

JERICO EXPLORATIONS INC.
CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2010

CONSOLIDATED BALANCE SHEETS

CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

CONSOLIDATED STATEMENTS OF CASH FLOWS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTICE TO READER

Our auditors have not reviewed these unaudited financial statements for the three month period ended December 31, 2010. These financial statements have been prepared by the Company's management in accordance with accounting principles generally accepted in Canada, consistent with previous periods, except for the adoption of new accounting policies as described in note 2. 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, 2010.

JERICO EXPLORATIONS INC.
CONSOLIDATED BALANCE SHEETS

(expressed in CDN dollars)	December 31 2010 \$ (unaudited)	September 30 2010 \$ (audited)
ASSETS		
CURRENT ASSETS		
Cash	64,687	44,805
Receivables	1,164	703
Prepaid expenses and deposits	<u>-</u>	<u>1,250</u>
	65,851	46,758
RESOURCE PROPERTY INTERESTS (Note 4)	328,310	326,056
	394,161	372,814
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	<u>12,362</u>	<u>14,029</u>
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 5)	691,529	648,774
CONTRIBUTED SURPLUS (Note 6)	135,577	138,235
DEFICIT	<u>(445,307)</u>	<u>(428,224)</u>
	<u>381,799</u>	<u>358,785</u>
	394,161	372,814

OPERATIONS (NOTE 1)

APPROVED BY THE DIRECTORS

"Ron Wiesendahl" Director

"Roy Wiesendahl" Director

- See Accompanying Notes -

JERICO EXPLORATIONS INC.
CONSOLIDATED STATEMENT OF OPERATIONS AND DEFICIT
(Unaudited – Prepared by Management)

(expressed in CDN dollars)	December 31 2010 \$ (unaudited)	December 31 2009 \$ (unaudited)
ADMINISTRATIVE EXPENSES		
Audit and accounting	-	2,954
Consulting	-	-
Legal	1,744	651
Management and administrative services (Note 7)	5,000	5,000
Fair value of stock options vested during the quarter	5,097	3,733
Office and miscellaneous	58	43
Transfer agent, filing and stock exchange fees	<u>5,193</u>	<u>1,898</u>
	<u>17,092</u>	<u>14,279</u>
OTHER ITEM		
Interest income	<u>(9)</u>	<u>(19)</u>
NET LOSS AND COMPREHENSIVE LOSS FOR THE QUARTER	(17,083)	(14,260)
DEFICIT, beginning of quarter	(428,224)	(346,281)
DEFICIT, end of quarter	(445,307)	(360,541)
BASIC AND DILUTED LOSS PER COMMON SHARE	(0.00)	(0.00)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	6,699,001	6,549,001

- See Accompanying Notes -

JERICO EXPLORATIONS INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited – Prepared by Management)

(expressed in CDN dollars)	December 31 2010 \$ (unaudited)	December 31 2009 \$ (unaudited)
CASH PROVIDED BY (USED FOR)		
OPERATING ACTIVITIES		
Net loss for the quarter	(17,083)	(14,260)
Non-cash transactions:		
Management and administrative services (Note 7)	5,000	5,000
Fair value of stock options vested during the quarter	5,097	3,733
Net changes in non-cash operating accounts		
Accounts receivable	(461)	(701)
Prepaid expenses	1,250	1,250
Accounts payable and accrued liabilities	<u>(1,667)</u>	<u>3,413</u>
	<u>(7,864)</u>	<u>(1,565)</u>
INVESTING ACTIVITIES		
Investment in resource property interests	<u>(2,254)</u>	<u>(1,584)</u>
FINANCING ACTIVITIES		
Sale of Shares from Treasury – Exercise of Options	<u>30,000</u>	<u>-</u>
INCREASE (DECREASE) IN CASH	19,882	(3,149)
CASH , beginning of quarter	44,805	81,246
CASH , end of quarter	64,687	78,097
CASH PAID FOR:		
Interest	<u>-</u>	<u>-</u>
Taxes	<u>-</u>	<u>-</u>

- See Accompanying Notes -

JERICO EXPLORATIONS INC.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three Months Ended December 31, 2010

(Unaudited – Prepared by Management)

1. NATURE OPERATIONS AND BASIS OF PRESENTATION

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 has sufficient current cash reserves to continue operations for the ensuing twelve months. Management plans to continue to reduce spending in order to preserve cash and maintain liquidity until it succeeds to secure additional financing or other new opportunities to further its business activities. Failing to secure additional financing in the medium term would pose a liquidity risk and may impact 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 generally accepted accounting principles for interim financial statements. They do not include all information and footnotes required by Canadian generally accepted accounting principles 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, 2010 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 CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three Months Ended December 31, 2010

(Unaudited – Prepared by Management)

4. RESOURCE PROPERTY INTERESTS

	Dec. 31 2010 \$	Dec. 31 2009 \$
Harmony Property		
Acquisition costs:		
Balance, beginning of quarter	119,437	119,437
Cash payments	-	-
Balance, end of quarter	<u>119,437</u>	<u>119,437</u>
Deferred exploration:		
Balance, beginning of quarter	206,619	204,213
Property maintenance	1,089	1,584
Other exploration expenditures	1,165	-
Drilling	-	-
Balance, end of quarter	<u>208,873</u>	<u>205,797</u>
 Total resource property interests	 <u>328,310</u>	 <u>325,234</u>

On March 1, 2004, the Company entered into a Mining Property Lease and Option to Purchase Agreement for the right to acquire up to a 100% in the Harmony claim block (subject to a 1% new production royalty), comprising 9 claims in the Hualapai Mining District of Mohave County, Arizona. The agreement required a series of payments totaling US\$100,000 (completed in the year ended September 30, 2007).

5. 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.

b) Common shares issued and outstanding

	Number of Shares	\$
Balance, September 30, 2010	6,549,001	648,774
Options exercised, October 4, 2010	150,000	42,755
Balance, December 31, 2010	6,699,001	691,529

JERICO EXPLORATIONS INC.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three Months Ended December 31, 2010

(Unaudited – Prepared by Management)

5. SHARE CAPITAL - Cont'd

c) Stock options

The Company has a stock option plan, providing the right to grant options to employees, consultants and directors when the number of shares that may be purchased under that option and all outstanding options, does not exceed 10% of the issued and outstanding share capital at the date of grant. The exercise price of the options granted will be no less than the allowable discounted market price of the Company's shares under the TSX-V policy. The maximum term of the options will be 10 years or such longer term as permitted by the TSX-V.

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	<u>475,000</u>	<u>0.23</u>	<u>5.62</u>
Exercised, October 04, 2010	<u>(150,000)</u>	<u>(0.20)</u>	-----
Granted, November 09, 2010	<u>125,000</u>	<u>0.55</u>	<u>10.00</u>
Outstanding, December 31, 2010	<u>450,000</u>	<u>0.32</u>	<u>6.86</u>

Of the options outstanding December 31, 2010, 225,000 options expire on August 26, 2015, 100,000 options expire on January 22, 2019, and 125,000 options expire on November 09, 2020.

d) Escrow Shares

As at August 25, 2008, there were nil common shares that were owned by directors and held in escrow, subject to time release. On August 24, 2008, 794,700 common shares were released from escrow.

JERICO EXPLORATIONS INC.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three Months Ended December 31, 2010

(Unaudited – Prepared by Management)

6. CONTRIBUTED SURPLUS

Transactions involving contributed surplus were as follows:	December 31 2010 \$	December 31 2009 \$
Balance, beginning of quarter	138,235	103,744
Fair value of donated management and administrative services (Note 7)	5,000	5,000
Fair value of options exercised during the quarter	(12,755)	
Fair value of options vested during the quarter	<u>5,097</u>	<u>3,733</u>
Balance, end of quarter	<u>135,577</u>	<u>112,477</u>

7. 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 fair values were determined based on market based indicators for time and expertise, and comparable arms length values. The amount has been recorded in the statement of loss and deficit and included as an addition to contributed surplus.

8. SEGMENTED INFORMATION

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

Assets by geographical location:	December 31 2010 \$	December 31 2009 \$
Canada		
Cash	64,687	78,097
Fixed Assets	-	-
Other	<u>1,164</u>	<u>10,980</u>
	<u>65,851</u>	<u>89,077</u>
USA		
Cash	-	-
Fixed Assets	119,437	119,437
Other	<u>208,873</u>	<u>205,797</u>
	<u>328,310</u>	<u>325,234</u>
	<u>394,161</u>	<u>414,311</u>

JERICO EXPLORATIONS INC.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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(Unaudited – Prepared by Management)

9. 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 December 31, 2010 compared to the quarter ended December 31, 2009. The Company is not subject to externally imposed capital requirements.

10. 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.

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 achieves this by maintaining sufficient cash balances and/or short-term investments.

JERICO EXPLORATIONS INC.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three Months Ended December 31, 2010

(Unaudited – Prepared by Management)

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