

Jasper Mining Corporation
(an exploration stage corporation)

Condensed Financial Statements

For the three and six months ended June 30, 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 and six months ended June 30, 2011 and 2010.

Jasper Mining Corporation

(an exploration stage corporation)

Condensed Statements of Financial Position
(unaudited)

	June 30 2011	December 31 2010
Assets		
Current assets		
Cash	\$ 363,502	\$ 71,945
Short term deposit	501,243	–
Due from related parties	40,566	5,967
Trade and other receivables	32,335	26,548
	<u>937,646</u>	<u>104,460</u>
Non-current assets		
Mineral property security deposits	62,076	71,068
Investment (Note 5)	100	100
Property and equipment (Note 6)	143,062	145,619
Exploration and evaluation assets (Note 7)	6,768,521	6,703,522
	<u>6,973,759</u>	<u>6,920,309</u>
Total assets	\$ 7,911,405	\$ 7,024,769
Liabilities and Shareholders' Equity		
Current liabilities		
Trade and other payables	\$ 174,409	\$ 244,586
	<u>174,409</u>	<u>244,586</u>
Flow-through share premium	407,748	443,497
Deferred taxes	935,127	924,470
	<u>1,517,284</u>	<u>1,612,553</u>
Shareholders' equity		
Share capital (Note 8)	9,262,148	8,639,753
Warrants (Note 9)	438,125	16,759
Contributed surplus	6,572,014	6,323,477
Deficit	(9,878,166)	(9,567,773)
	<u>6,394,121</u>	<u>5,412,216</u>
Total liabilities and shareholders' equity	\$ 7,911,405	\$ 7,024,769

Going concern (Note 1)
Commitments (Note 15)

See Corporation notes to these interim condensed financial statements.

Jasper Mining Corporation
(an exploration stage corporation)

Condensed Statements of Loss and Comprehensive Loss
For the three and six months ended June
(unaudited)

	Three months ended June 30		Six months ended June 30	
	2011	2010	2011	2010
Operating expenses				
General and administrative	\$ 37,101	\$ 78,466	\$ 105,904	\$ 112,989
Depreciation	1,278	1,786	2,557	3,479
Share-based compensation (Note 10)	(29,507)	–	189,668	–
Loss from operations	(8,872)	(80,252)	(298,129)	(116,468)
Finance income	189	213	450	443
Finance expense	1,960	7,856	3,316	13,106
Net finance expense (Note 12)	(1,771)	(7,643)	(2,866)	(12,663)
Loss before taxes	(10,643)	(87,895)	(300,995)	(129,131)
Deferred tax expense (recovery)	(6,450)	(2,723)	9,398	(3,146)
Net loss and comprehensive loss	\$ (4,193)	\$ (85,172)	\$ (310,393)	\$ (125,985)
Net loss per share				
Basic and diluted (Note 11)	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

See Corporation notes to these interim condensed financial statements.

Jasper Mining Corporation

(an exploration stage corporation)

Condensed Statements of Changes in Equity
(unaudited)

	Number of shares	Share Capital	Warrants	Contributed Surplus	Deficit	Total Shareholders' Equity
Balance at December 31, 2010	67,955,047	\$8,639,753	\$16,759	\$6,323,477	\$(9,567,773)	\$5,412,216
Unit private placements (Note 8)	4,732,452	622,395	438,125	42,110	–	1,102,630
Expiration of warrants	–	–	(16,759)	16,759	–	–
Share-based compensation (Note 10)	–	–	–	189,668	–	189,668
Net loss and comprehensive loss	–	–	–	–	(310,393)	(310,393)
Balance at June 30, 2011	72,687,499	\$9,262,148	\$438,125	\$6,572,014	\$(9,878,166)	\$6,394,121

	Number of shares	Share Capital	Warrants	Contributed Surplus	Deficit	Total Shareholders' Equity
Balance at January 1, 2010	67,955,047	\$8,639,753	\$697,633	\$5,564,116	\$(8,977,206)	\$5,924,296
Net loss and comprehensive loss	–	–	–	–	(125,985)	(125,985)
Balance at June 30, 2010	67,955,047	\$8,639,753	\$697,633	\$5,564,116	\$(9,103,191)	\$5,798,311

See Corporation notes to these interim condensed financial statements.

Jasper Mining Corporation

(an exploration stage corporation)

Condensed Statements of Cash Flows
For the three and six months ended June
(unaudited)

	Three months ended June 30		Six months ended June 30	
	2011	2010	2011	2010
Cash flows from (used in) operating activities				
Net loss	\$ (4,193)	\$ (85,172)	\$ (310,393)	\$ (125,985)
Add back (deduct) non-cash items:				
Depreciation	1,278	1,786	2,557	3,479
Share-based compensation	(29,507)	–	189,668	–
Deferred tax (recovery) expense	(6,450)	(2,723)	9,398	(3,146)
Change in non-cash working capital (Note 14)	(56,790)	(36,984)	(66,303)	(58,568)
	(95,662)	(123,093)	(175,073)	(184,220)
Cash flows from financing activities				
Share issuance proceeds	409,100	–	1,206,100	–
Shares issued	(105,600)	–	–	–
Share issuance costs	(41,229)	–	(137,960)	–
Change in non-cash working capital (Note 14)	(60,371)	–	(60,371)	–
	201,900	–	1,007,769	–
Cash flows from investing activities				
Mineral property security deposits	7,834	(9,042)	8,992	(25,425)
Purchase of short term deposit	(1,243)	–	(501,243)	–
Exploration and evaluation expenditures	(54,791)	(6,503)	(64,999)	(6,503)
Other capital additions	–	(829)	–	(829)
Change in non-cash working capital (Note 14)	21,251	(22,604)	16,111	(61,430)
	(26,949)	(38,978)	(541,139)	(94,187)
Change in cash	79,289	(162,071)	291,557	(278,407)
Cash, beginning of period	284,213	587,445	71,945	703,781
Cash, end of period	\$ 363,502	\$ 425,374	\$ 363,502	\$ 425,374

See Corporation notes to these interim condensed financial statements.

Jasper Mining Corporation

(an exploration stage corporation)

Notes to Condensed Financial Statements
For the three and six months ended June 30, 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 June 30, 2011, the Corporation had working capital of \$763,237 (December 31, 2010 – deficit of \$140,126) and an accumulated deficit of \$9,878,166 (December 31, 2010 – \$9,567,773). As at June 30, 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 16.

These interim financial statements were prepared based on IFRS issued and in effect on August 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.

Jasper Mining Corporation

(an exploration stage corporation)

Notes to Condensed Financial Statements
For the three and six months ended June 30, 2011
(unaudited)

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 16.

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.

Jasper Mining Corporation

(an exploration stage corporation)

Notes to Condensed Financial Statements
For the three and six months ended June 30, 2011
(unaudited)

2. BASIS OF PREPARATION: (continued)

e) Use of estimates 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.

Jasper Mining Corporation

(an exploration stage corporation)

Notes to Condensed Financial Statements
For the three and six months ended June 30, 2011
(unaudited)

3. SIGNIFICANT ACCOUNTING POLICIES:

The interim financial statements have been prepared following the same accounting policies as the interim financial statements as at March 31, 2011. The significant accounting policies are described in note 3 of the March 31, 2011 interim financial statements.

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.

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 June 30, 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).

Jasper Mining Corporation

(an exploration stage corporation)

Notes to Condensed Financial Statements
For the three and six months ended June 30, 2011
(unaudited)

4. DETERMINATION OF FAIR VALUES: (continued)

c) Stock options and warrants: (continued)

The Black-Scholes option pricing model calculations for the three and six months ended June 30, 2011 and the year ended December 31, 2010 were based on the following significant assumptions:

	2011	2010
Risk-free interest rate	1.72% -2.71%	2.06%
Expected forfeitures	4.5%	0.0%
Expected volatility	143% - 159%	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.

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 June 30, 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	–	2,557	2,557
As at June 30, 2011	\$ –	\$ 80,447	\$ 80,447
Net book value			
As at January 1, 2010	\$ 123,387	\$ 28,360	\$ 151,747
As at December 31, 2010	\$ 123,387	\$ 22,233	\$ 145,619
As at June 30, 2011	\$ 123,387	\$ 19,675	\$ 143,062

Jasper Mining Corporation

(an exploration stage corporation)

Notes to Condensed Financial Statements
For the three and six months ended June 30, 2011
(unaudited)

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	–	–	843	843
Exploration expenditures	19,264	25,719	19,173	64,156
As at June 30, 2011	\$ 3,638,002	\$ 3,040,115	\$ 366,102	\$ 7,044,219
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 June 30, 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 June 30, 2011				
Acquisition	\$ 113,867	\$ 51,700	\$ 69,666	\$ 235,233
Exploration	3,524,135	2,988,415	20,738	6,533,288
	\$ 3,638,002	\$ 3,040,115	\$ 90,404	\$ 6,768,521

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

Jasper Mining Corporation

(an exploration stage corporation)

Notes to Condensed Financial Statements
For the three and six months ended June 30, 2011
(unaudited)

7. EXPLORATION AND EVALUATION ASSETS: (continued)

As at June 30, 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 and six months ended June 30, 2011. Future license fees will be expensed as incurred until management recommences exploration plans or the claims are sold.

8. SHARE CAPITAL:

At June 30, 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 16)	67,955,047	\$	8,639,753
Unit private placement (a)	3,188,000		468,394
Unit private placement (b)	377,144		84,486
Unit private placement (c)	767,308		151,133
Unit private placement (d)	400,000		63,962
Share issue costs, net of \$34,490 tax			(145,580)
Balance – June 30, 2011	72,687,499	\$	9,262,148

- 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 (\$0.2062 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 one and one-half 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.

Jasper Mining Corporation

(an exploration stage corporation)

Notes to Condensed Financial Statements
For the three and six months ended June 30, 2011
(unaudited)

8. SHARE CAPITAL: (continued)

At the time of the private placement, the fair value of the warrants was estimated to be \$21,114 (\$0.1120 per warrant) with the \$84,486 balance of proceeds ascribed to common shares. The fair value of the finder's fee options was estimated to be \$1,151 (\$0.1125 per option) and is included in share issue costs.

- c) In May 2011, the Corporation completed a private placement for a total of 767,308 units at \$0.26 per unit for gross proceeds of \$199,500. 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 \$23,791 was paid and 34,500 finder's fee options were granted at an exercise price of \$0.45 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 \$48,367 (\$0.1261 per warrant) with the \$151,133 balance of proceeds ascribed to common shares. The fair value of the finder's fee options was estimated to be \$3,456 (\$1.049 per option) and is included in share issue costs.

- d) In June 2011, the Corporation completed a private placement for a total of 400,000 units at \$0.26 per unit for gross proceeds of \$104,000. 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 \$0.45 per share for up to two years from the closing date. Total finder's fee of cash in the amount of \$11,565 was paid and 24,000 finder's fee options were granted at an exercise price of \$0.45 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 \$40,038 (\$0.20 per warrant) with the \$63,962 balance of proceeds ascribed to common shares. The fair value of the finder's fee options was estimated to be \$3,897 (\$0.17 per option) and is included in share issue costs.

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
Expired	(525,000)		(16,759)
Issued (Note 8 (a))	1,594,000		328,606
Issued (Note 8 (b))	188,571		21,114
Issued (Note 8 (c))	383,654		48,367
Issued (Note 8 (d))	200,000		40,038
Balance – June 30, 2011	2,366,225	\$	438,125

Jasper Mining Corporation

(an exploration stage corporation)

Notes to Condensed Financial Statements
For the three and six months ended June 30, 2011
(unaudited)

9. WARRANTS: (continued)

Summary information with respect to warrants outstanding at June 30, 2011 is provided below:

Exercise price \$	Number outstanding	Weighted average contractual life remaining (years)	Weighted average exercise price \$
0.35	1,594,000	1.20	0.35
0.45	772,225	1.75	0.45
	2,366,225	1.38	0.38

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
Cancelled or expired	(977,500)	(0.75)
Granted – investor relation options	300,000	0.26
Granted – finder's options	260,494	0.38
Balance – June 30, 2011	7,110,494	\$0.28

Jasper Mining Corporation

(an exploration stage corporation)

Notes to Condensed Financial Statements
For the three and six months ended June 30, 2011
(unaudited)

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 \$105,516 (\$0.0591 per option).

In February - June 2011, the Corporation granted a total of 260,494 finder's fee options exercisable at \$0.35 and \$0.45 with a term of one and one-half years. The fair value of these options was estimated at \$42,110 (\$0.1049 - \$0.1757 per option).

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 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. The fair value of these options was estimated at \$62,209 (\$0.2171 per option).

Summary information with respect to options outstanding at June 30, 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	4.0	0.15	950,000
0.26	300,000	2.9	0.26	—
0.27	1,200,000	4.7	0.27	600,000
0.30	1,900,000	1.9	0.30	1,900,000
0.35	191,280	1.2	0.35	191,280
0.40	1,550,000	0.4	0.40	1,550,000
0.45	69,214	1.4	0.45	69,214
	7,110,494	2.63	0.28	5,260,494

During the three and six months ended June 30, 2011 and 2010 the Corporation's associated compensation expense was \$(29,507) and \$189,668 (2010 - \$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.

Jasper Mining Corporation

(an exploration stage corporation)

Notes to Condensed Financial Statements
For the three and six months ended June 30, 2011
(unaudited)

11. PER SHARE AMOUNTS:

Basic net loss per share is calculated as follows:

	Three months ended June 30		Six months ended June 30	
	2011	2010	2011	2010
Net loss for the period	\$ (4,193)	\$ (85,172)	\$ (310,393)	\$ (125,985)
Weighted average number of shares – basic:				
Issued common shares at January 1	67,955,047	67,955,047	67,955,047	67,955,047
Effects of shares issued	4,003,363	–	2,589,402	–
	71,958,410	67,955,047	70,544,449	67,955,047
Net loss per share – basic:	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

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

12. FINANCE INCOME AND EXPENSES:

	Three months ended June 30		Six months ended June 30	
	2011	2010	2011	2010
Finance income:				
Interest on cash held in bank accounts	\$ 189	\$ 213	\$ 450	\$ 443
Finance expense:				
Part XII.6 interest on flow-through expenditures incurred under the look-back rule	1,960	7,856	3,316	13,106
Net finance expense	\$ (1,771)	\$ (7,643)	\$ (2,866)	\$ (12,663)

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 and six months ended June 30, 2011, \$20,145 and \$53,057 (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.

Jasper Mining Corporation

(an exploration stage corporation)

Notes to Condensed Financial Statements
For the three and six months ended June 30, 2011
(unaudited)

13. RELATED PARTY TRANSACTIONS: (continued)

- c) A total of \$5,250 and \$10,500 (2010 - \$10,850 and \$25,200) 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 and six months ended June 30, 2011 and 2010.

14. CHANGE IN NON-CASH WORKING CAPITAL:

	Three months ended June 30		Six months ended June 30	
	2011	2010	2011	2010
Trade and other receivables	\$ (36,263)	2,392	(40,386)	3,848
Trade and other payables	(59,647)	(61,980)	(70,177)	(123,846)
	\$ (95,910)	(59,588)	(110,563)	(119,998)

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

	Three months ended June 30		Six months ended June 30	
	2011	2010	2011	2010
Operating	\$ (56,790)	(36,984)	(66,303)	(58,568)
Financing	(60,371)	–	(60,371)	–
Investing	21,251	(22,604)	16,111	(61,430)
	\$ (95,910)	(59,588)	(110,563)	(119,998)

15. COMMITMENTS:

Except as disclosed elsewhere in these condensed financial statements, the Corporation had the following commitments as at June 30, 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. An additional \$64,999 has been incurred to June 30, 2011. 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.

Jasper Mining Corporation

(an exploration stage corporation)

Notes to Condensed Financial Statements
For the three and six months ended June 30, 2011
(unaudited)

16. RECONCILIATION FROM GAAP TO IFRS:

The accounting policies as outlined in Note 3 in the interim financial statements for the three months ended March 31, 2011 have been applied in preparing the interim financial statements for the three and six months ended June 30, 2011 and the comparative information for the three and six months ended June 30, 2010.

In preparing the June 30, 2010 IFRS statement of financial position, the Corporation has adjusted amounts previously reported in financial statements prepared in accordance with Canadian GAAP. An explanation of how the transition from Canadian GAAP to IFRS has effected the Corporation's financial statements is set out in the following tables.

a) Reconciliation of the condensed statement of financial position:

At the comparative reporting date – June 30, 2010:

	GAAP	Effect of Transition to IFRS	IFRS
Assets			
Current assets			
Cash	\$ 425,374	\$ –	\$ 425,374
Due from related parties	5,967	–	5,967
Trade and other receivables	4,555	–	4,555
	435,896	–	435,896
Non-current assets			
Mineral property security deposits	95,006	–	95,006
Investment	100	–	100
Property and equipment	149,097	–	149,097
Exploration and evaluation assets	6,761,894	–	6,761,894
	7,006,097	–	7,006,097
Total assets	\$ 7,441,993	\$ –	\$ 7,441,993
Liabilities and Shareholders' Equity			
Current liabilities			
Trade and other payables	\$ 133,612	\$ –	\$ 133,612
Flow-through share premium	–	576,098	576,098
	133,612	576,098	709,710
Deferred taxes	1,194,846	(260,874)	933,972
	1,328,458	315,224	1,643,682
Shareholders' equity			
Share capital	7,646,030	993,723	8,639,753
Warrants	660,699	–	660,699
Contributed surplus	5,601,050	–	5,601,050
Deficit	(7,794,244)	(1,308,947)	(9,103,191)
	6,113,535	(315,224)	5,798,311
Total liabilities and shareholders' equity	\$ 7,441,993	\$ –	\$ 7,441,993

Jasper Mining Corporation

(an exploration stage corporation)

Notes to Condensed Financial Statements
For the three and six months ended June 30, 2011
(unaudited)

16. RECONCILIATION FROM GAAP TO IFRS: (continued)

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

Statement of Operations – Three months ended June 30, 2010

	GAAP	Effect of Transition to IFRS	IFRS
Operating expenses			
General and administrative	\$ 78,466	–	78,466
Depreciation	1,786	–	1,786
Loss from operations	(80,252)	–	(80,252)
Net finance expense	(7,643)	–	(7,643)
Loss before taxes	(87,895)		(87,895)
Deferred tax recovery	(447)	(2,276)	(2,723)
Net loss and comprehensive loss for the period	\$ (87,448)	(2,276)	(85,172)
Net loss per share			
Basic and diluted	\$ 0.00	0.00	0.00

Statement of Operations – Six months ended June 30, 2010

	GAAP	Effect of Transition to IFRS	IFRS
Operating expenses			
General and administrative	\$ 112,988	1	112,989
Depreciation	3,479	–	3,479
Loss from operations	(116,467)	1	(116,468)
Net finance expense	(12,663)	–	(12,663)
Loss before taxes	(129,130)	–	(129,131)
Deferred tax recovery	(870)	(2,276)	(3,146)
Net loss and comprehensive loss for the period	\$ (128,260)	(2,275)	(125,985)
Net loss per share			
Basic and diluted	\$ 0.00	0.00	0.00

Jasper Mining Corporation

(an exploration stage corporation)

Notes to Condensed Financial Statements
For the three and six months ended June 30, 2011
(unaudited)

16. RECONCILIATION FROM GAAP TO IFRS: (continued)

c) Reconciliation of condensed statement of shareholders' equity:

For the comparative period – June 30, 2010:

	Share Capital	Warrants	Contributed Surplus	Deficit	Total Shareholders' Equity
GAAP balance	\$7,646,030	\$660,699	\$5,601,050	\$(7,794,244)	\$6,113,535
IFRS adjustments:					
Transition date	731,223	–	–	(1,311,223)	(580,000)
Deferred tax	–	–	–	2,276	2,276
Flow-through shares ((e)(i))	262,500	–	–	–	262,500
IFRS balance	\$8,639,753	\$660,699	\$5,601,050	\$(9,103,191)	\$5,798,311

	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
Share-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.

Jasper Mining Corporation

(an exploration stage corporation)

Notes to Condensed Financial Statements
For the three and six months ended June 30, 2011
(unaudited)

16. 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 share-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 share-based compensation expense of \$11,743.