

JASPER MINING CORPORATION
Management's Discussion and Analysis (Form 51-102F1)
March 31, 2006

The following discussion and analysis of financial results for the quarter ending March 31, 2006 should be read in conjunction with the Corporation's financial statements and related notes. Certain statements included in this discussion constitute forward-looking statements that involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements expressed or implied by such forward-looking statements. Such factors include general economic and business conditions, which among other things, affect demand for the Corporation's services; industry capacity; the ability of the Corporation to implement its business strategy; and changes in, or the failure to comply with government regulations, especially health, safety and environmental law, regulations and guidelines.

The date of this Management's Discussion and Analysis ("MD&A") is May 30, 2006.

It is assumed by Management that the reader has access to the previously filed MD&A.

OVERVIEW

Jasper Mining Corporation (the "Corporation"), is an Alberta provincially incorporated company that operates as a junior mining company in the Province of British Columbia through its wholly owned subsidiary Mountain Star Resources Ltd..

The carrying value of mineral properties reported in the Corporation's financial statements 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 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 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.

Jasper's sole business is the exploration and development of mining properties located in the Province of British Columbia. Jasper's business plan has been to acquire 100% working interest properties that have indications of known mineralization. The Corporation has undertaken an extensive review of the B.C. mines department's public records and private corporate records in order to locate properties that management of Jasper believe are mineral properties of merit. Jasper has acquired its properties by share purchase agreements, options to purchase, staking, and a combination of these methods.

Once acquired, Jasper's strategy has been to develop a systematic exploration approach, which generally includes gathering and assimilating all known reports and data on a particular property, conducting geological mapping to determine rock type and structure followed by geophysical work which usually includes airborne magnetic, electromagnetic and radiometric

followed by diamond drilling, if warranted.

The Corporation has raised additional funds to meet both its general and administrative expenses for the year, and to enable it to undertake further exploration and development on its mineral properties.

During the first quarter of 2006 the required assessment reports have been filed with the Government of the Province of British Columbia with respect to the Corporation's mining properties. Assessment Reports have been filed for the following properties: Sanca Creek, Erie Creek, Perry Creek, Vowell/Ruth Vermont Creek, Isintok, Proximal and Lydy. These Assessment Reports keep the Corporation's mining properties in good standing with the Province of British Columbia for several years.

The Corporation's systematic exploration approach is, in the opinion of management, paying off and our 2006 drilling programs will be dictated by surface geology, soils geochemistry and geophysics. As of the writing of this report, the Corporation has three soils sampling crews in the field on the Corporation's properties, collecting soil samples for geochemical analysis.

The Corporation also has two geophysical contractors, both using airborne geophysics, on the Corporation's properties. The two contractors are Fugro Airborne Surveys and Aeroquest Surveys. During 2006 the Corporation has flown airborne geophysics on its Proximal, McFarlane and Irony properties, although at the time of this writing, the Irony project is only 80% complete due to weather related delays. Preliminary results from all of the surveys are, in the opinion of management, encouraging. The Corporation has started drilling on its McFarlane property, which the Corporation views as an attractive molybdenum exploration project.

The Corporation's exploration plans for the balance of the 2006 exploration season are in accordance with the plans outlined for each property in the December 31, 2005 MD&A. The actual timing of the exploration on the Corporation's various properties will vary as a result of weather related issues.

RESULTS OF OPERATIONS

Three months ended March 31

During the three months ended March 31, 2006, the Corporation incurred a net loss of \$153,524 compared to a net loss of \$34,935 during the same 2005 period. The majority of the increase is due to the interest expense and stock based compensation.

Interest expense for the three months ended March 31, 2006 increased to \$23,697 from \$6,554 for the comparative period in 2005. The 2006 interest expense is a result of the unspent

portion of flow-through expenditures from the 2005 flow-through monies. The interest expense will be required to be paid at the end of February 2007.

Interest income for the three months ended March 31, 2006 was \$26,322 as compared to nil in 2005. Proceeds from private placements during 2005 earned interest on its deposits in 2006.

Stock-based compensation expense of \$72,525 (2005 -\$nil) relates to options granted during 2005 that are vesting during 2006.

SELECTED QUARTERLY INFORMATION

	2006			
	March 31			
\$				
Mineral properties	3,207,770			
Total assets	7,327,030			
Working capital	3,831,105			
Shareholders' equity	5,702,722			
Net loss	(153,524)			
Net loss per share	-			
	2005			
	March 31	June 30	September 30	December 31
\$				
Mineral properties	2,200,949	2,373,144	2,784,618	3,097,541
Total assets	2,973,791	2,822,995	4,213,719	7,322,190
Working capital	664,393	315,593	1,209,303	3,757,159
Shareholders' equity	1,890,680	1,859,079	3,433,757	6,617,335
Net loss	(34,935)	(51,397)	(63,075)	(373,600)
Net loss per share	-	-	-	(0.02)
	2004			
	March 31	June 30	September 30	December 31
\$				
Mineral properties	1,538,014	1,553,987	1,567,191	1,626,512
Total assets	1,592,372	1,590,726	1,650,641	2,372,860
Working capital	(39,100)	(81,559)	21,529	653,119
Shareholders' equity	893,755	861,584	900,671	1,311,544
Net loss	(17,711)	(32,172)	(9,978)	(171,845)
Net loss per share	-	-	-	-

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2006, the Corporation had working capital of \$3,831,105 compared to \$664,393 generated in the first quarter of 2005. The improvement in funds flow was due primarily to the completion of several private placements in 2005.

FINANCING ACTIVITIES

During the first quarter, the Corporation raised \$220,000.00 of cash by way of exercise of stock options.

MINERAL PROPERTY AND OTHER CAPITAL SPENDING

During the period ended March 31, 2006, the Corporation incurred \$101,229 of cash expenditures on mineral properties are summarized below:

<u>Property</u>	<u>Type of Expenditure</u>	<u>Amount</u>
Vowell Creek	Acquisition	\$ 2,152
	Exploration	15,344
Isintok	Acquisition	374
	Exploration	41,711
Lydy/McFarlene	Acquisition	-
	Exploration	14,000
Proximal	Acquisition	-
	Exploration	-
Erie Creek	Acquisition	6,499
	Exploration	23,245
Other	Acquisition	6,414
	Exploration	490
		\$ 110,229

INCOME TAX

During the three months ended March 31, 2006, the Corporation renounced the 2005 flow-through proceeds to the investors and filed with the tax authorities. The tax effect of the flow-through shares in the amount of \$1,053,614 was recorded and a future tax expense in the amount of \$50,955 was reflected in the three months ended March 31, 2006.

As at March 31, 2006, the Corporation has approximately \$1,500,000 (2005 - \$1,500,000) in

tax pools and \$890,000 (2005 – \$837,000) in non-capital losses available for deduction against future taxable income.

RELATED PARTY BALANCES AND 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.

SHARE CAPITAL

Common shares

The Corporation commenced 2006 with 44,829,220 shares outstanding. During the quarter the Corporation issued the following:

- 1,100,000 common shares on the exercise of stock options

As at March 31, 2006 the Corporation had 45,929,220 common shares outstanding.

Warrants

At the beginning of 2006, the Corporation had 8,232,440 warrants outstanding.

Stock options

The Corporation had 3,575,000 stock options outstanding at the beginning of the year. During the quarter, 1,100,000 options were exercised resulting in 2,475,000 options outstanding at March 31, 2006.

Since March 31, 2006, the Corporation granted an additional 1,025,000 options and 247,500 options were exercised, resulting in 2,977,500 options outstanding as of the date of this MD&A.

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

Flow-through expenditures

During 2005, the Corporation raised \$3,133,889 of flow-through share proceeds. The related tax benefits of the flow-through share proceeds 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 \$3,133,889 of qualifying flow-through expenditures. As at March 31, 2006, \$396,797 expenditures had been incurred.

Work Credits

The Corporation's work on the Ruth/Vowell Creek, Lydy, Proximal, Isintok, Erie Creek and other properties have been credited towards the assessment requirement of the Province of British Columbia which puts the claims, leases and grants of the Corporation in good standing for a number of years.

Other

The Corporation has not entered into any hedging contracts. The Corporation does not have any special purpose entities nor is it a party to any off-balance sheet arrangements.

THE YEAR AHEAD

The Management of the Corporation believes that the exploration for economic deposits in British Columbia is a high risk program. The results that the Corporation has obtained to date justify continued exploration on all of its properties. The financial reward of success in mining exploration would be significant.

BUSINESS AND OPERATIONAL RISKS

The Corporation is a mineral exploration company and is exposed to a number of risks and uncertainties that are common to companies in the same business. These risks and uncertainties include, among other things, the speculative nature of mineral exploration and development activities, the Corporation's need for additional funding to continue its exploration efforts, operating hazards and risks incidental to mineral exploration, the Corporation's properties are in the exploration stage only and do not contain a known body of commercial ore, uncertainties associated with title to mineral properties, changes in general economic, market and business conditions; competition for, among other things, capital, acquisitions of mineral properties and skilled personnel; ability to obtain required mine licenses, mine permits and regulatory approvals required to proceed with mining operations; ability to comply with current and future environmental and other laws; actions by governmental or regulatory authorities including increasing taxes and changes in other regulations; and the occurrence of unexpected events involved in mineral exploration, development and production.

Being a junior exploration mining company, the Corporation's ability to raise the necessary financings for future exploration depends to a large degree on commodity price trends, general investor sentiment for companies in the mining exploration sector and the Corporation's ability to confirm the existence of sought after minerals in sufficient quantities and quality on its exploration lands. Management of the Corporation is of the view that these risks faced by the Corporation are no greater than with risks encountered by its peers.

CRITICAL ACCOUNTING ESTIMATES

The Corporation's financial statements are prepared in accordance with Canadian generally accepted accounting principles. The Corporation's significant accounting policies are subject to

estimates and key judgements about future events, many of which are beyond management's control.

The Corporation believes the following are the most critical accounting estimates used in the determination of its financial results:

Valuation of mineral properties

The Corporation records its interest in mineral claims and properties at cost whereby all direct and indirect costs of acquiring, exploring for and developing mining properties are capitalized as separate areas of interest. When the areas of interest are brought into production, the costs will be amortized using the unit-of-production method based on estimated proved reserves. Where a property shows no promise from prior exploration results and is dormant, the claims may be allowed to lapse, and would be written down to a nominal value where an interest in claims remained. Management will also determine if an exploration property is impaired, and whether the carrying value of such property should be written down and whether exploration costs incurred should be charged against earnings rather than being deferred, on each occasion that financial statements are issued.

Income taxes

The Corporation records future tax assets and liabilities to account for the expected future tax consequences of events that have been recorded in its consolidated financial statements and its tax returns. These amounts are estimates and the actual tax consequences may differ from the estimates due to changing tax rates and regimes, as well as changing estimates of cash flows and capital expenditures in current and future periods. A valuation allowance is recorded to the extent that there is uncertainty regarding utilization of future tax assets.

Stock-based compensation

Stock-based compensation expense is recorded in the statement of loss and deficit for all options granted based on the estimated fair value at the time of the grant and recognized as expense over the vesting period of the option. The fair value of options is estimated using the Black-Scholes pricing model based on estimates and assumptions for expected life of the options, expected volatility, risk-free interest rate and dividend yield.

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures have been designed to ensure that information required to be disclosed by the Corporation is accumulated and communicated to the Corporation's management as appropriate to allow timely decisions regarding required disclosure. The Corporation's Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation as of the end of the period covered by the annual filings, that the Corporation's disclosure controls and procedures as of the end of such period are effective to provide reasonable assurance that material information related to the Corporation, including its consolidated subsidiaries, is made known to them by others within those entities. It should be noted that while the Corporation's Chief Executive Officer and Chief Financial Officer believe that the Corporation's disclosure controls and procedures provide a reasonable level of assurance that they are effective, they do not expect that the disclosure controls and procedures will prevent all errors and fraud. A control system, no

matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

LIST OF DIRECTORS AS OF MARCH 31, 2006

Gordon F. Dixon, Q.C.

Steven C. Funk

John A. Dixon

Ronald W. Shepherd

Jean-Pierre Pelletier

Tiro Clarke

Frederick W. Shandro

LIST OF OFFICERS AS OF MARCH 31, 2006

Gordon F. Dixon, Q.C. - President and CEO

John A. Dixon - Secretary

Richard T. Walker - Vice-President, Exploration

Susan Lawrence - Assistant Secretary

Dena Dixon - Assistant Treasurer