

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

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

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

	<u>June 30 2006</u>	<u>December 31 2005</u>
Assets		
Current		
Cash	\$ 458,110	\$ 508,227
Term deposit (note 2)	2,810,909	3,507,312
Accounts receivable	53,711	42,971
Note receivable (note 3)	30,000	-
	<u>3,352,730</u>	<u>4,058,510</u>
Mineral property deposit	38,839	27,500
Mineral properties (note 4)	4,004,225	3,097,541
Capital assets (note 5)	173,668	138,639
	<u>\$ 7,569,462</u>	<u>\$ 7,322,190</u>
Liabilities and Shareholder's Equity		
Current		
Accounts payable	\$ 276,640	\$ 286,130
Current portion of long-term debt (note 6)	15,221	15,221
	<u>291,861</u>	<u>301,351</u>
Long-term debt (note 6)	17,893	25,504
Future income taxes (note 10)	1,306,353	378,000
	<u>1,616,107</u>	<u>704,855</u>
Shareholders' Equity		
Share capital (note 7)	4,341,511	5,004,297
Warrants (note 8)	2,223,563	2,250,562
Contributed surplus (note 9)	890,251	472,125
Deficit	(1,501,970)	(1,109,649)
	<u>5,953,355</u>	<u>6,617,335</u>
	<u>\$ 7,569,462</u>	<u>\$ 7,322,190</u>

See accompanying notes

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

	Three months ended June 30		Six months ended June 30	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Interest income	\$ <u>27,275</u>	\$ <u>—</u>	\$ <u>53,597</u>	\$ <u>—</u>
Expenses				
General and administrative	76,947	16,965	106,865	45,325
Stock-based compensation (note 7)	322,105	19,796	394,630	19,796
Interest on related party debt	—	5,009	—	11,563
Interest	37,093	9,600	60,790	9,600
Depreciation	6,143	27	8,894	48
	<u>442,288</u>	<u>51,397</u>	<u>571,179</u>	<u>86,332</u>
Loss before income taxes	(415,013)	(51,397)	(517,582)	(86,332)
Income taxes				
Future income tax recovery (note 10)	176,216	—	125,261	—
Loss for the period	(238,797)	(51,397)	(392,321)	(86,332)
Deficit, beginning of period	(1,263,173)	(621,577)	(1,109,649)	(586,642)
Deficit, end of period	\$ <u>(1,501,970)</u>	\$ <u>(672,974)</u>	\$ <u>(1,501,970)</u>	\$ <u>(672,974)</u>
Loss per share – basic ⁽¹⁾	\$ (0.01)	\$ —	\$ —	\$ —
Weighted average number of shares outstanding	46,198,451	29,694,701	45,839,220	28,545,921

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

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

	Three months ended June 30		Six months ended June 30	
	2006	2005	2006	2005
Operating				
Loss for the period	\$ (238,797)	\$ (51,397)	\$ (392,321)	\$ (86,332)
Add back non-cash items:				
Stock-based compensation	322,105	19,796	394,630	19,796
Interest on related party debt	–	5,009	–	11,563
Interest	–	9,600	–	9,600
Depreciation	6,143	27	8,894	48
Future income tax recovery	(176,216)	–	(125,261)	–
	<u>(86,765)</u>	<u>(16,965)</u>	<u>(114,058)</u>	<u>(45,325)</u>
Change in non-cash working capital (note 11)	<u>(6,633)</u>	<u>2,650</u>	<u>(10,194)</u>	<u>3,215</u>
	<u>(93,398)</u>	<u>(14,315)</u>	<u>(124,252)</u>	<u>(42,110)</u>
Financing				
Advances (to) from related companies	–	(150,000)	–	(150,000)
Issuance of equity instruments, net of costs	97,500	–	317,500	141,571
Repayment of long-term debt	(3,806)	–	(7,611)	–
Change in non-cash working capital (note 11)	47,693	–	(28,622)	8,288
	<u>141,387</u>	<u>(150,000)</u>	<u>281,267</u>	<u>(141)</u>
Investing				
Mineral property expenditures	(726,631)	(172,235)	(836,859)	(274,171)
Capital asset expenditures	(43,923)	–	(43,923)	–
Redemption of short term investment	722,726	–	696,403	–
Advances on deposits	(6,612)	–	(11,339)	–
Change in non-cash working capital (note 11)	64,392	16,090	(11,414)	16,046
	<u>9,952</u>	<u>(156,145)</u>	<u>(207,132)</u>	<u>(258,125)</u>
Increase (decrease) in cash	57,941	(320,460)	(50,117)	(300,376)
Cash, beginning of period	400,169	735,149	508,227	715,065
Cash, end of period	\$ 458,110	\$ 414,689	\$ 458,110	\$ 414,689
Supplemental cash flow information				
Interest paid	\$ –	\$ –	\$ –	\$ –

See accompanying notes

Jasper Mining Corporation

(an exploration stage company)

Notes to Consolidated Financial Statements

June 30, 2006
(unaudited)

1. Nature of operations and basis of presentation

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

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

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

The carrying value of mineral properties represents costs incurred to date, net of 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 operating results for the three and six months ended June 30, 2006 may not be indicative of the results for the year ended December 31, 2006.

2. Term deposit

The Corporation holds a \$2,803,229 guaranteed investment certificate, bearing interest at 4%, maturing on June 6, 2007 and redeemable at any time prior to maturity. Interest of \$7,680 has been accrued as at June 30, 2006.

3. Note receivable

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

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

4. Mineral properties

		December 31 2005	Expenditures	June 30 2006
Vowell Creek	Acquisition	\$ 524,072	\$ 42,476	\$ 566,548
	Exploration	1,569,742	72,392	1,642,134
Isintok	Acquisition	37,258	56,574	93,832
	Exploration	153,368	205,796	359,164
Lydy/McFarlene	Acquisition	75,841	—	75,841
	Exploration	160,030	197,774	357,804
Proximal	Acquisition	37,718	—	37,718
	Exploration	90,353	28,323	118,676
Erie Creek	Acquisition	36,518	6,499	43,017
	Exploration	58,737	35,900	94,637
Other	Acquisition	293,228	21,376	314,604
	Exploration	60,676	239,574	300,250
		<u>\$ 3,097,541</u>	<u>\$ 906,684</u>	<u>\$ 4,004,225</u>
Summary	Acquisition	\$ 1,004,635	\$ 126,925	\$ 1,131,560
	Exploration	2,092,906	779,759	2,872,665
		<u>\$ 3,097,541</u>	<u>\$ 906,684</u>	<u>\$ 4,004,225</u>

5. Capital assets

June 30, 2006			
	Cost	Accumulated depreciation	Net
Land	\$ 106,735	\$ —	\$ 106,735
Furniture and fixtures	1,708	1,240	468
Vehicle	70,887	13,946	56,941
Computer equipment	13,048	3,524	9,524
	<u>\$ 192,378</u>	<u>\$ 18,710</u>	<u>\$ 173,668</u>

6. Long-term debt

In September 2005, the Corporation obtained vehicle purchase financing in the amount of \$45,000 with an implicit interest rate of 3.9% per annum having blended payments of \$1,346 each month from October 2005 to October 2008 and secured by the vehicle with a net book value of \$33,503. As at June 30, 2006, the balance of the financing was \$33,114, of which \$15,221 represents the principal portion of total of payments due within the next twelve months.

Jasper Mining Corporation

(an exploration stage company)

Notes to Consolidated Financial Statements

June 30, 2006
(unaudited)

7. Share capital

a) Issued

	Number		Amount
Balance - December 31, 2005	44,829,220	\$	5,004,297
Exercise of stock options (i)	1,347,500		300,078
Exercise of warrants (ii)	112,500		65,750
Purchase of mining property (iii)	50,000		25,000
Tax effect of flow-through share proceeds (iv)	—		(1,053,614)
Balance – June 30, 2006	<u>46,339,220</u>	<u>\$</u>	<u>4,341,511</u>

- i) During the six months ended June 30, 2006, the Corporation issued 1,347,500 common shares on the exercise of 1,347,500 of options for cash proceeds of \$278,750. In addition to the cash proceeds, a \$21,328 pro-rata allocation of the options' fair value has been reclassified from contributed surplus to the amount for common shares.
- ii) During the six months ended June 30, 2006, the Corporation issued 112,500 common shares on the exercise of 112,500 warrants for cash proceeds of \$38,750. In addition to the cash proceeds a pro-rata allocation of the exercised warrants' fair value in the amount of \$27,000 has been reclassified from warrants to the amount for common shares.
- iii) In May 2006, the Corporation acquired fifty-nine mineral claims for cash consideration of \$31,200 plus the issuance of 50,000 common shares valued at \$0.50 per share. The Corporation has no financial obligation with respect to these properties in 2006.
- iv) The related tax benefits of \$3,133,889 of flow-through share proceeds raised in 2005 were renounced to investors in February 2006 with an effective date of December 31, 2005, the tax effect of which is \$1,053,614. The Corporation has until December 31, 2006 to incur the qualifying flow-through expenditures, of which approximately \$1,092,225 had been incurred as at June 30, 2006.

b) Stock options

In April and May 2006, the Corporation granted 1,405,000 options to consultants, officers and directors of the Corporation. The options vest 50% on the date of grant and 50% on the first anniversary. 1,025,000 options are exercisable at \$0.30 per share and expire in April 2011 and 380,000 options are exercisable at \$0.50 per share and expire in December 2007.

	Number of options	Weighted average exercise price
Balance – December 31, 2005	3,575,000	\$ 0.27
Granted	1,405,000	0.35
Exercised	(1,347,500)	(0.22)
Balance June 30, 2006	<u>3,632,500</u>	<u>\$ 0.33</u>

Jasper Mining Corporation
 (an exploration stage company)
Notes to Consolidated Financial Statements

June 30, 2006
 (unaudited)

7. Share capital (continued)

b) Stock options (continued)

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

Exercise price	Number outstanding	Weighted average remaining contractual life (years)	Number exercisable	Weighted average exercise price
\$ 0.20	925,000	3.40	925,000	\$ 0.20
\$ 0.25	200,000	4.00	100,000	0.25
\$ 0.30	1,207,500	4.19	603,750	0.30
\$ 0.45	920,000	2.93	460,000	0.45
\$ 0.50	380,000	1.50	190,000	0.50
	<u>3,632,500</u>	<u>3.84</u>	<u>2,278,750</u>	<u>\$ 0.33</u>

c) Stock-based compensation

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

Risk-free interest rate	4.12 to 4.30%
Expected volatility	123% to 125%
Expected life	1.6 to 5 years
Dividend yield	Nil

The Corporation recognized \$439,455 of stock based compensation in 2006, for the following options granted in 2005 and 2006, of which \$44,825 was capitalized to mineral properties and \$394,630 was expensed in the statement of operations:

Number of options	Weighted average estimated fair value per share	2006 stock-based compensation	Remaining stock-based compensation expense
200,000	\$ 0.20	\$ 8,248	\$ —
200,000	\$ 0.25	12,378	2,063
950,000	\$ 0.52	122,774	61,387
1,025,000	\$ 0.35	225,486	135,292
200,000	\$ 0.32	37,529	26,806
180,000	\$ 0.31	33,040	23,600
<u>2,755,000</u>		<u>\$ 439,455</u>	<u>\$ 249,148</u>

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June 30, 2006
 (unaudited)

8. Warrants

	Number		Amount
Balance – December 31, 2005	8,232,440	\$	2,250,563
Expired warrants without fair value	(205,000)		–
Exercised (<i>note 7(a)(ii)</i>)	(112,500)		(27,000)
Balance – June 30, 2006	<u>7,914,940</u>	\$	<u>2,223,563</u>

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

Exercise price	Number outstanding	Weighted average remaining contractual life (years)	Number exercisable	Weighted average exercise price
\$ 0.40	2,800,000	0.70	2,800,000	\$ 0.40
\$ 0.30	562,500	0.80	562,500	0.30
\$ 0.65	2,224,988	0.90	2,224,988	0.65
\$ 0.75	2,281,997	1.50	2,281,997	0.75
\$ 0.80	45,455	0.90	45,455	0.80
	<u>7,914,940</u>	<u>0.90</u>	<u>7,914,940</u>	<u>\$ 0.57</u>

9. Contributed surplus

Balance – December 31, 2005	\$	472,125
Exercise of stock option (<i>note 7(a)(i)</i>)		(21,329)
Stock-based compensation expense (<i>note 7(c)</i>)		394,630
Stock-based compensation capitalized to mineral properties (<i>note 7(c)</i>)		<u>44,825</u>
Balance – June 30, 2006	\$	<u>890,251</u>

10. Income taxes

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

	Three months ended June 30		Six months ended June 30	
	2006	2005	2006	2005
Expected income tax recovery at 32.5% (2005 – 33.62%)	\$ (131,679)	\$ (17,280)	\$ (168,214)	\$ (29,025)
Stock compensation and other non-deductible items	103,789	10,139	130,562	10,139
Change in valuation allowance	(83,603)	(2,130)	(50,513)	(2,129)
Resource allowance	2,997	–	4,819	–
Effect of rate change	<u>(67,720)</u>	<u>9,271</u>	<u>(41,915)</u>	<u>21,015</u>
Income tax recovery	<u>\$ (176,216)</u>	<u>\$ –</u>	<u>\$ (125,261)</u>	<u>\$ –</u>

Jasper Mining Corporation
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Notes to Consolidated Financial Statements

June 30, 2006
(unaudited)

10. Income taxes (continued)

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

	June 30 2006
Future income tax liabilities	
Carrying amount of mineral properties and capital assets in excess of tax basis	\$ (1,319,948)
Future income tax assets	
Non-capital loss carryforwards	292,395
Share issue costs	133,918
Cumulative eligible capital	13,595
	<u>(880,040)</u>
Valuation allowance	<u>(426,313)</u>
	<u>\$ (1,306,353)</u>

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

11. Change in non-cash working capital

	Three months ended June 30		Six months ended June 30	
	2006	2005	2006	2005
Accounts receivable	\$ (36,369)	\$ 2,544	\$ (10,740)	\$ (3,888)
Note receivable	(30,000)	–	(30,000)	–
Accounts payable and accrued liabilities	<u>171,821</u>	<u>16,196</u>	<u>(9,490)</u>	<u>31,437</u>
	<u>\$ 105,452</u>	<u>\$ 18,740</u>	<u>\$ (50,230)</u>	<u>\$ 27,549</u>

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

	Three months ended June 30		Six months ended June 30	
	2006	2005	2006	2005
Operating	\$ (6,633)	\$ 2,650	\$ (10,194)	\$ 3,215
Financing	47,693	–	(28,622)	8,288
Investing	<u>64,392</u>	<u>16,090</u>	<u>(11,414)</u>	<u>16,046</u>
	<u>\$ 105,452</u>	<u>\$ 18,740</u>	<u>\$ (50,230)</u>	<u>\$ 27,549</u>

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

12. Related party transactions

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

- a) A total of \$5,250 and \$10,500, respectively, (three and six months ended June 30, 2005 – nil) was charged by a Corporation owned by the president for rent and administrative services.
- b) Consulting fees of \$80,048 and \$110,096, respectively, (three and six months ended June 30, 2005 – nil) was paid to a company owned by an officer of the Company all of which was capitalized to exploration and development costs.

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

13. Subsequent events

- a) In August 2006, the Corporation's shareholders passed a Special Resolution authorizing an increase in the number of shares available for issue under the Corporation's stock option plan from 5,600,000 to 9,200,000 common shares.
- b) In July and August 2006, 400,500 warrants were exercised for total proceeds of \$157,200.