2, 2004 and commenced operations on that date. The Company's operations include the exploration and evaluation of resource property interests. On August 26, 2005, the Company's common shares were listed for trading on the TSX Venture Exchange ("TSX-V") (trading symbol JRC).

These consolidated financial statements have been prepared on a going concern basis, which assumes the Company will realize its assets and discharge its liabilities in the normal course of operations. Should the Company be unable to continue as a going concern significant adjustment to asset values may be necessary. The ability of the Company to continue as a going concern is dependent upon the company raising sufficient financing to complete exploration and development activities, the discovery of economically recoverable reserves, and upon future profitable operations or proceeds from disposition of resource property interests. Management anticipates that the Company will have access to sufficient cash resources to continue operations for the ensuing twelve months. Should additional cash resources be required, the Company would seek equity financing or loans from related parties to supplement working capital to satisfy obligations as they become due. Management is aware that significant material uncertainties exist, related to economic conditions that may impede the entity's ability to obtain additional equity capital on terms acceptable to management. This uncertainty poses a liquidity risk and may impede the Company's ability to continue as a going concern in the future.

The Company is in the process of exploring and evaluating its mineral property interest which is located in Arizona, USA. The Company presently has no proven or probable reserves identified and on the basis of information to date, has not yet determined whether its mineral property contains economically recoverable resources.

### **2. CONSOLIDATION**

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Jerico Explorations Arizona, Inc. All inter-company balances and transactions have been eliminated upon consolidation.

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These unaudited financial statements of the Company have been prepared in accordance with International Financial Reporting Standards for interim financial statements. They do not include all information and footnotes required by the International Financial Reporting Standards for complete financial statements. However, except as disclosed herein, there has been no material changes in the information disclosed in the notes to the financial statements for the year ended September 30, 2011 included in the Company's annual audited financial statements as filed on SEDAR. These unaudited financial statements should be read in conjunction with those audited financial statements. In the opinion of management, all adjustments considered necessary for fair presentation, consisting solely of normal recurring adjustments, have been made.

# **JERICO EXPLORATIONS INC.**

## **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**Six months ended March 31, 2012**

**(Unaudited – Prepared by Management)**

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### **4. MINERAL PROPERTIES**

	<b>Six months ended March 31, 2012 \$</b>	<b>Six months ended March 31, 2011 \$</b>
<b>Harmony Property</b>		
Acquisition costs:		
Balance, September 30, 2007	<b>119,437</b>	<b>119,437</b>
Cash payments	<b>-</b>	<b>-</b>
Balance, March 31, 2012/2011	<b><u>119,437</u></b>	<b><u>119,437</u></b>
Deferred exploration:		
Balance, September 30, 2011 / 2010	<b>208,873</b>	<b>206,619</b>
Property Maintenance	<b>3,362</b>	<b>2,254</b>
Other Exploration Expenditures	<b>--</b>	<b>--</b>
Drilling Expenditures		
Balance, March 31, 2012	<b><u>212,235</u></b>	<b><u>208,873</u></b>
 Total resource property interests	 <b><u>331,672</u></b>	 <b><u>328,310</u></b>

On March 1, 2004, the Company entered into a Mining Property Lease and Option to Purchase Agreement for the right to acquire 100% of the Harmony claim block, comprising 9 claims in the Hualapai Mining District of Mohave County Arizona. The agreement required payments totaling US \$100,000, the last of which was completed in the year ended September 30, 2007. The vendor retains a 1% production royalty from net returns.

### **5. RELATED PARTY TRANSACTIONS**

Management continues to provide administrative services to the Company without monetary remuneration while the Company is in the initial exploration stage. The fair value of management and administrative services received by the Company was estimated to be \$1,500 per month, plus incidental expenses of \$2,000 for the year. The amount has been recorded in the statement of operations and deficit and included as an addition to contributed surplus.



**JERICO EXPLORATIONS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Nine months ended June 30, 2011**  
**(Unaudited – Prepared by Management)**

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**6. SHARE CAPITAL**

a) Authorized

The authorized capital of the Company consists of an unlimited number of common shares without par value and an unlimited number of preferred shares. The preferred shares may be issued in series, and the rights and restrictions may be set by the Company's directors. There have been no preferred shares issued since inception.

	<u>Number of Shares</u>	<u>\$</u>
Common shares issued and outstanding		
Balance, September 30, 2010	6,549,001	648,774
Stock Options exercised – October 5, 2010	<u>150,000</u>	<u>42,755</u>
Balance, March 31, 2012	<u>6,699,001</u>	<u>691,529</u>

b) Stock options

The Company has a stock option plan that provides for grants of options to directors, officers, employees of and consultants to the Company at the discretion of the Board of Directors. The term of any options granted under the Option Plan will be fixed by the Board of Directors and may not exceed ten years. The exercise price of options granted under the Option Plan will be determined by the Board of Directors, but the exercise price must not be less than the lowest price permitted by the policies of the TSX-V. The aggregate number of common shares reserved for issuance under the Company's Option Plan, and common shares reserved for issuance under any other share compensation arrangement granted or made available by the Company from time to time, may not exceed 10% of the Company's outstanding common shares at the time of grant.

Stock options outstanding are as follows:

	<u>Number of Options</u>	<u>Weighted Average Exercise Price (\$)</u>	<u>Weighted Average Number of Years to Expiry</u>
Outstanding, September 30, 2010	475,000	0.23	4.55
Exercised October 04, 2010	(150,000)	(0.20)	-----
Granted November 09, 2010	<u>125,000</u>	<u>0.55</u>	<u>8.36</u>
Outstanding, March 31, 2012	<u>450,000</u>	<u>0.32</u>	<u>5.61</u>

Of the options outstanding at June 30, 2011, 225,000 options expire on August 26, 2015. 100,000 options granted on January 22, 2009 expire on January 22, 2019. 125,000 options granted on November 09, 2010 expire on November 09, 2020.

# JERICO EXPLORATIONS INC.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended March 31, 2012

(Unaudited – Prepared by Management)

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### 6. SHARE CAPITAL (continued)

#### c) Escrow Shares

There are no common shares held in escrow as at June 30, 2011. During the year ended September 30, 2008, the then remaining 794,700 common shares were released from escrow.

#### d) Reserves

Transactions involving reserves were as follows:

	\$	\$
Balance, September 30, 2011 / 2010	184,146	138,235
Fair value of donated management and administrative services - Note 5	10,000	10,000
Fair value of exercised Stock Options - Note 6		(12,755)
Fair value of vested Stock Options - Note 6	<u>15,052</u>	<u>10,193</u>
Balance, March 31, 2012 - 2011	<u>209,198</u>	<u>145,673</u>

The Company has extended the expiry date of an aggregate of 375,000 previously granted incentive stock options from August 26, 2010 to August 26, 2015. The extended expiry date is ten years from the date of listing of the Company's common shares on the TSX-V. The options are held by directors and officers of the Company and are exercisable at a share price of \$0.20. The extension of the term of these options was determined to have an estimated fair value of \$31,888.

On February 22, 2009, the Company granted 100,000 stock options to a director of the Company. These options were determined to have an aggregate fair value of \$26,347 (\$0.26 per option) and vest over an 18 months period. On November 09, 2010, the Company granted a total of 125,000 stock options to two directors. These options were determined to have an aggregate fair value of \$33,977 (\$0.27 per option).

# **JERICO EXPLORATIONS INC.**

## **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**Six months ended March 31, 2012**

**(Unaudited – Prepared by Management)**

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### **7. SEGMENTED INFORMATION**

The Company operates in a single operating business segment. The Company's assets by geographical location are as follows:

	<b>March 31 2012 \$</b>	<b>March 31 2011 \$</b>
Assets by geographical location:		
Canada		
Cash	7,793	43,456
Fixed Assets	-	-
Other	<u>6,642</u>	<u>6,816</u>
	<u>14,435</u>	<u>50,972</u>
USA		
Cash	-	-
Fixed Assets	119,437	119,437
Other	<u>212,235</u>	<u>208,873</u>
	<u>331,672</u>	<u>328,310</u>
	<u>346,107</u>	<u>378,582</u>

### **8. CAPITAL MANAGEMENT**

The Company currently manages its capital structure and makes adjustments to it, based on cash resources expected to be available to the Company, in order to support the planned exploration and development of mineral property interests. Management has not established a quantitative capital structure, but will review on a regular basis the capital structure of the Company relative to the stage of development of the business entity.

The Company currently is dependent on externally provided equity financing to fund its exploration activities. In order to carry out planned exploration and development and fund administrative costs, the Company will allocate its existing capital and plans to raise additional amounts as needed through equity and related party advances if available. Management reviews the capital management approach on an ongoing basis and believes that this approach is reasonable for the current state of the markets and exploration industry.

There were no significant changes in the Company's approach to capital management for the quarter ended March 31, 2012 compared to the quarter ended March 31, 2011. The Company is not subject to externally imposed capital requirements.

### **9. RISK MANAGEMENT**

The Company is engaged primarily in the mineral exploration field and manages related industry risk issues directly. The Company is potentially at risk for environmental issues and fluctuations in commodity based market prices associated with resource property interests.

Financial Risk Management:

The Company is exposed in varying degrees to a variety of financial instrument related risks.

# **JERICO EXPLORATIONS INC.**

## **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**Six months ended March 31, 2012**

**(Unaudited – Prepared by Management)**

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### **9. RISK MANAGEMENT (continued)**

#### **Credit Risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash accounts. Cash accounts are held with a major bank in Canada and a brokerage firm. This risk is managed by using a major bank and a brokerage that is a high credit quality financial institution as determined by rating agencies. The Company's secondary exposure to credit risk is on its receivables. This risk is minimal as receivables consist primarily of refundable government sales taxes.

#### **Currency Risk**

The Company's functional currency is the Canadian dollar. There is moderate foreign exchange risk to the Company as its resource property interests are located in the United States. The Company does not engage in any hedging activities to reduce its foreign exchange risk.

#### **Interest Rate Risk**

The Company's exposure to interest rate risk relates to its ability to earn interest income on cash balances at variable rates. The fair value of the Company's cash accounts is relatively unaffected by changes in short term interest rates. The income earned on these bank accounts is subject to the movements in interest rates.

#### **Liquidity Risk**

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company intends to achieve this by seeking additional funds in the short term to maintain sufficient cash balances and/or short-term investments.

The Company is not exposed to significant interest rate or credit concentration risk.