

## **Notice of No Auditor Review of Interim Consolidated Financial Statements**

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited consolidated financial statements as at and for the three months ended March 31, 2006 and 2005.

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**Jasper Mining Corporation**  
**(a development stage Corporation)**  
**Consolidated Balance Sheets**  
(unaudited)

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|   | March 31<br>2006            | December 31<br>2005         |
|---|-----------------------------|-----------------------------|
|   | <u>                    </u> | <u>                    </u> |
| <b>Assets</b>                                     |                             |                             |
| Current   |                             |                             |
| Cash  | \$ 400,169                  | \$ 508,227                  |
| Term deposit                                      | 3,533,634                   | 3,507,312                   |
| Accounts receivable                               | 17,342                      | 42,971                      |
|   | <u>3,951,145</u>            | <u>4,058,510</u>            |
| Prepaid and mineral property deposits             | 32,227                      | 27,500                      |
| Mineral properties <i>(note 3)</i>                | 3,207,770                   | 3,097,541                   |
| Capital Assets <i>(note 4)</i>                    | 135,888                     | 138,639                     |
|   | <u>\$ 7,327,030</u>         | <u>\$ 7,322,190</u>         |
| <b>Liabilities</b>                                |                             |                             |
| Current   |                             |                             |
| Accounts payable and accrued liabilities          | \$ 104,819                  | \$ 286,130                  |
| Current portion of long-term debt <i>(note 5)</i> | 15,221                      | 15,221                      |
|   | <u>120,040</u>              | <u>301,351</u>              |
| Long term debt <i>(note 5)</i>                    | 21,699                      | 25,504                      |
| Future income taxes <i>(note 9)</i>               | 1,482,569                   | 378,000                     |
|   | <u>1,624,308</u>            | <u>704,855</u>              |
| <b>Shareholders' Equity</b>                       |                             |                             |
| Share capital <i>(note 6)</i>                     | 4,170,683                   | 5,004,297                   |
| Warrants <i>(note 7)</i>                          | 2,250,562                   | 2,250,562                   |
| Contributed surplus <i>(note 8)</i>               | 544,650                     | 472,125                     |
| Deficit   | (1,263,173)                 | (1,109,649)                 |
|   | <u>5,702,722</u>            | <u>6,617,335</u>            |
|   | <u>\$ 7,327,030</u>         | <u>\$ 7,322,190</u>         |

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See accompanying notes to consolidated financial statements.

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**Jasper Mining Corporation**  
**(a development stage Corporation)**  
**Consolidated Statements of Operations and Deficit**  
For the three months ended March 31  
(unaudited)

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|   | <u>2006</u>           | <u>2005</u>         |
|---|-----------------------|---------------------|
| <b>Revenue</b>  |                       |                     |
| Interest  | \$ 26,322             | \$ —                |
| <b>Expenses</b>   |                       |                     |
| General and administrative                                      | 29,918                | 28,360              |
| Interest expense  | 23,697                | 6,554               |
| Stock-based compensation ( <i>note 6</i> )                      | 72,525                | —                   |
| Depreciation  | 2,751                 | 21                  |
|   | <u>128,891</u>        | <u>34,935</u>       |
| Loss before taxes   | (102,569)             | (34,935)            |
| Future income tax provision ( <i>note 9</i> )                   | <u>(50,955)</u>       | <u>—</u>            |
| <b>Net loss for the period</b>                                  | (153,524)             | (34,935)            |
| Deficit, beginning of period                                    | <u>(1,109,649)</u>    | <u>(586,642)</u>    |
| <b>Deficit, end of period</b>                                   | <u>\$ (1,263,173)</u> | <u>\$ (621,577)</u> |
| <br>  |                       |                     |
| <b>Net loss per share – basic and diluted</b> ( <i>note 6</i> ) | <u>\$ (0.00)</u>      | <u>\$ (0.00)</u>    |

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See accompanying notes to consolidated financial statements.

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**Jasper Mining Corporation**  
**(a development stage Corporation)**  
**Consolidated Statements of Cash Flows**

For the three months ended March 31  
(unaudited)

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|   | 2006         | 2005        |
|---|--------------|-------------|
| <b>Operating</b>                                    |              |             |
| Net loss for the period                             | \$ (153,524) | \$ (34,935) |
| Interest income                                     | (26,322)     | -           |
| Interest expense                                    | 22,935       | 6,554       |
| Stock-based compensation                            | 72,525       | -           |
| Depreciation  | 2,751        | 21          |
| Future income tax provision                         | 50,955       | -           |
|   | (30,680)     | (28,360)    |
| Change in non-cash working capital <i>(note 10)</i> | (3,561)      | 8,810       |
|   | (34,241)     | (19,550)    |
| <b>Financing</b>                                    |              |             |
| Repayment of long-term debt                         | (3,805)      | -           |
| Issuance of share capital, net of costs             | 220,000      | 141,571     |
| Change in non-cash working capital <i>(note 10)</i> | (76,315)     | -           |
|   | 139,880      | 141,571     |
| <b>Investing</b>                                    |              |             |
| Payment of mineral property deposit                 | (4,727)      | -           |
| Expenditures on mineral properties                  | (110,228)    | (101,937)   |
| Change in non-cash working capital <i>(note 10)</i> | (98,742)     | -           |
|   | (213,697)    | (101,937)   |
| (Decrease) increase in cash                         | (108,058)    | 20,084      |
| <b>Cash, beginning of period</b>                    | 508,227      | 715,065     |
| <b>Cash, end of period</b>                          | \$ 400,169   | \$ 735,149  |

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See accompanying notes to consolidated financial statements.

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# **Jasper Mining Corporation**

## **(a development stage Corporation)**

### **Notes to the Financial Statements**

March 31, 2006  
(unaudited)

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#### **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.

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 abandonment's 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 consolidated financial statements include the accounts of the Corporation and its wholly owned subsidiary, Mountain Star Resources Ltd. All inter-corporate balances and transactions have eliminated.

#### **2. Significant accounting policies**

These unaudited interim consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles and on a basis consistent with the audited December 31, 2005 consolidated financial statements except that certain disclosures have been condensed or omitted. 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. 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.

The operating results for the three months ended March 31, 2006 may not be indicative of the results for the year ended December 31, 2006.

**Jasper Mining Corporation**  
**(a development stage Corporation)**  
**Notes to the Financial Statements**

March 31, 2006  
(unaudited)

**3. Mineral properties**

|                |             | December 31, 2005   | Expenditures      | March 31, 2006      |
|----------------|-------------|---------------------|-------------------|---------------------|
| Vowell Creek   | Acquisition | \$ 524,072          | \$ 2,152          | \$ 526,224          |
|                | Exploration | 1,569,742           | 15,344            | 1,585,086           |
| Isintok        | Acquisition | 37,258              | 374               | 37,632              |
|                | Exploration | 153,368             | 41,711            | 195,079             |
| Lydy/McFarlene | Acquisition | 75,841              | —                 | 75,841              |
|                | Exploration | 160,030             | 14,000            | 174,030             |
| Proximal       | Acquisition | 37,718              | —                 | 37,718              |
|                | Exploration | 90,353              | —                 | 90,353              |
| Erie Creek     | Acquisition | 36,518              | 6,499             | 43,017              |
|                | Exploration | 58,737              | 23,245            | 81,982              |
| Other          | Acquisition | 293,228             | 6,414             | 299,642             |
|                | Exploration | 60,676              | 490               | 61,166              |
|                |             | <u>\$ 3,097,541</u> | <u>\$ 110,229</u> | <u>\$ 3,207,770</u> |
| Summary        | Acquisition | \$ 1,004,635        | \$ 15,439         | \$ 1,020,074        |
|                | Exploration | 2,092,906           | 94,790            | 2,187,696           |
|                |             | <u>\$ 3,097,541</u> | <u>\$ 110,229</u> | <u>\$ 3,207,770</u> |

**4. Capital Assets**

| March 31, 2006         |                   |                          |                   |
|------------------------|-------------------|--------------------------|-------------------|
|                        | Cost              | Accumulated depreciation | Net               |
| Land                   | \$ 101,786        | \$ —                     | \$ 101,786        |
| Furniture and fixtures | 1,708             | 1,214                    | 494               |
| Vehicle                | 42,610            | 9,108                    | 33,502            |
| Computer equipment     | 2,351             | 2,245                    | 106               |
|                        | <u>\$ 148,455</u> | <u>\$ 12,567</u>         | <u>\$ 135,888</u> |

# Jasper Mining Corporation

## (a development stage Corporation)

### Notes to the Financial Statements

March 31, 2006  
(unaudited)

#### 5. Long term debt

In September 2005, the Company 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 March 31, 2006, the balance of the financing was \$36,920, of which \$15,221 represents the principal portion of total of payments due within the next twelve months.

Remaining future principal payments due each fiscal year are as follows:

|      |    |               |
|------|----|---------------|
| 2006 | \$ | 11,416        |
| 2007 |    | 15,221        |
| 2008 |    | 10,283        |
|      | \$ | <u>36,920</u> |

#### 6. Share capital

##### a) Common shares issued

|   | Number            | Amount              |
|---|-------------------|---------------------|
| Balance - December 31, 2005                   | 44,829,220        | \$ 5,004,297        |
| Exercise of stock options                     | 1,100,000         | 220,000             |
| Tax effect of flow-through share proceeds (i) | -                 | (1,053,614)         |
| Balance - March 31, 2006                      | <u>45,929,220</u> | <u>\$ 4,170,683</u> |

- i) The related tax benefits of \$3,133,889 of flow-through share proceeds raised in 2005 was renounced to investors in February 2006 with an effective date of December 31, 2005. The Corporation has until December 31, 2006 to incur the qualifying flow-through expenditures, of which approximately \$396,797 had been incurred as at March 31, 2006 (December 31, 2005 - \$286,567).

##### b) Stock options

|                             | Number of options | Weighted average exercise price \$ |
|-----------------------------|-------------------|------------------------------------|
| Balance - December 31, 2005 | 3,575,000         | 0.27                               |
| Exercised                   | (1,100,000)       | (0.20)                             |
| Balance - March 31, 2006    | <u>2,475,000</u>  | <u>0.31</u>                        |

The following summarizes information about stock options outstanding as at March 31, 2006:

| Exercise price \$ | Number outstanding | Weighted average remaining contractual life (years) | Number exercisable | Weighted average exercise price \$ |
|-------------------|--------------------|---|--------------------|------------------------------------|
| 0.20              | 1,125,000          | 3.44  | 1,125,000          | 0.20                               |
| 0.25              | 200,000            | 4.20  | 100,000            | 0.25                               |
| 0.30              | 200,000            | 4.30  | 100,000            | 0.30                               |
| 0.45              | 950,000            | 4.43  | 475,000            | 0.45                               |
|                   | <u>2,475,000</u>   | <u>3.69</u>   | <u>1,800,000</u>   | <u>0.31</u>                        |

# Jasper Mining Corporation

## (a development stage Corporation)

### Notes to the Financial Statements

March 31, 2006  
(unaudited)

#### 6. Share capital (continued)

The Corporation recognized stock based compensation expense in 2006 for the following options granted in 2005:

| Number of options | Weighted average estimated fair value per share | 2006 stock-based compensation expense | Remaining stock-based compensation expense |
|-------------------|---|---------------------------------------|--|
| 200,000           | \$0.25  | \$ 4,949                              | \$ 3,299                                   |
| 200,000           | \$0.45  | 61,387                                | 122,774                                    |
| 950,000           | \$0.30  | 6,189                                 | 8,252                                      |
| <u>1,350,000</u>  |   | <u>\$ 72,525</u>                      | <u>\$ 134,325</u>                          |

#### c) Per share amounts

Per share calculations are based on 45,471,442 basic weighted average number of common shares outstanding during the three months ended March 31, 2006 (three months ended March 31, 2005 – 27,336,650). Diluted loss per share has not been disclosed as such would be anti-dilutive.

#### d) Escrowed shares

As at March 31, 2006 and December 31, 2005, 915,756 shares were held in escrow. Escrowed shares are subject to release in tranches of 457,877 shares every six months.

#### 7. Warrants

|  | Number           | Amount              |
|--|------------------|---------------------|
| Balance – December 31, 2005 and March 31, 2006 | <u>8,232,440</u> | <u>\$ 2,250,562</u> |

The following table summarizes information about common share purchase warrants outstanding at March 31, 2006:

| Exercise Price | Number Outstanding | Weighted Average Remaining Contractual Life (years) | Number Exercisable | Weighted Average Exercise Price |
|----------------|--------------------|---|--------------------|---------------------------------|
| \$             |                    |   |                    | \$                              |
| 0.25           | 85,000             | 0.20  | 85,000             | 0.25                            |
| 0.18           | 120,000            | 0.10  | 120,000            | 0.18                            |
| 0.40           | 2,850,000          | 0.90  | 2,850,000          | 0.40                            |
| 0.30           | 625,000            | 1.00  | 625,000            | 0.30                            |
| 0.65           | 2,224,988          | 1.10  | 2,224,988          | 0.65                            |
| 0.75           | 2,281,997          | 1.70  | 2,281,997          | 0.75                            |
| 0.80           | 45,455             | 1.10  | 45,455             | 0.80                            |
|                | <u>8,232,440</u>   | <u>1.13</u>   | <u>8,232,440</u>   | <u>0.55</u>                     |

#### 8. Contributed surplus

|                                  |                   |
|----------------------------------|-------------------|
| Balance – December 31, 2005      | \$ 472,125        |
| Stock-based compensation expense | <u>72,525</u>     |
| Balance – March 31, 2006         | <u>\$ 544,650</u> |

**Jasper Mining Corporation**  
**(a development stage Corporation)**  
**Notes to the Financial Statements**  
 March 31, 2006  
 (unaudited)

**9. Income taxes**

The Corporation's computation of future income tax provision is as follows:

|  | Three months ended March 31 |             |
|--|-----------------------------|-------------|
|  | 2006                        | 2005        |
| Loss for the year before income taxes                        | \$ (102,568)                | \$ (34,935) |
| Anticipated income tax recovery at 35.62%<br>(2005 – 37.62%) | \$ (36,535)                 | \$ (13,143) |
| Stock compensation and other non-deductible items            | 26,773                      | 645         |
| Change in valuation allowance                                | 33,090                      | –           |
| Resource allowance   | 1,822                       | 4,052       |
| Other  | 25,305                      | 8,108       |
| Effect of rate change  | 500                         | 338         |
| Income tax provision   | <u>\$ 50,955</u>            | <u>\$ –</u> |

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

|  | March 31<br>2006      | December 31<br>2005 |
|--|-----------------------|---------------------|
| Future income tax liabilities  |                       |                     |
| Carrying amount of mineral properties and deferred<br>exploration costs in excess of tax basis | \$ (1,498,284)        | \$ (393,718)        |
| Future income tax assets   |                       |                     |
| Non-capital loss carryforwards   | 300,287               | 281,468             |
| Share issue costs  | 199,755               | 185,487             |
| Cumulative eligible capital  | 15,717                | 15,717              |
|  | <u>(982,525)</u>      | <u>88,954</u>       |
| Valuation allowance  | <u>(500,044)</u>      | <u>(466,954)</u>    |
|  | <u>\$ (1,482,569)</u> | <u>\$ (378,000)</u> |

As at March 31, 2006, the Corporation had approximately \$1,500,000 (December 31, 2005 –\$1,500,000) of tax pools and \$890,000 (2005 \$837,000) of non-capital losses available for deduction against future taxable income. The non-capital losses expire between 2006 and 2015.

No future income tax asset for non-capital losses and share issue costs has been recognized as their recovery is uncertain.

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# Jasper Mining Corporation

## (a development stage Corporation)

### Notes to the Financial Statements

March 31, 2006  
(unaudited)

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#### 10. Change in non-cash working capital

|  | Three months ended March 31 |                 |
|--|-----------------------------|-----------------|
|  | 2006                        | 2005            |
| Accounts receivable                      | \$ 25,629                   | \$ (6,431)      |
| Accounts payable and accrued liabilities | <u>(204,247)</u>            | <u>15,241</u>   |
|  | <u>\$ (178,618)</u>         | <u>\$ 8,810</u> |

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

|           | Three months ended March 31 |                 |
|-----------|-----------------------------|-----------------|
|           | 2006                        | 2005            |
| Operating | \$ (3,561)                  | \$ 8,810        |
| Financing | (76,315)                    | –               |
| Investing | <u>(98,742)</u>             | <u>–</u>        |
|           | <u>\$ (178,618)</u>         | <u>\$ 8,810</u> |

#### 11. Related Party Transactions

Except as disclosed elsewhere in the financial statements, the Corporation had the following related party transactions during the three months ended March 31, 2006:

- a) A total of \$5,250 (2005 – \$nil) was charged by a Corporation owned by the president for rent and administrative services.
- b) Consulting fees of \$30,048 (2005 – nil) was paid to a company owned by an officer of the Corporation and capitalized to exploration and development costs.

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

#### 12. Commitments

Pursuant to mining option agreements, the Corporation has the following financial commitments:

- i) \$100,000 of exploration work to be spent annually in the next five years
- ii) Cash payment of \$40,000 due June 2, 2006

#### 13. Subsequent event

In May 2006, the Corporation agreed to grant 180,000 stock options at an exercise price of \$0.50 per share and an expiry date of December 31, 2007 to a company providing financial consulting and advisory services to the Corporation. Upon the Corporation's stock option plan being amended and increased, subject to the approval of the Corporation's shareholders, the Corporation will grant an additional 220,000 stock options to the company at a minimum price of \$1.00 per share or such other price in compliance with the TSX Venture Exchange guidelines at the time of grant.