

Jasper Mining Corporation
(an exploration stage corporation)

Condensed Financial Statements

For the three months ended March 31, 2011 and 2010

(unaudited – prepared by Management)

Notice of No Auditor Review of Condensed Financial Statements

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Corporation discloses that its auditors have not reviewed these unaudited condensed financial statements as at and for the three months ended March 31, 2011 and 2010.

Jasper Mining Corporation

(an exploration stage corporation)

Condensed Statements of Financial Position
(unaudited)

	March 31 2011	December 31 2010	January 1 2010
Assets		(Note 17)	(Note 17)
Current assets			
Cash	\$ 284,213	\$ 71,945	\$ 703,781
Short term deposit	500,000	–	–
Due from related parties	10,622	5,967	5,967
Trade and other receivables	26,016	26,548	8,403
	820,851	104,460	718,151
Non-current assets			
Mineral property security deposits	69,910	71,068	69,581
Investment (Note 5)	100	100	100
Property and equipment (Note 6)	144,341	145,619	151,747
Exploration and evaluation assets (note 7)	6,713,730	6,703,522	6,755,391
	6,928,081	6,920,309	6,976,819
Total assets	\$ 7,748,932	\$ 7,024,769	\$ 7,694,970
Liabilities and Shareholders' Equity			
Current liabilities			
Trade and other payables	\$ 234,056	\$ 244,586	\$ 257,458
Flow-through share premium	437,883	443,497	580,000
	671,939	688,083	837,458
Deferred taxes	921,749	924,470	933,216
	1,593,688	1,612,553	1,770,674
Shareholders' equity			
Share capital (Note 8)	9,001,994	8,639,753	8,639,753
Shares to be issued	105,600	–	–
Warrants (Note 9)	345,365	16,759	697,633
Contributed surplus	6,576,258	6,323,477	5,564,116
Deficit	(9,873,973)	(9,567,773)	(8,977,206)
	6,155,244	5,412,216	5,924,296
Total liabilities and shareholders' equity	\$ 7,748,932	\$ 7,024,769	\$ 7,694,970

Going concern (Note 1)

Commitments (Note 15)

Subsequent events (Note 16)

See Corporation notes to these interim condensed financial statements.

Jasper Mining Corporation

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Condensed Statements of Loss and Comprehensive Loss
(unaudited)

	For the three months ended March 31	
	2011	2010
		(Note 17)
Operating expenses		
General and administrative	\$ 68,803	\$ 34,523
Depreciation	1,279	1,693
Stock-based compensation (Note 10)	219,175	—
Loss from operations	(289,257)	(36,216)
Finance income	261	230
Finance expense	(1,356)	(5,250)
Net finance expense (Note 12)	(1,095)	(5,020)
Loss before taxes	(290,352)	(41,236)
Deferred tax expense (recovery)	15,848	(423)
Net loss and comprehensive loss	\$ (306,200)	\$ (40,813)
Net loss per share		
Basic and diluted (Note 11)	\$ —	\$ —

See Corporation notes to these interim condensed financial statements.

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Condensed Statements of Changes in Equity
(unaudited)

	Number of shares	Share Capital	Warrants	Contributed Surplus	Deficit	Total Shareholders' Equity
Balance at December 31, 2010 (Note 17)	67,955,047	\$8,639,753	\$16,759	\$6,323,477	\$(9,567,773)	\$5,412,216
Unit private placements (Note 8)	3,188,000	362,241	328,606	33,606	–	724,453
Share to be issued	–	105,600	–	–	–	105,600
Stock-based compensation (Note 10)	–	–	–	219,175	–	219,175
Net loss and comprehensive loss	–	–	–	–	(306,200)	(306,200)
Balance at March 31, 2011	71,143,047	\$9,107,594	\$345,365	\$6,576,258	\$(9,873,973)	\$6,155,244

	Number of shares	Share Capital	Warrants	Contributed Surplus	Deficit	Total Shareholders' Equity
Balance at January 1, 2010 (Note 17)	67,955,047	\$8,639,753	\$697,633	\$5,564,116	\$(8,977,206)	\$5,924,296
Net loss and comprehensive loss	–	–	–	–	(40,813)	(40,813)
Balance at March 31, 2010	67,955,047	\$8,639,753	\$697,633	\$5,564,116	\$(9,018,019)	\$5,883,483

See Corporation notes to these interim condensed financial statements.

Jasper Mining Corporation

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Condensed Statements of Cash Flows
(unaudited)

	For the three months ended March 31	
	2011	2010
		(Note 17)
Cash flows from (used in) operating activities		
Net loss	\$ (306,200)	\$ (40,813)
Add back (deduct) non-cash items:		
Depreciation	1,279	1,693
Stock-based compensation	219,175	—
Deferred tax recovery	15,848	(423)
Change in non-cash working capital (Note 14)	(9,513)	(21,584)
	(79,411)	(61,127)
Cash flows from financing activities		
Share issuance proceeds	797,000	—
Shares to be issued	105,600	—
Share issuance costs	(96,731)	—
	805,869	—
Cash flows from investing activities		
Mineral property security deposits	1,158	(16,383)
Purchase of short term deposit	(500,000)	—
Exploration and evaluation expenditures	(10,208)	—
Change in non-cash working capital (Note 14)	(5,140)	(38,826)
	(514,190)	(55,209)
Change in cash	212,268	(116,336)
Cash, beginning of period	71,945	703,781
Cash, end of period	\$ 284,213	\$ 587,445

See Corporation notes to these interim condensed financial statements.

Jasper Mining Corporation

(an exploration stage corporation)

Notes to Condensed Financial Statements
For the three months ended March 31, 2011
(unaudited)

1. REPORTING ENTITY AND GOING CONCERN:

Jasper Mining Corporation (the "Corporation") is incorporated under the laws of the Province of Alberta and is listed on the TSX Venture Exchange. The Corporation is engaged in the business of mineral exploration in Canada. To date, the Corporation has not yet determined whether these properties are economically recoverable and is considered to be in the exploration stage. The Corporation is satisfied that title to all of its properties in all material respects is satisfactory. The Corporation's registered office is at 501, 888 – 4th Avenue SW, Calgary, Alberta, T2P 0V2.

At March 31, 2011, the Corporation had working capital of \$148,912 (December 31, 2010 – deficit of \$583,623) and an accumulated deficit of \$9,878,973 (December 31, 2010 – \$9,567,773). As at March 31, 2011 as described in Note 15, the Corporation has a commitment to incur approximately \$1,044,750 of qualifying flow through expenditures required to be incurred by December 31, 2010 that it will continue to fulfill in 2011. The Corporation's ability to continue its operations is dependent on the Corporation's success in developing its mineral interests, obtaining required funds to continue exploration activities and attaining profitable operations. The Corporation expects that sufficient liquidity and equity financing will be available to meet its obligations over the next fiscal year.

These unaudited condensed financial statements have been prepared on the basis that the Corporation will be able to discharge its obligations and realize its assets in the normal course of business at the values at which they are carried in these condensed financial statements, and that the Corporation will be able to continue its business activities. Management believes that steps being taken will enable the Corporation to obtain additional capital as its commitments become due. However, there is no certainty that the Corporation will be able to continue as a going concern, in which case the Corporation may not be able to meet its obligation as they come due or realize its assets at the amounts at which they are carried in these financial statements. Should the going concern assumption not be appropriate, certain assets and liability amounts would require adjustment and reclassification and such adjustments may be significant.

2. BASIS OF PREPARATION:

a) Statement of compliance:

These interim condensed financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* from the International Financial Reporting Standards ("IFRS"). The Corporation adopted IFRS effective January 1, 2010; therefore, these are the Corporation's first IFRS condensed interim financial statements. They do not include all of the information required for full annual financial statements. The financial statements for 2010 were prepared in accordance with Canadian GAAP. Canadian GAAP differs from IFRS in certain areas; therefore, the financial statements for the comparative period have been re-stated under IFRS. The Corporation has consistently applied IFRS for the statement of financial position as at January 1, 2010 and for all other periods presented. Reconciliations and the effect of the transition from Canadian GAAP to IFRS are disclosed in Note 17.

These interim financial statements were prepared based on IFRS issued and in effect on June 29, 2011, the date at which the Board of Directors approved the statements. It is possible that IFRS will continue to evolve resulting in restatements in subsequent 2010 quarters and the year ending December 31, 2011.

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For the three months ended March 31, 2011
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2. BASIS OF PREPARATION: (continued)

a) Statement of compliance: (continued)

The interim financial statements should be read in conjunction with the Canadian GAAP audited financial statements for Jasper Mining Corporation for the year ended December 31, 2010.

b) Basis of presentation:

The preparation of condensed financial statements in conformity with IAS 34 Interim Financial Reporting requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. These interim financial statements include all of the information required for first-time adoption of IFRS.

The preparation of these condensed financial statements resulted in changes to the accounting policies as compared with the most recent annual condensed financial statements prepared under Canadian Generally Accepted Accounting Principles ("GAAP"). The accounting policies set out in Note 3 have been applied consistently to all periods presented in these condensed financial statements. They also have been applied in preparing an opening IFRS statement of financial position at January 1, 2010 for the purposes of the transition to IFRS, as required by IFRS 1 First Time Adoption of International Financial Reporting Standards ("IFRS 1"). The impact of the transition from GAAP to IFRS is explained in Note 17.

c) Basis of measurement:

The financial statements have been prepared on the historical cost basis except for Held for trading financial assets which are measured at fair value with changes in fair value recorded in the statement of loss.

The methods used to measure fair values are discussed in Note 4.

d) Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

e) Use of estimates and judgments:

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

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2. BASIS OF PREPARATION: (continued)

e) Use of estimated and judgments: (continued)

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the condensed financial statements is included in the following notes:

- Note 4 – determination of fair values;
- Note 7 – exploration and evaluation assets;
- Note 9 – measurement of warrants; and
- Note 10 – measurement of share-based payments.

In the process of applying the Corporation's accounting policies, management has made the following judgments, apart from those involving estimates, which may have the most significant effect on the amounts recognized in the financial statements.

i) Impairment indicators and calculation of impairment:

At each reporting date, the Corporation assesses whether or not there are circumstances that indicate a possibility that the carrying values of exploration and evaluation assets and property and equipment are not recoverable, or are impaired. Such circumstances include incidents of physical damage, deterioration of commodity prices, changes in the regulatory environment, or a reduction in estimates of proved and probable reserves. When management judges that circumstances clearly indicate impairment, property and equipment are tested for impairment by comparing the carrying values to their recoverable amounts. The recoverable amounts of Cash Generating Units ("CGUs") are determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions, including the discount rate applied.

ii) Income taxes:

The Corporation recognizes deferred income tax assets to the extent that it is probable that taxable profit will be available to allow the benefit of that deferred income tax asset to be utilized. Assessing the recoverability of deferred income tax assets requires the Corporation to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Corporation to realize the deferred income tax assets recorded at the reporting date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Corporation operates could limit the ability of the Corporation to obtain tax deductions in future periods.

iii) Contingencies:

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

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3. SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Corporation.

a) Financial instruments:

i) Non-derivative financial instruments:

Non-derivative financial instruments comprise cash, due from related parties, trade and other receivables, mineral property security deposits, investment and trade and other payables. Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below:

Financial assets at fair value through profit or loss

An instrument is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Corporation manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Corporation's risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss. The Corporation has classified cash and the investment as fair value through profit or loss

Other

Other non-derivative financial instruments, such as due from related parties, trade and other receivables, mineral property security deposits and trade and other payables are measured at amortized cost using the effective interest method, less any impairment losses. Due to the short-term nature of these non-derivative financial instruments, their carrying values approximate fair value.

ii) Derivative financial instruments:

The Corporation has not entered into any financial derivative contracts.

iii) Share capital:

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

b) Property and equipment:

Property and equipment are recorded at cost. Depreciation is determined using the declining balance method over the estimated service lives of the assets at the following annual rates:

Fencing	10%
Vehicles	30%
Furniture and fixtures	20 to 30%
Computer equipment	30 to 50%

Depreciation methods, service lives and residual values are reviewed at each reporting date.

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3. SIGNIFICANT ACCOUNTING POLICIES: (continued)

c) Exploration and evaluation assets:

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the acquisition date fair value of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized as exploration and evaluation ("E&E") assets. Costs incurred before the Corporation has obtained the legal rights to explore an area are recognized in profit or loss.

Acquisition costs, including general and administrative costs, are only capitalized to the extent that these costs can be related directly to operational activities in the relevant area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

Where the Corporation's exploration commitments for a mineral property are performed under option agreements with a third party, the proceeds of option payments under such agreements are applied to the mineral property to the extent costs are incurred. The excess, if any, is recorded to the statement of loss. Provincial government mining credits are applied against the related mineral properties.

E&E assets are assessed for impairment only when facts and circumstances suggest that the carrying amount of an E&E asset may exceed its recoverable amount.

Industry specific indicators for an impairment review arise typically when one of the following circumstances applies:

- Substantive expenditure on further E&E activities is neither budgeted nor planned;
- Title to the asset is compromised;
- Adverse changes in the taxation and regulatory environment;
- Adverse changes in variations in commodity prices and markets; and
- Variations in the exchange rate for the currency of operation.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, E&E assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property and equipment. To date, none of the Corporation's mineral properties have demonstrated technical feasibility and commercial viability.

Recoverability of the carrying amount of any E&E assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

d) Impairment:

i) Financial assets:

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

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3. SIGNIFICANT ACCOUNTING POLICIES: (continued)

d) Impairment: (continued)

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in the statement of loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost the reversal is recognized in profit or loss.

ii) Non-financial assets:

The carrying amounts of the Corporation's non-financial assets, other than E&E assets and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. As at March 31, 2011, the Corporation did not have any other non-financial assets.

e) Share based payments:

The grant date fair value of options granted to employees is recognized as compensation expense, within general and administrative expenses, with a corresponding increase in contributed surplus over the vesting period. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options that vest.

f) Decommissioning obligation:

The Corporation's activities give rise to dismantling, decommissioning and site disturbance remediation activities. Provision is made for the estimated cost of site restoration and capitalized in the relevant asset category. The Corporation's asset retirement obligation is measured at the present value of management's best estimate of expenditures required to settle the present obligation at the statement of financial position date. Subsequent to the 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 capitalized. Actual costs incurred upon settlement of the asset retirement obligation are charged against the provision to the extent the provision was established.

To date, the Corporation's mineral properties have not advanced past the exploration stage and, accordingly, all site restoration costs are expensed as incurred.

Mineral property security deposits have been paid to the Government of British Columbia and are refundable upon reclamation of areas impacted by mineral exploration activities.

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(unaudited)

3. SIGNIFICANT ACCOUNTING POLICIES: (continued)

g) Finance income and expenses:

Interest income is recognized as it accrues in the statement of loss, using the effective interest method.

Finance expense comprises interest expense on flow-through expenditures made under the "look-back rule."

h) Income tax:

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

i) Flow-through shares

The Corporation issues common shares and flow through common shares. Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects. Flow-through common shares are classified as equity. At the time of issuance, the price of the flow through share is compared to the price of common shares at the date of issuance. This difference is recorded as a share premium liability until renouncement. Resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. Upon renouncement of the associated flow through expenditures, the share premium liability is eliminated and the impact on share capital and deferred tax is recorded. The difference between the share premium liability and the deferred income tax liability is recorded as deferred income tax expense.

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3. SIGNIFICANT ACCOUNTING POLICIES: (continued)

j) Per share amounts

Basic earnings per share is calculated by dividing the loss attributable to common shareholders of the Corporation by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive instruments such as warrants and options granted to employees.

k) Segment reporting:

As at March 31, 2011, the Corporation operated in a single reportable operating segment – the exploration and evaluation of mineral resource properties in Canada.

l) New standards and interpretations adopted:

March 31, 2011 is the Corporation's first reporting period under IFRS. Accounting standards effective for periods beginning on or after January 1, 2011 have been adopted as part of the transition to IFRS.

m) New standards and interpretations not yet adopted:

As of January 1, 2013, the Corporation will be required to adopt IFRS 9, "Financial Instruments", as the first phase of the IASB's project to replace IAS 39, "Financial Instruments: Recognition and Measurement". The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. The adoption of this standard should not have a material impact on the Corporation's condensed financial statements.

In May 2011, the IASB issued the following standards which have not yet been adopted by the Corporation: IFRS 10 Condensed Financial Statements (IFRS 10), IFRS 11 Joint Arrangements (IFRS 11), IFRS 12 Disclosure of Interests in Other Entities (IFRS 12), IAS 27 Separate Financial Statements (IAS 27), IFRS 13 Fair Value Measurement (IFRS 13) and amended IAS 28 Investments in Associates and Joint Ventures (IAS 28). Each of the new standards is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. The Corporation has not yet begun the process of assessing the impact that the new and amended standards will have on its financial statements or whether to early adopt any of the new requirements.

4. DETERMINATION OF FAIR VALUES:

A number of the Corporation's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

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4. DETERMINATION OF FAIR VALUES: (continued)

Level 1 Fair Value Measurements – Level 1 fair value measurements are based on unadjusted quoted market prices.

Level 2 Fair Value Measurements – Level 2 fair value measurements are based on valuation models and techniques where the significant inputs are derived from quoted indices.

Level 3 Fair Value Measurements – Level 3 fair value measurements are based on unobservable information.

- a)** Cash, due to related parties, trade and other receivables, deposits and trade and other payables:
The fair value of cash, trade and other receivables, mineral property security deposits and trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. At March 31, 2011 and December 31, 2010, the fair value of these balances approximated their carrying value due to their relatively short terms to maturity.
- b)** Investment
Investment represents a minority equity position of common shares of an inactive private Corporation. Fair value is based on the quoted market price of the investees' shares using Level 3 fair value measurement.
- c)** Stock options and warrants:
The fair values of stock options and warrants are measured based on a Level 2 fair value measurement using a Black Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, forfeiture rate, 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 behaviour), expected dividends, and the risk-free interest rate (based on government bonds).

The Black-Scholes option pricing model calculations for the three months ended March 31, 2011 and the year ended December 31, 2010 were based on the following significant assumptions:

	2011	2010
Risk-free interest rate	2.71%	2.06%
Expected forfeitures	4.5%	0%
Expected volatility	143%	141%
Expected life	5 years	5 years
Dividends	nil	nil

5. INVESTMENT:

The Corporation owns 50% of the common shares outstanding in a private Corporation named Jasper Diamonds Inc. for an investment of \$100. The remaining 50% is held by the President of the Corporation. The private Corporation is inactive and holds no assets or liabilities.

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6. PROPERTY AND EQUIPMENT

		Land		Equipment		Total
Cost or deemed cost						
As at January 1, 2010	\$	123,387	\$	99,292	\$	222,679
Cash expenditures		–		830		830
As at December 31, 2010		123,387		100,122		223,509
Cash expenditures		–		–		–
As at March 31, 2011	\$	123,387	\$	100,122	\$	223,509
Accumulated depletion and depreciation						
As at January 1, 2010	\$	–	\$	70,932	\$	70,932
Depreciation		–		6,957		6,957
As at December 31, 2010		–		77,889		77,889
Depreciation		–		1,279		1,279
As at March 31, 2011	\$	–	\$	79,168	\$	79,168
Net book value						
As at January 1, 2010	\$	123,387	\$	28,360	\$	151,747
As at December 31, 2010	\$	123,387	\$	22,232	\$	145,619
As at March 31, 2011	\$	123,387	\$	20,954	\$	144,341

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7. EXPLORATION AND EVALUATION ASSETS:

Cost		Isintok	Lydy/ McFarlane		Other	Total		
As at January 1, 2010	\$	3,408,940	\$	3,007,627	\$	338,824	\$	6,755,391
Acquisition expenditures		–		–		7,262		7,262
Exploration expenditures		209,798		6,769		–		216,567
As at December 31, 2010		3,618,738		3,014,396		346,086		6,979,220
Acquisition expenditures		–		–		–		–
Exploration expenditures		10,208		–		–		10,208
As at March 31, 2011	\$	3,628,946	\$	3,014,396	\$	346,086	\$	6,989,428
Accumulated impairment								
As at January 1, 2010	\$	–	\$	–	\$	–	\$	–
Acquisition impairment		–		–		5,585		5,585
Exploration impairment		–		–		270,113		270,113
As at December 31, 2010		–		–		275,698		275,698
Acquisition impairment		–		–		–		–
Exploration impairment		–		–		–		–
As at March 31, 2011	\$	–	\$	–	\$	275,698	\$	275,698
Net book value								
As at January 1, 2010								
Acquisition	\$	113,867	\$	51,700	\$	67,146	\$	232,713
Exploration		3,295,073		2,955,927		271,678		6,522,678
	\$	3,408,940	\$	3,007,627	\$	338,824	\$	6,755,391
As at December 31, 2010								
Acquisition	\$	113,867	\$	51,700	\$	68,823	\$	234,390
Exploration		3,504,871		2,962,696		1,565		6,469,132
	\$	3,618,738	\$	3,014,396	\$	70,388	\$	6,703,522
As at March 31, 2011								
Acquisition	\$	113,867	\$	51,700	\$	68,823	\$	234,390
Exploration		3,515,079		2,962,696		1,565		6,479,340
	\$	3,628,946	\$	3,014,396	\$	70,388	\$	6,713,730

The Corporation did not capitalize any general and administrative expenses or stock-based compensation expense to exploration and evaluation assets in 2011 and 2010.

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7. EXPLORATION AND EVALUATION ASSETS: (continued)

As at March 31, 2011, management's evaluation of the Corporation's exploration results and future plans for none (2010 – two) of the properties in British Columbia determined the properties to be impaired as exploration plans have been delayed on these properties. Although the Corporation may continue to hold the related claims, impairment charges of \$nil (2010 –\$nil), respectively, were recorded to the statement of loss for the three months ended March 31, 2011. Future license fees will be expensed as incurred until management recommences exploration plans or the claims are sold.

8. SHARE CAPITAL:

At March 31, 2011 and December 31, 2010, the Corporation was authorized to issue an unlimited number of shares, with no par value of one class, designated as common shares. The holders of common shares are entitled to receive dividends as declared by the Corporation and are entitled to one vote per share.

Common Shares	Number of Shares		Amount
Balance – January 1, 2010 and December 31, 2010 (Note 18)	67,955,047	\$	8,639,753
Unit private placement (a)	3,188,000		468,394
Share issue costs, net of \$24,183 tax			(106,153)
Balance – March 31, 2011	71,143,047	\$	9,001,994
Unit private placement – to be issued (b)	377,144		105,600

- a) In February 2011, the Corporation completed a private placement for a total of 3,188,000 units at \$0.25 per unit for gross proceeds of \$797,000. Each unit consisted of one common share and one half common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at an exercise price of \$0.35 per share for up to two years from the closing date. Total finder's fee of cash in the amount of \$47,820 was paid and 191,280 finder's fee options were granted at an exercise price of \$0.35 with a term of one and one-half years.

At the time of the private placement, the fair value of the warrants was estimated to be \$328,606 (\$.2062 per warrant) with the \$468,394 balance of proceeds ascribed to common shares. The fair value of the finder's fee options was estimated to be \$33,606 (\$.1757 per option) and is included in share issue costs.

- b) In April 2011, the Corporation completed a private placement for a total of 377,144 units at \$0.28 per unit for gross proceeds of \$105,600. Each unit consisted of one common share and one half common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at an exercise price of \$0.45 per share for up to two years from the closing date. Total finder's fee of cash in the amount of \$3,000 was paid and 10,714 finder's fee options were granted at an exercise price of \$0.45 with a term of one and one-half years.

The proceeds were deposited into the bank account in March 2011 but the shares were not issued until April 4, 2011.

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9. WARRANTS:

	Number of warrants		Amount
Balance – January 1, 2010	4,828,793	\$	697,633
Expired	(4,303,793)		(680,874)
Balance – December 31, 2010	525,000		16,759
Issued (Note 8 (a))	1,594,000		328,606
Balance – March 31, 2011	2,119,000	\$	345,365

Summary information with respect to warrants outstanding at March 31, 2011 is provided below:

Exercise price \$	Number outstanding	Weighted average contractual life remaining (years)	Weighted average exercise price \$
0.35	1,594,000	1.4	0.35
0.75	525,000	0.2	0.75
	2,119,000	1.1	0.45

10. SHARE-BASED PAYMENTS:

The Corporation has a stock option plan, administered by the Board of Directors, for directors, officers, key employees and consultants of the Corporation. The options expire not more than five years from the date of grant, or earlier if the individual ceases to be associated with the Corporation, and vest over terms determined at the time of grant. The price of the stock options cannot be lower than permitted by the TSXV. In June 2008, the Corporation's shareholders approved increasing the number of shares covered by the Corporation's stock option plan to 11,600,000 shares.

The following is a continuity of stock options for which shares have been reserved:

	Number of options	Weighted- average exercise price
Balance – January 1, 2010	5,447,500	\$ 0.37
Granted	1,900,000	0.15
Cancelled or expired	(1,020,000)	(0.45)
Balance – December 31, 2010	6,327,500	0.32
Granted	1,200,000	0.27
Granted – finder's options	191,280	0.35
Balance – March 31, 2011	7,718,780	\$0.29

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10. SHARE-BASED PAYMENTS: (continued)

In July 2010, the Corporation granted 1,900,000 stock options exercisable at \$0.15 to directors, officers and consultants. The options vest one-half immediately and the balance one year from the date of grant and expire in July 2015. The fair value of these options was estimated at \$112,232 (\$0.0555 per option).

In February 2011, the Corporation granted 191,280 finder's fee options exercisable at \$0.35 with a term of one and one-half years. The fair value of these options was estimated at \$33,606 (\$0.1757 per option).

Summary information with respect to options outstanding at March 31, 2011 is provided below:

Exercise price \$	Number outstanding	Weighted average contractual life remaining (years)	Weighted average exercise price \$	Number exercisable
0.15	1,900,000	4.3	0.15	950,000
0.27	1,200,000	4.9	0.27	600,000
0.30	2,667,500	1.5	0.30	2,667,500
0.35	191,280	1.4	0.35	191,280
0.40	1,550,000	0.6	0.40	1,550,000
0.75	210,000	0.2	0.75	210,000
	7,718,780	2.52	0.30	6,168,780

During the three months ended March 31, 2011 and 2010 the Corporation's associated compensation expense was \$219,175 and \$nil, respectively, of which all (2010 – \$nil) was recognized as expense in the statement of comprehensive loss and \$nil (2010 – \$nil) was capitalized to E&E assets.

11. PER SHARE AMOUNTS:

Basic net loss per share is calculated as follows:

	Three months ended March 31	
	2011	2010
Net loss for the period	\$ (306,200)	\$ (40,813)
Weighted average number of shares – basic:		
Issued common shares at January 1	67,955,047	67,955,047
Effects of shares issued	1,098,089	–
	69,053,136	67,955,047
Net loss per share – basic:	\$ –	\$ –

The effect of stock options is anti-dilutive in loss periods.

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12. FINANCE INCOME AND EXPENSES:

	Three months ended March 31	
	2011	2010
Finance income:		
Interest on cash held in bank accounts	\$ 261	\$ 230
Finance expense:		
Part XII.6 interest on flow-through expenditures incurred under the look-back rule	(1,356)	(5,250)
Net finance expense	\$ (1,095)	\$ (5,020)

13. RELATED PARTY TRANSACTIONS:

Except as disclosed elsewhere in these condensed financial statements, the Corporation had the following related party transactions in the normal course of operations and measured at the exchange amount:

- a) Amounts due to related parties consist of amounts due to shareholders, officers and directors of the Corporation and companies controlled or significantly influenced by shareholders and officers of the Corporation. The amounts are non-interest bearing, unsecured and have no fixed terms of repayment.
- b) During the three months ended March 31, 2011, \$32,912 (2010 - \$nil) of legal fees relating to various financings were charged by the President's law firm of which all (2010 - \$nil) was recognized as share issue costs.
- c) A total of \$5,250 (2010 - \$14,350) was charged by a company owned by the President for rent and administrative services.

The Corporation did not pay any remuneration to directors or key management during the three months ended March 31, 2011 and 2010.

14. CHANGE IN NON-CASH WORKING CAPITAL:

For the three months ended March 31	2011	2010
Trade and other receivables	\$ 532	\$ 1,456
Due from related parties	(4,655)	-
Trade and other payables	(10,530)	(61,866)
	\$ (14,653)	\$ (60,410)

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

For the three months ended March 31	2011	2010
Operating	\$ (9,513)	\$ (21,584)
Investing	(5,140)	(38,826)
	\$ (14,653)	\$ (60,410)

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15. COMMITMENTS:

Except as disclosed elsewhere in these condensed financial statements, the Corporation had the following commitments as at March 31, 2011:

- a) Pursuant to flow-through financings completed in November and December 2009, the Corporation was to have incurred \$1,044,750 of qualifying flow-through expenditures by December 2010. Approximately \$244,244 of the qualifying expenditures was incurred to December 31, 2010. The Corporation anticipates that it will incur the remaining \$800,506 in 2011.
- b) The Corporation has a rental agreement of \$25,988 total on office premises which terminates on May 31, 2013.

16. SUBSEQUENT EVENTS:

- a) In April 2011, the Corporation completed a private placement for a total of 377,144 units at \$0.28 per unit for gross proceeds of \$105,600. Each unit consisted of one common share and one half common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at an exercise price of \$0.45 per share for up to two years from the closing date. Total finder's fee of cash in the amount of \$3,000 was paid and 10,714 finder's fee options were granted at an exercise price of \$0.45 with a term of one and one-half years.
- b) In May 2011, the Corporation completed a non-brokered private placement to three subscribers for the issuance of 767,308 units of the Corporation at a price of \$0.26 per unit for gross proceeds of \$199,500. Each unit consists of one common share and one half common share purchase warrant. Each whole warrants is exercisable at a price of \$0.45 per share and expires May 6, 2013. A finder's fee, comprised of \$8,970 cash and 34,500 warrants, was paid. The finder's warrants are exercisable at \$0.45 per share and have a term of 18 months.
- c) In June 2011, the Corporation completed a non-brokered private placement to one subscriber for the issuance of 400,000 units of the Corporation at a price of \$0.26 per unit for gross proceeds of \$104,000. Each unit consists of one common share and one half common share purchase warrant. Each whole warrant is exercisable at a price of \$0.45 per share and expires June 7, 2013. A finder's fee, comprised of \$6,240 cash and 24,000 warrants, was paid. The finder's warrants are exercisable at \$0.45 per share and have a term of 18 months.
- d) In June 2011, the Corporation entered into an investor relations agreement (the "Agreement") with Beaumont Capital Corp. ("Beaumont"). Beaumont currently owns 300,000 common shares of the Corporation and holds 50,000 common share purchase warrants. Under the six-month Agreement (extendible in three-month terms), Beaumont is to receive \$5,000 per month, be reimbursed for related expenses, and has been granted stock options to purchase up to 300,000 shares of the Corporation at an exercise price of \$0.26 per share for a term of three years expiring on June 2, 2014. The stock options will vest as to 25% of the total options granted in three months, with a further 25% of the options each three months thereafter. In the event of the termination of the Agreement, all options would be cancelled after 30 days. The Agreement, the payment of the cash fee and the issuance of stock options are subject to the approval of the TSX Venture Exchange.

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17. RECONCILIATION FROM GAAP TO IFRS:

The Corporation's accounting policies under IFRS differ from those followed under previous Canadian GAAP, as described in Note 3. These accounting policies have been applied for the three months ended March 31, 2011, as well as to the opening statement of financial position on the transition date, January 1, 2010, the comparative information for the three months ended March 31, 2010 and the comparative information for the year ended December 31, 2010.

On transition to IFRS on January 1, 2010 the Corporation used the IFRS mandatory exception for the retrospective application of certain IFRS whereby hindsight was not used to create or revise estimates and accordingly, the estimates previously made by the Corporation under GAAP are consistent with their application under IFRS.

In preparing these interim condensed financial statements in accordance with IFRS 1, the Corporation also applied the optional exemption from full retrospective application of IFRS whereby the Corporation was not required to apply IFRS 2 – Share-based Payments to stock options that vested prior to the transition date.

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17. RECONCILIATION FROM GAAP TO IFRS: (continued)

a) Reconciliation of the condensed statement of financial position:

At the date of IFRS transition – January 1, 2010:

	GAAP	Effect of Transition to IFRS	IFRS
Assets			
Current assets			
Cash	\$ 703,781	\$ –	\$ 703,781
Due from related parties	5,967	–	5,967
Trade and other receivables	8,403	–	8,403
	718,151	–	718,151
Non-current assets			
Mineral property security deposits	69,581	–	69,581
Investment	100	–	100
Property and equipment	151,747	–	151,747
Exploration and evaluation assets	6,755,391	–	6,755,391
	6,976,819	–	6,976,819
Total assets	\$ 7,694,970	\$ –	\$ 7,694,970
Liabilities and Shareholders' Equity			
Current liabilities			
Trade and other payables	\$ 257,458	\$ –	\$ 257,458
Flow-through share premium	–	580,000	580,000
	257,458	580,000	837,458
Deferred taxes	933,216	–	933,216
	1,190,674	580,000	1,770,674
Shareholders' equity			
Share capital	7,908,530	731,223	8,639,753
Warrants	697,633	–	697,633
Contributed surplus	5,564,116	–	5,564,116
Deficit	(7,665,983)	(1,311,223)	(8,977,206)
	6,504,296	(580,000)	5,924,296
Total liabilities and shareholders' equity	\$ 7,694,970	\$ –	\$ 7,694,970

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17. RECONCILIATION FROM GAAP TO IFRS: (continued)

a) Reconciliation of the condensed statement of financial position: (continued)

At the comparative reporting date – March 31, 2010:

	GAAP	Effect of Transition to IFRS	IFRS
Assets			
Current assets			
Cash	\$ 587,445	\$ –	\$ 587,445
Due from related parties	5,967	–	5,967
Trade and other receivables	6,947	–	6,947
	600,359	–	600,359
Non-current assets			
Mineral property security deposits	85,964	–	85,964
Investment	100	–	100
Property and equipment	150,054	–	150,054
Exploration and evaluation assets	6,755,391	–	6,755,391
	6,991,509	–	6,991,509
Total assets	\$ 7,591,868	\$ –	\$ 7,591,868
Liabilities and Shareholders' Equity			
Current liabilities			
Trade and other payables	\$ 195,592	\$ –	\$ 195,592
Flow-through share premium	–	580,000	580,000
	195,592	580,000	775,592
Deferred taxes	1,195,293	(262,500)	932,793
	1,390,885	317,500	1,708,385
Shareholders' equity			
Share capital	7,646,030	993,723	8,639,753
Warrants	697,633	–	697,633
Contributed surplus	5,564,116	–	5,564,116
Deficit	(7,706,796)	(1,311,223)	(9,018,019)
	6,200,983	(317,500)	5,883,483
Total liabilities and shareholders' equity	\$ 7,591,868	\$ –	\$ 7,591,868

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17. RECONCILIATION FROM GAAP TO IFRS: (continued)

a) Reconciliation of the condensed statement of financial position: (continued)

At the end of the last reporting year – December 31, 2010:

	GAAP	Effect of Transition to IFRS	IFRS
Assets			
Current assets			
Cash	\$ 71,945	\$ –	\$ 71,945
Due from related parties	5,967	–	5,967
Trade and other receivables	26,548	–	26,548
	104,460	–	104,460
Non-current assets			
Mineral property security deposits	71,068	–	71,068
Investment	100	–	100
Property and equipment	145,619	–	145,619
Exploration and evaluation assets	6,703,522	–	6,703,522
	6,920,309	–	6,920,309
Total assets	\$ 7,024,769	\$ –	\$ 7,024,769
Liabilities and Shareholders' Equity			
Current liabilities			
Trade and other payables	\$ 244,586	\$ –	\$ 244,586
Flow-through share premium	–	443,497	443,497
	244,586	443,497	688,083
Deferred taxes	919,517	4,953	924,470
	1,164,103	448,450	1,612,553
Shareholders' equity			
Share capital	7,852,572	787,181	8,639,753
Warrants	16,759	–	16,759
Contributed surplus	6,335,220	(11,743)	6,323,477
Deficit	(8,343,885)	(1,223,888)	(9,567,773)
	5,860,666	(448,450)	5,412,216
Total liabilities and shareholders' equity	\$ 7,024,769	\$ –	\$ 7,024,769

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17. RECONCILIATION FROM GAAP TO IFRS: (continued)

b) Reconciliation of condensed statement of loss and comprehensive loss:

The conversion to IFRS had no impact on the statement of loss and comprehensive loss for the comparative three months ended March 31, 2010.

For the last reporting year ended December 31, 2010:

	GAAP	Effect of Transition to IFRS	IFRS
Operating expenses			
General and administrative	\$ 269,011	\$ –	\$ 269,011
Depreciation	6,957	–	6,957
Impairment loss	275,698	–	275,698
Stock-based compensation (Note 15 (e)(ii))	90,230	(11,743)	78,487
Loss from operations	(641,896)	11,743	(630,153)
Net finance expense	(105,663)	–	(105,663)
Loss before taxes	(747,559)	11,743	(735,816)
Deferred tax recovery	69,657	75,592	145,249
Net loss and comprehensive loss for the period	\$ (677,902)	\$ 87,335	\$ (590,567)
Net loss per share			
Basic and diluted	\$ (0.01)	\$ –	\$ (0.01)

c) Reconciliation of condensed statement of shareholders' equity:

At the date of IFRS transition – January 1, 2010:

	Share Capital	Warrants	Contributed Surplus	Deficit	Total Shareholders' Equity
GAAP balance	\$7,908,530	\$697,633	\$5,564,116	\$(7,665,983)	\$6,504,296
IFRS adjustment:					
Flow-through shares ((e)(i))	731,223	–	–	(1,311,223)	(580,000)
IFRS balance	\$8,639,753	\$697,633	\$5,564,116	\$(8,977,206)	\$5,924,296

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17. RECONCILIATION FROM GAAP TO IFRS: (continued)

c) Reconciliation of condensed statement of shareholders' equity: (continued)

For the comparative period – March 31, 2010:

	Share Capital	Warrants	Contributed Surplus	Deficit	Total Shareholders' Equity
GAAP balance	\$7,646,030	\$697,633	\$5,564,116	\$(7,706,796)	\$6,200,983
IFRS adjustments:					
Transition date	731,223	–	–	(1,311,223)	(580,000)
Flow-through shares ((e)(i))	262,500	–	–	–	262,500
IFRS balance	\$8,639,753	\$697,633	\$5,564,116	\$(9,018,019)	\$5,883,483

For the last reporting year – December 31, 2010:

	Share Capital	Warrants	Contributed Surplus	Deficit	Total Shareholders' Equity
GAAP balance	\$7,852,572	\$16,759	\$6,335,220	\$(8,343,885)	\$5,860,666
IFRS adjustments:					
Transition date	731,223	–	–	(1,311,223)	(580,000)
Flow-through shares (e)(i)	55,958	–	–	75,592	131,550
Stock-based compensation (e)(ii)	–	–	(11,743)	11,743	–
IFRS balance	\$8,639,753	\$16,759	\$6,323,477	\$(9,567,773)	\$5,412,216

d) Reconciliation of condensed statement of cash flows:

The IFRS transition adjustments did not have a material impact on the presentation of the Corporation's condensed statement of cash flows.

e) Notes to reconciliations:

i) Flow-through shares

Under Canadian GAAP, the accounting treatment for flow-through shares is to record the full amount of the proceeds in share capital. When expenditures are renounced, the related tax affect is recorded to share capital and the future tax liability. Under IFRS, the amount initially recorded in share capital is limited to the market value of the common shares on that date and the difference between the actual proceeds and the amount recorded in share capital is set up as a flow-through share premium liability. As flow-through expenditures are incurred, the related flow-through share premium liability is reversed and the related tax effect is recorded as a deferred tax liability.

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17. RECONCILIATION FROM GAAP TO IFRS: (continued)

e) Notes to reconciliations: (continued)

i) Flow-through shares (continued)

In 2008 and earlier years, the Corporation raised flow-through share proceeds for which the total tax effect recognized in share capital under Canadian GAAP was \$2,587,593. Under IFRS, the total flow-through premium was determined to be \$1,276,370 for which all related expenditures were incurred by December 31, 2009.

On the date of transition to IFRS, share capital was increased by the reversal of the Canadian GAAP tax effect and reduced by the flow-through share premium for a net increase of \$731,223. As the Corporation has sufficient deferred tax assets to offset deferred tax liabilities, the corresponding adjustment was to the Corporation's deficit.

In 2009, the Corporation raised additional flow-through proceeds for which the flow-through premium under IFRS was determined to be \$580,000 and the reversal of the Canadian GAAP tax effect of the 2009 flow-through proceeds recognized in February 2010 was \$262,500.

In the latter part of 2010, the Corporation incurred qualifying flow-through expenditures resulting in the reversal of \$136,503 flow-through premium and \$75,592 of deferred taxes under IFRS.

ii) Share-based payments

Under Canadian GAAP, the Corporation recognized stock-based compensation related to share-based payments without incorporating a forfeiture multiple. Under IFRS, the Corporation is required to recognize the expense over the individual vesting periods for the graded vesting awards including an estimated forfeiture rate. In addition, certain option holders who were considered non-employees under Canadian GAAP meet the definition of employee under IFRS, thereby eliminating the requirement to re-value certain unvested options on each reporting date.

For the year ended December 31, 2010, Canadian GAAP – IFRS share-based payment differences resulted in a reduction to stock-based compensation expense of \$11,743.