

**NOTICE OF NO AUDITOR REVIEW OF
INTERIM FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Corporation discloses that its auditors have not reviewed the unaudited financial statements for the three and nine months ended September 30, 2006.

Jasper Mining Corporation
(an exploration stage company)
Consolidated Balance Sheets
(unaudited)

	<u>September 30</u> <u>2006</u>	<u>December 31</u> <u>2005</u>
Assets		
Current		
Cash	\$ 261,122	\$ 508,227
Short-term investment (note 3)	2,083,978	3,507,312
Accounts receivable	56,181	42,971
Note receivable (note 4)	30,000	-
	<u>2,431,281</u>	<u>4,058,510</u>
Capital assets (note 5)	169,221	138,639
Mineral property deposit	62,492	27,500
Mineral properties (note 6)	5,086,688	3,097,541
	<u>\$ 7,749,682</u>	<u>\$ 7,322,190</u>
Liabilities and Shareholder's Equity		
Current		
Accounts payable	\$ 399,235	\$ 286,130
Current portion of long-term debt (note 7)	15,221	15,221
	<u>414,456</u>	<u>301,351</u>
Long-term debt (note 7)	14,086	25,504
Future income taxes (note 11)	1,308,122	378,000
	<u>1,736,664</u>	<u>704,855</u>
Shareholders' Equity		
Share capital (note 8)	4,587,834	5,004,297
Warrants (note 9)	2,178,057	2,250,562
Contributed surplus (note 10)	927,689	472,125
Deficit	(1,680,562)	(1,109,649)
	<u>6,013,018</u>	<u>6,617,335</u>
	<u>\$ 7,749,682</u>	<u>\$ 7,322,190</u>

See accompanying notes

Jasper Mining Corporation
(an exploration stage company)
Consolidated Statements of Operations and Deficit
(unaudited)

	Three months ended September 30		Nine months ended September 30	
	2006	2005	2006	2005
Revenue				
Interest income	\$ 23,111	\$ —	\$ 76,708	\$ —
Expenses				
General and administrative	146,013	24,950	252,878	70,275
Stock-based compensation (note 8)	97,461	33,419	421,522	53,215
Interest on related party debt	—	2,259	—	13,822
Interest	22,582	2,400	83,372	12,000
Depreciation	4,447	47	13,341	95
	<u>270,503</u>	<u>63,075</u>	<u>771,113</u>	<u>149,407</u>
Loss before income taxes	(247,392)	(63,075)	(694,405)	(149,407)
Future income tax expense (recovery)	1,769	—	(123,492)	—
Loss for the period	(249,161)	(63,075)	(570,913)	(149,407)
Deficit, beginning of period	<u>(1,431,401)</u>	<u>(672,974)</u>	<u>(1,109,649)</u>	<u>(586,642)</u>
Deficit, end of period	\$ (1,680,562)	\$ (736,049)	\$ (1,680,562)	\$ (736,049)
Loss per share – basic ⁽¹⁾	\$ (0.01)	\$ (0.00)	\$ (0.01)	\$ (0.00)
Weighted average number of shares outstanding	46,657,046	32,731,633	46,118,739	29,956,491

⁽¹⁾ Diluted loss per share has not been disclosed as such would be anti-dilutive.

Jasper Mining Corporation
(an exploration stage company)
Consolidated Statements of Cash Flows
(unaudited)

	Three months ended September 30		Nine months ended September 30	
	2006	2005	2006	2005
Operating activities				
Loss for the period	\$ (249,161)	\$ (63,075)	\$ (570,913)	\$ (149,407)
Add back non-cash items:				
Interest	–	2,400	–	12,000
Depreciation	4,447	47	13,341	95
Stock-based compensation	97,461	33,419	421,522	53,215
Interest on related party debt	–	2,259	–	13,822
Future income tax (recovery)	1,769	–	(123,492)	–
	<u>(145,484)</u>	<u>(24,950)</u>	<u>(259,542)</u>	<u>(70,275)</u>
Change in non-cash working capital (note 12)	<u>257,813</u>	<u>(34,454)</u>	<u>247,619</u>	<u>(22,994)</u>
	<u>112,329</u>	<u>(59,404)</u>	<u>(11,923)</u>	<u>(93,269)</u>
Financing activities				
Advances to affiliated companies	–	–	–	(150,000)
Issuance of equity instruments, net of issuance costs	200,816	1,291,554	518,316	1,433,124
Repayment of long-term debt	(3,805)	–	(11,416)	–
Change in non-cash working capital (note 12)	<u>(18,131)</u>	<u>(2,357)</u>	<u>(46,753)</u>	<u>(2,357)</u>
	<u>178,880</u>	<u>1,289,197</u>	<u>460,147</u>	<u>1,280,767</u>
Investing activities				
Mineral property expenditures	(1,071,917)	(361,436)	(1,908,776)	(635,607)
Capital asset expenditures	–	(425)	(43,923)	(425)
Advances on note receivable	–	(35,000)	–	(35,000)
Advances on deposits	(23,653)	(8,634)	(34,992)	(8,634)
Redemption of short term investment	726,931	–	1,423,334	–
Change in non-cash working capital (note 12)	<u>(119,558)</u>	<u>94,909</u>	<u>(130,972)</u>	<u>110,999</u>
	<u>(488,197)</u>	<u>(310,586)</u>	<u>(695,329)</u>	<u>(568,667)</u>
Increase (decrease) in cash and cash equivalents	(196,988)	919,207	(247,105)	618,831
Cash and cash equivalents, beginning of period	<u>458,110</u>	<u>414,689</u>	<u>508,227</u>	<u>715,065</u>
Cash and cash equivalents, end of period	\$ <u>261,122</u>	\$ <u>1,333,896</u>	\$ <u>261,122</u>	\$ <u>1,333,896</u>

See accompanying notes

Jasper Mining Corporation

(an exploration stage company)

Notes to Consolidated Financial Statements

September 30, 2006 (unaudited)

1. Nature of operations and basis of presentation

Jasper Mining Corporation (the "Corporation") was incorporated on November 28, 1994 in the Province of Alberta. The Corporation is in the exploration stage and is engaged in the exploration for and development of base and precious metals in Canada.

These unaudited interim consolidated financial statements include the accounts of the Corporation and its wholly owned subsidiary, Mountain Star Resources Ltd., and have been prepared by management in accordance with Canadian generally accepted accounting principles on a basis consistent with the audited December 31, 2005 consolidated financial statements except that certain disclosures have been condensed or omitted. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. Accordingly, actual results could differ from those estimates. The financial statements have, in management's opinion, been properly prepared using careful judgment within reasonable limits of materiality and within the framework of the significant accounting policies disclosed in the audited financial statements. Accordingly, these unaudited interim consolidated financial statements should be read in conjunction with the notes contained in the Corporation's audited December 31, 2005 consolidated financial statements.

Although the Corporation has taken steps to verify the title to resources properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Corporation's title. Property title may be subject to unregistered prior agreements, transfers or Native land claims and as a result the property titles may be affected by undetected defects.

The carrying value of mineral properties represents costs incurred to date, net of abandonments and write-downs, and do not necessarily reflect present or future values. The ability of the Corporation to continue as a going concern and the recoverability of amounts shown for mineral properties is dependent upon the existence of economically recoverable mineral reserves, the ability of the Corporation to obtain necessary financing to complete their development and upon future profitable operations. These unaudited interim consolidated financial statements have been prepared on a going concern basis, which assumes the Corporation will be able to realize its assets and discharge its liabilities in the normal course of business in the foreseeable future. These unaudited interim consolidated financial statements do not include any adjustments that would be necessary should the Corporation be unable to raise sufficient capital and consequently be unable to continue as a going concern.

The operating results for the three and nine months ended September 30, 2006 may not be indicative of the results for the year ended December 31, 2006.

2. Restatement of prior financial statements

The unaudited interim consolidated financial statements for the three and six months ended June 30, 2006 included stock-based compensation related to 380,000 stock options approved by the Corporation's Board of Directors in April and May 2006. However, the Corporation did not obtain the approval of the TSX Venture Exchange and the options were not granted. As a result, the related stock-based compensation has been reversed.

Jasper Mining Corporation
(an exploration stage company)
Notes to Consolidated Financial Statements
September 30, 2006 (unaudited)

2. Restatement of prior financial statements (continued)

The following table summarizes the effect of restatement on the Corporation's unaudited interim consolidated financial statements for the three and six months ended June 30, 2006:

	Previously reported \$	Increase (Decrease) \$	Restated \$
As at June 30, 2006			
Contributed surplus	890,251	(70,569)	819,682
Deficit, end of period	1,501,979	(70,569)	1,431,410
For the three months ended June 30, 2006			
Stock-based compensation	322,105	(70,569)	251,536
Net loss	(238,797)	70,569	(168,228)
Net loss per share	(0.01)	0.01	—
For the six months ended June 30, 2006			
Stock-based compensation	394,630	(70,569)	324,061
Net loss	(392,321)	70,569	(321,752)
Net loss per share	—	—	—

3. Short-term investment

The Corporation holds a \$2,069,203 guaranteed investment certificate, bearing interest at 4%, maturing on July 30, 2007 and redeemable at any time prior to maturity. Interest of \$14,775 has been accrued as at September 30, 2006.

4. Note receivable

In May 2006, the Corporation advanced \$30,000 to a company owned by an officer of the Corporation for the payment of field expenses incurred on behalf of the Corporation. The advance will be repaid as expenses are submitted to the Corporation.

5. Capital Assets

	September 30, 2006		
	Cost	Accumulated depreciation	Net
Land	\$ 106,735	\$ —	\$ 106,735
Furniture and fixtures	1,708	1,266	442
Vehicle	70,887	17,722	53,165
Computer equipment	13,048	4,169	8,879
	<u>\$ 192,378</u>	<u>\$ 23,157</u>	<u>\$ 169,221</u>

Jasper Mining Corporation
(an exploration stage company)
Notes to Consolidated Financial Statements
September 30, 2006 (unaudited)

6. Mineral Properties

		December 31 2005	Expenditures	September 30 2006
Vowell Creek	Acquisition	\$ 524,072	\$ 42,476	\$ 566,548
	Exploration	1,569,742	71,433	1,641,175
Isintok	Acquisition	37,258	56,574	93,832
	Exploration	153,368	476,572	629,940
Lydy/McFarlene	Acquisition	75,841	—	75,841
	Exploration	160,030	307,134	467,164
Proximal	Acquisition	37,718	—	37,718
	Exploration	90,353	28,598	118,951
Erie Creek	Acquisition	36,518	6,499	43,017
	Exploration	58,737	48,355	107,092
Other	Acquisition	293,228	31,922	325,150
	Exploration	60,676	919,584	980,260
		<u>\$ 3,097,541</u>	<u>\$ 1,989,147</u>	<u>\$ 5,086,688</u>
Summary	Acquisition	\$ 1,004,635	\$ 137,471	\$ 1,142,106
	Exploration	2,092,906	1,851,676	3,944,582
		<u>\$ 3,097,541</u>	<u>\$ 1,989,147</u>	<u>\$ 5,086,688</u>

7. Long-term debt

In September 2005, the Corporation obtained vehicle purchase financing in the amount of \$45,000 with an implicit interest rate of 3.9% per annum having blended payments of \$1,346 each month from October 2005 to October 2008 and secured by the vehicle with a net book value of \$33,503. As at September 30, 2006, the balance of the financing was \$29,307, of which \$15,221 represents the principal portion of total of payments due within the next twelve months.

8. Share capital

a) Issued

	Number	Amount
Balance - December 31, 2005	44,829,220	\$ 5,004,297
Exercise of stock options (i)	1,347,500	300,078
Exercise of warrants (ii)	618,333	315,673
Purchase of mining property (iii)	50,000	25,000
Share issue costs	—	(3,600)
Tax effect of flow-through share proceeds (iv)	—	(1,053,614)
Balance – September 30, 2006	<u>46,845,053</u>	<u>\$ 4,587,834</u>

Jasper Mining Corporation
(an exploration stage company)
Notes to Consolidated Financial Statements
September 30, 2006 (unaudited)

8. Share capital (continued)

a) Issued (continued)

- i) During the period January to May 2006, the Corporation issued 1,347,500 common shares on the exercise of 1,347,500 of options for cash proceeds of \$278,750. In addition to the cash proceeds, a \$21,328 pro-rata allocation of the options' fair value has been reclassified from contributed surplus to the amount for common shares.
- ii) During the period May to August 2006, the Corporation issued 618,333 common shares on the exercise of 618,333 warrants for cash proceeds of \$243,167. In addition to the cash proceeds a pro-rata allocation of the exercised warrants' fair value in the amount of \$72,506 has been reclassified from warrants to the amount for common shares.
- iii) In May 2006, the Corporation acquired fifty-nine mineral claims for cash consideration of \$31,200 plus the issuance of 50,000 common shares valued at \$0.50 per share. The Corporation has no financial obligation with respect to these properties in 2006.
- iv) The related tax benefits of \$3,133,889 of flow-through share proceeds raised in 2005 were renounced to investors in February 2006 with an effective date of December 31, 2005, the tax effect of which is \$1,053,614. The Corporation has until December 31, 2006 to incur the qualifying flow-through expenditures, of which approximately \$2,164,142 had been incurred as at September 30, 2006.

b) Stock options

In April 2006, the Corporation granted 1,025,000 options to consultants, officers and directors of the Corporation. The options vest 50% on the date of grant and 50% on the first anniversary. The options are exercisable at \$0.30 per share and expire in April 2011

	Number of options	Weighted average exercise price
Balance – December 31, 2005	3,575,000	\$ 0.27
Granted	1,025,000	0.30
Exercised	(1,347,500)	(0.22)
Balance September 30, 2006	<u>3,252,500</u>	<u>\$ 0.31</u>

The following table summarizes information about stock options outstanding as at September 30, 2006:

Exercise price	Number outstanding	Weighted average remaining contractual life (years)	Number exercisable	Weighted average exercise price
\$ 0.20	925,000	3.20	925,000	\$ 0.20
\$ 0.25	200,000	3.80	100,000	0.25
\$ 0.30	1,207,500	4.50	603,750	0.30
\$ 0.45	920,000	2.73	460,000	0.45
	<u>3,252,500</u>	<u>3.82</u>	<u>2,088,750</u>	<u>\$ 0.31</u>

Jasper Mining Corporation
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Notes to Consolidated Financial Statements
September 30, 2006 (unaudited)

8. Share capital (continued)

c) Stock-based compensation

The fair value of options granted in 2006 was estimated using the Black-Scholes pricing model based on the following assumptions:

Risk-free interest rate	4.12 to 4.30%
Expected volatility	123% to 125%
Expected life	1.6 to 4.5 years
Dividend yield	Nil

The Corporation recognized \$476,893 of stock based compensation in 2006, for the following options granted in 2005 and 2006, of which \$55,371 was capitalized to mineral properties and \$421,522 was expensed in the statement of operations:

Number of options	Weighted average estimated fair value per share	2006 stock-based compensation	Remaining stock-based compensation expense
200,000	\$ 0.20	\$ 8,248	\$ —
200,000	\$ 0.25	14,442	—
950,000	\$ 0.52	184,161	—
1,025,000	\$ 0.35	270,042	88,572
<u>2,375,000</u>		<u>\$ 476,893</u>	<u>\$ 88,572</u>

9. Warrants

	Number	Amount
Balance – December 31, 2005	8,232,440	\$ 2,250,563
Expired warrants without fair value	(205,000)	—
Exercised (<i>note 8(a)(iii)</i>)	<u>(618,333)</u>	<u>(72,506)</u>
Balance – September 30, 2006	<u>7,409,107</u>	<u>\$ 2,178,057</u>

The following table summarizes information about warrants outstanding at September 30, 2006:

Exercise price	Number outstanding	Weighted average remaining contractual life (years)	Number exercisable	Weighted average exercise price
\$ 0.40	2,390,000	0.50	2,390,000	\$ 0.40
\$ 0.30	500,000	0.60	500,000	0.30
\$ 0.65	2,191,655	0.70	2,191,655	0.65
\$ 0.75	2,281,997	1.09	2,281,997	0.75
\$ 0.80	45,455	0.70	45,455	0.80
	<u>7,409,107</u>	<u>0.71</u>	<u>7,409,107</u>	<u>\$ 0.58</u>

Jasper Mining Corporation
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Notes to Consolidated Financial Statements
September 30, 2006 (unaudited)

10. Contributed surplus

Balance – December 31, 2005	\$	472,125
Exercise of stock options (<i>note 8(a)(i)</i>)		(21,329)
Stock-based compensation expense (<i>note 8(c)</i>)		421,522
Stock-based compensation capitalized to mineral properties (<i>note 8(c)</i>)		<u>55,371</u>
Balance – September 30, 2006	\$	<u>927,689</u>

11. Income taxes

The Corporation's computation of future income tax expense (recovery) is as follows:

	Three months ended September 30		Nine months ended September 30	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Expected income tax recovery at 32.5% (2005 – 33.62%)	\$ (299,188)	\$ (21,206)	\$ (467,402)	\$ (50,231)
Stock compensation and other non- deductible items	251,925	–	382,487	4,854
Change in valuation allowance	40,105	26,492	(10,408)	45,377
Resource allowance	2,042	–	6,861	–
Effect of rate change	<u>6,885</u>	<u>(5,286)</u>	<u>(35,030)</u>	<u>–</u>
	\$ <u>1,769</u>	\$ <u>–</u>	\$ <u>(123,492)</u>	\$ <u>–</u>

The components of the net future income tax liability are as follows:

	<u>September 30 2006</u>
Future income tax assets (liabilities)	
Carrying amount of mineral properties and capital assets in excess of tax basis	\$ (1,321,717)
Non-capital loss carryforwards	344,869
Share issue costs	121,549
Cumulative eligible capital	<u>13,595</u>
	(841,704)
Valuation allowance	<u>(466,418)</u>
	\$ <u>(1,308,122)</u>

As at September 30, 2006, the Corporation had approximately \$1,600,000 (December 31, 2005 – \$1,500,000) of tax pools and \$1,100,000 (2005 \$837,000) of non-capital losses available for deduction against future taxable income. Non-capital losses expire between 2006 and 2015.

Jasper Mining Corporation
(an exploration stage company)
Notes to Consolidated Financial Statements
September 30, 2006 (unaudited)

12. Change in non-cash working capital

	Three months ended September 30		Nine months ended September 30	
	2006	2005	2006	2005
Accounts receivable	\$ (2,470)	\$ (16,070)	\$ (43,210)	\$ (19,957)
Accounts payable and accrued liabilities	122,594	74,168	113,104	105,605
	<u>\$ 120,124</u>	<u>\$ 58,098</u>	<u>\$ 69,894</u>	<u>\$ 85,648</u>

The change in non-cash working capital has been allocated to the following activities:

	Three months ended September 30		Nine months ended September 30	
	2006	2005	2006	2005
Operating	\$ 257,813	\$ (34,454)	\$ 247,619	\$ (22,994)
Financing	(18,131)	(2,357)	(46,753)	(2,357)
Investing	(119,558)	94,909	(130,972)	110,999
	<u>\$ 120,124</u>	<u>\$ 58,098</u>	<u>\$ 69,894</u>	<u>\$ 85,648</u>

13. Related party transactions

Except as disclosed elsewhere in the financial statements, the Corporation had the following related party transactions during the three and nine months ended September 30, 2006:

- a) A total of \$5,250 and \$22,050, respectively, (three and nine months ended September 30, 2005 – nil) was charged by a Corporation owned by the president for rent and administrative services.
- b) Consulting fees of \$145,543 and \$251,639, respectively, (three and nine months ended September 30, 2005 – nil) were paid to a company owned by an officer of the Corporation all of which was capitalized to exploration and development costs.
- c) A total of \$52,500 (three and nine months ended September 30, 2005 – nil) was charged by a Corporation owned by the president for legal fees.
- d) In 2005 there was interest paid on amounts due to companies controlled by the Corporation's president and companies in which the Corporation's president is a significant shareholder. Interest paid to the related parties for the three and nine months ended September 30, 2005 was \$2,259 and \$13,822.

Transactions are in the normal course of operations and were recorded at exchange amounts, which is the amount of consideration established and agreed to by the related parties.

14. Subsequent events

- a) In November 2006, the Corporation purchased two additional claims in the McFarlane area of British Columbia for consideration comprised of \$22,500 cash, 40,000 common shares of the Corporation and a 1% net smelter return royalty.
- b) In November 2006, the Corporation granted 2,400,000 options to certain of its directors, officers, employees, qualified advisors and consultants. The options are exercisable at \$0.40 and expire in November 2011.

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September 30, 2006 (unaudited)
