

**Jasper Mining Corporation**  
(an exploration stage corporation)

**Financial Statements**

**For the three and six months ended June 30, 2016 and 2015**

**(unaudited – prepared by Management)**

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

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In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Corporation discloses that its auditors have not reviewed these unaudited interim financial statements as at and for the three and six months ended June 30, 2016 and 2015.

**Jasper Mining Corporation**  
**(an exploration stage corporation)**  
Interim Statements of Financial Position  
(unaudited)

	June 30, 2016	December 31, 2015
<b>Assets</b>		
<b>Current assets</b>		
Cash	\$ 2,115	\$ 821
Other receivables	1,312	614
	<u>3,427</u>	<u>1,435</u>
<b>Non-current assets</b>		
Mineral property security deposits	50,384	50,261
Property and equipment (Note 5)	131,870	132,576
	<u>182,254</u>	<u>182,837</u>
<b>Total assets</b>	<b>\$ 185,681</b>	<b>\$ 184,272</b>
<b>Liabilities and Shareholders' Equity</b>		
<b>Current liabilities</b>		
Trade and other payables	\$ 369,682	\$ 350,619
Due to related parties (Note 10)	54,490	44,281
	<u>424,172</u>	<u>394,900</u>
<b>Shareholders' equity</b>		
Share capital (Note 6)	9,501,868	9,482,447
Warrants (Note 7)	51,710	33,821
Contributed surplus	7,163,625	7,157,561
Deficit	(16,955,694)	(16,884,457)
	<u>(238,491)</u>	<u>(210,628)</u>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 185,681</b>	<b>\$ 184,272</b>

Going concern (Note 1)  
Subsequent event (Note 14)

# Jasper Mining Corporation

## (an exploration stage corporation)

### Interim Statements of Loss and Comprehensive Loss

(unaudited)

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	Three months ended June 30		Six months ended June 30	
	2016	2015 (restated – Note 4)	2016	2015 (restated – Note 4)
Expenses				
General and administrative (Note 10)	\$ 41,653	\$ 15,292	\$ 68,492	\$ 39,906
Exploration and evaluation expense (Note 4)	340	1,155	2,162	2,163
Depreciation (Note 5)	353	446	706	892
	(42,346)	(16,893)	(71,360)	(42,961)
Finance income	61	65	123	130
Net finance income	61	65	123	130
Net loss and comprehensive loss for the period	\$ (42,285)	\$ (16,828)	\$ (71,237)	\$ (42,831)
Net loss per share				
Basic and diluted (Note 9)	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.00)

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# Jasper Mining Corporation

## (an exploration stage corporation)

Interim Statements of Changes in Equity  
(unaudited)

	Number of shares	Share Capital	Warrants	Contributed Surplus	Deficit	Total Shareholders' Equity
December 31, 2015	11,087,976	\$9,482,447	\$33,821	\$7,157,561	\$(16,884,457)	\$(210,628)
Unit private placement	800,000	22,111	17,889	–	–	40,000
Share issue costs	–	(2,690)	–	–	–	(2,690)
Share-based compensation	–	–	–	6,064	–	6,064
Net loss for the period	–	–	–	–	(71,237)	(71,237)
June 30, 2016	11,887,976	\$9,501,868	\$51,710	\$7,163,625	\$(16,955,694)	\$(238,491)

	Number of shares	Share Capital	Warrants	Contributed Surplus	Deficit	Total Shareholders' Equity
December 31, 2014	10,587,976	\$9,470,760	\$30,976	\$7,133,408	\$(16,573,983)	\$61,161
Net loss for the period	–	–	–	–	(42,831)	(42,831)
June 30, 2015	10,587,976	\$9,470,760	\$30,976	\$7,133,408	\$(16,616,814)	\$18,330

# Jasper Mining Corporation

## (an exploration stage corporation)

### Interim Statements of Cash Flows

(unaudited)

	Three months ended June 30		Six months ended June 30	
	2016	2015 (restated – Note 4)	2016	2015 (restated – Note 4)
<b>Cash flows used in operating activities</b>				
Net loss for the period	\$ (42,285)	\$ (16,828)	\$ (71,237)	\$ (42,831)
Add back (deduct) non-cash items:				
Depreciation	353	446	706	892
Share-based compensation	3,032	–	6,064	–
Change in non-cash working capital (Note 11)	15,256	(2,840)	28,574	2,619
	(23,644)	(19,222)	(35,893)	(39,320)
<b>Cash flows from financing activities</b>				
Share issuance proceeds	20,000	–	40,000	–
Share issuance costs	(1,720)	–	(2,690)	–
	18,280	–	37,310	–
<b>Cash flows from investing activities</b>				
Mineral property security deposits	(60)	(64)	(123)	(129)
Insurance settlement on vehicle	–	–	–	9,870
	(60)	(64)	(123)	9,741
Change in cash	(5,424)	(19,286)	1,294	(29,579)
Cash, beginning of period	7,539	26,444	821	36,737
Cash, end of period	\$ 2,115	\$ 7,158	\$ 2,115	\$ 7,158
Cash interest paid	\$ –	\$ –	\$ –	\$ –

# Jasper Mining Corporation

## (an exploration stage corporation)

Notes to the Interim Financial Statements

For the three and six months ended June 30, 2016 and 2015

(unaudited)

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### 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. The Corporation's registered office is located at 501, 888 – 4<sup>th</sup> Avenue SW, Calgary, Alberta, T2P 0V2.

To date, the Corporation has not yet determined whether its mineral claims are economically recoverable nor has it found defined reserves and it is considered to be in the exploration stage. The Corporation believes that it has established and retains satisfactory title to all of its claims.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis, which contemplates the realization of assets and the discharging of liabilities and commitments in the normal course of operations. The ability of the Corporation to continue to operate as a going concern is largely dependent on its ability in the near term to access sufficient new capital to satisfy its current obligations and fund future exploration and development activities. Management plans to meet its capital requirements from available funds, equity financings, sale or farm-out of assets, and cash to be provided from the exercise of options in the future. Management's assessment of the Corporation is based on its current cash flow forecast and financial model. There are material uncertainties that may cast significant doubt as to whether the Corporation is a going concern because of the following factors:

- a) As at June 30, 2016, the Corporation has a working capital deficiency of \$420,745 and no sources of revenue from its resource assets;
- b) There are significant future capital expenditures required to further explore and develop the Corporation's resource assets; and
- c) The current equity market environment may hamper the Corporation's ability to raise funds for its exploration programs.

Management's plans for addressing the above factors are as follows:

- a) The Corporation will continue to seek appropriate financing initiatives that benefit the Corporation and its shareholders.
- b) The Corporation will continue to review opportunities to enter into joint venture or farm-out arrangements or the potential sale of existing resource interests.
- c) The Corporation is looking to acquire some producing oil and gas properties.

These financial statements do not give effect to adjustments that would be necessary to the carrying values and classifications of assets and liabilities should the Corporation be unable to continue as a going concern and these adjustments could be material.

# **Jasper Mining Corporation**

## **(an exploration stage corporation)**

Notes to the Interim Financial Statements

For the three and six months ended June 30, 2016 and 2015

(unaudited)

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### **2. BASIS OF PREPARATION:**

These unaudited interim financial statements have been prepared by management in accordance with IAS 34 Interim Financial Reporting from International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. These unaudited interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the audited financial statements for Jasper Mining Corporation for the year ended December 31, 2015.

These financial statements were authorized for issue by the Board of Directors on August 26<sup>th</sup>, 2016.

Expenses in the statement of loss and comprehensive loss are presented as a combination of function and nature in conformity with industry practice. Depreciation is presented on a separate line by their nature, while general and administrative expenses are presented on a functional basis. Significant expenses such as salaries, wages and fees and share-based compensation are presented by their nature in the notes to the financial statements.

These unaudited interim financial statements have been presented in Canadian dollars.

### **3. SIGNIFICANT ACCOUNTING POLICIES:**

These unaudited interim financial statements have been prepared following the same accounting policies as described in note 3 of the audited financial statements for the year ended December 31, 2015, except as stated below:

### **4. CHANGE IN ACCOUNTING POLICY:**

Under IFRS 6 – "Exploration and Evaluation of Mineral Resources" ("IFRS 6"), the Corporation had historically capitalized its expenditures on exploration and evaluation ("E&E") activities.

During the period ended March 31, 2016, the Corporation adopted a voluntary change in accounting policy, as permitted and accepted under IFRS, with respect to the E&E expenditures. The Corporation's new policy on accounting for E&E expenditures is to expense these costs until such time as the technical feasibility and commercial viability has been established that supports the future development of the property, and such development receives appropriate board approvals.

The Corporation re-evaluated the policy for accounting for such expenditures as a result of the current economic climate and lack of capital funding. The Corporation has determined that such a voluntary change in accounting policy results in financial statements providing more reliable and more relevant information. The change in accounting policy is consistent with the accounting conceptual framework for the recognition of assets, and is an accepted accounting practice in the mining industry. This change in accounting policy has been applied to all of the Corporation's exploration activities for all properties.

Under the previous accounting policy the Corporation was required to perform an impairment assessment on the carrying value of the exploration and evaluation assets. As of December 31, 2015, impairment indicators were noted and resulted in a full impairment charge.



# Jasper Mining Corporation

## (an exploration stage corporation)

Notes to the Interim Financial Statements

For the three and six months ended June 30, 2016 and 2015

(unaudited)

#### 4. CHANGE IN ACCOUNTING POLICY: (CONTINUED)

In accordance with IAS 8 – “Accounting Policies, Changes in Accounting Estimates and Errors”, the change in accounting policy has been made retrospectively and comparatives have been restated accordingly to all periods presented, as if the policy had always been applied.

##### Selected Items from Statements of Changes in Equity

	As previously reported	Change	As Restated
Net loss for the three months ended	\$ 15,673	\$ 1,155	\$ 16,828
Net loss for the six months ended	\$ 40,668	\$ 2,163	\$ 42,831
Deficit	\$ 16,614,651	\$ 2,163	\$ 16,616,814
Total Shareholder Equity	\$ 20,493	\$ (2,163)	\$ 18,330

##### Selected Items from Statements of Comprehensive loss

	As previously reported	Change	As Restated
Exploration and evaluation expense for the three months ended	\$ –	\$ 1,155	\$ 1,155
Exploration and evaluation expense for the six months ended	\$ –	\$ 2,163	\$ 2,163
Net loss and comprehensive loss for the three months ended	\$ 15,673	\$ 1,155	\$ 16,828
Net loss and comprehensive loss for the six months ended	\$ 40,798	\$ 2,163	\$ 42,961

##### Selected Items from Statements of Cash Flows

	As previously reported	Change	As Restated
Net loss for the three months ended	\$ 15,673	\$ 1,155	\$ 16,828
Net loss for the six months ended	\$ 40,668	\$ 2,163	\$ 42,831
Exploration and evaluation expenditure for the three months ended	\$ 1,155	\$ (1,155)	\$ –
Exploration and evaluation expenditure for the six months ended	\$ 2,163	\$ (2,163)	\$ –

# Jasper Mining Corporation

## (an exploration stage corporation)

Notes to the Interim Financial Statements

For the three and six months ended June 30, 2016 and 2015

(unaudited)

### 5. PROPERTY AND EQUIPMENT:

	Land	Equipment	Total
<b>Cost</b>			
As at December 31, 2015 and June 30, 2016	\$ 123,387	\$ 40,205	\$ 163,592
<b>Accumulated depreciation</b>			
As at December 31, 2015	\$ –	\$ 31,016	\$ 31,016
Depreciation	–	706	706
As at June 30, 2016	\$ –	\$ 31,722	\$ 31,722
<b>Net book value</b>			
As at December 31, 2015	\$ 123,387	\$ 9,189	\$ 132,576
As at June 30, 2016	\$ 123,387	\$ 8,483	\$ 131,870

### 6. SHARE CAPITAL:

#### ISSUED:

Common Shares	Number of Shares	Amount
Balance – December 31, 2015	11,087,976	\$ 9,482,447
Unit private placement (a)	400,000	12,045
Unit private placement (b)	400,000	10,066
Share issue costs	–	(2,690)
Balance – June 30, 2016	11,887,976	\$ 9,501,868

- a) In February 2016, the Corporation completed a private placement to a non-arm's length investor for a total of 400,000 units at \$0.05 per unit for gross proceeds of \$20,000. Each unit consisted of one common share and one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at an exercise price of \$0.10 per share for up to two years from the closing date. At the time of the private placement, the fair value of the warrants was estimated to be \$7,955 with the \$12,045 balance of proceeds ascribed to common shares. The warrants were valued using the Black Scholes pricing model with the following significant assumptions:

Share price	\$0.04
Exercise price	\$0.10
Risk-free interest rate	0.40%
Expected volatility	155%
Expected life	2 years
Dividends	Nil

# Jasper Mining Corporation

## (an exploration stage corporation)

Notes to the Interim Financial Statements

For the three and six months ended June 30, 2016 and 2015

(unaudited)

### 6. SHARE CAPITAL: (CONTINUED)

- b) In April 2016, the Corporation completed a private placement to a non-arm's length investor for a total of 400,000 units at \$0.05 per unit for gross proceeds of \$20,000. Each unit consisted of one common share and one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at an exercise price of \$0.10 per share for up to two years from the closing date. At the time of the private placement, the fair value of the warrants was estimated to be \$9,934 with the \$10,066 balance of proceeds ascribed to common shares. The warrants were valued using the Black Scholes pricing model with the following significant assumptions:

Share price	\$0.04
Exercise price	\$0.10
Risk-free interest rate	0.68%
Expected volatility	168%
Expected life	2 years
Dividends	Nil

### 7. WARRANTS:

	Number of warrants		Value
Balance – December 31, 2015	1,150,000	\$	33,821
Issued (Note 6(a))	400,000		7,955
Issued (Note 6(b))	400,000		9,934
Balance – June 30, 2016	1,950,000	\$	51,710

Summary information with respect to warrants outstanding at June 30, 2016 is provided below:

Exercise price \$	Number exercisable	Number outstanding	Weighted average contractual life remaining (years)	Weighted average exercise price \$
0.10	1,950,000	1,950,000	1.11	0.10

# Jasper Mining Corporation

## (an exploration stage corporation)

Notes to the Interim Financial Statements

For the three and six months ended June 30, 2016 and 2015

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### 8. SHARE-BASED PAYMENTS:

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

	Number of options		Weighted- average exercise price
Balance – December 31, 2015	1,023,750	\$	0.45
Expired	(123,750)		(2.16)
Balance – June 30, 2016	900,000	\$	0.22

Summary information with respect to options outstanding at June 30, 2016 is provided below:

Exercise price \$	Number outstanding	Weighted average contractual life remaining (years)	Weighted average exercise price \$	Number Exercisable
0.80	150,000	2.16	0.80	150,000
0.10	750,000	4.2	0.10	375,000
	900,000	3.78	0.22	525,000

### 9. PER SHARE AMOUNTS:

Basic net loss per share is calculated as follows:

	Three months ended June 30		Six months ended June 30	
	2016	2015	2016	2015
Net loss for the period	\$ (42,285)	\$ (16,828)	\$ (71,237)	\$ (42,831)
Weighted average number of shares:				
Issued common shares at beginning of period	11,778,086	10,587,976	11,529,734	10,587,976
Basic weighted average shares	11,778,086	10,587,976	11,529,734	10,587,976
Net loss per share – basic and diluted	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.00)

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

# Jasper Mining Corporation

## (an exploration stage corporation)

Notes to the Interim Financial Statements

For the three and six months ended June 30, 2016 and 2015

(unaudited)

### 10. RELATED PARTY TRANSACTIONS:

Except as disclosed elsewhere in these 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 from 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, 2016, \$5,250 and \$10,500 (June 30, 2015 - \$5,250 and \$10,500) was charged for rent by a company owned by the President of the Corporation. Included in trade and other payables at June 30, 2016 is \$70,850 (December 31, 2015 - \$59,825) due to this company.
- c) At June 30, 2016, there is \$31,488 (December 31, 2015 - \$21,279) in due to related parties for expense advances from the President of the Corporation.
- d) During the three and six months ended June 30, 2016, \$5,250 and \$10,500 (June 30, 2015 - \$5,250 and \$10,500) was charged by a company owned by the President of the Corporation for administrative services. Included in trade and other payables at June 30, 2016 is \$81,000 (December 31, 2015 - \$70,500) due to this company.

### 11. CHANGE IN NON-CASH WORKING CAPITAL:

	Three months ended June 30		Six months ended June 30	
	2016	2015	2016	2015
Other receivables	\$ (598)	\$ (1,056)	\$ (698)	\$ 10
Due to related parties	10,000	—	10,209	—
Trade and other payables	5,854	(1,784)	19,063	2,609
	\$ 15,256	\$ (2,840)	\$ 28,574	\$ 2,619

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

	Three months ended June 30		Six months ended June 30	
	2016	2015	2016	2015
Operating	\$ 15,256	\$ (2,840)	\$ 28,574	\$ 2,619

# Jasper Mining Corporation

## (an exploration stage corporation)

Notes to the Interim Financial Statements

For the three and six months ended June 30, 2016 and 2015

(unaudited)

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### 12. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT:

The Corporation's financial instruments include cash, other receivables, due to related parties, mineral property security deposits, and trade and other payables. The carrying values of these financial instruments approximate their fair values due to their relatively short periods to maturity. The Corporation has exposure to credit risk, liquidity risk and market risk as a result of its use of financial instruments. The Corporation has policies and processes for measuring and managing these risks. Further quantitative disclosures are included throughout these financial statements.

#### a) Credit risk

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Corporation's policy is to ensure that its investments are liquid.

The Corporation's other receivables relates primarily to Goods and Services Tax input tax credits. Accordingly, the Corporation views credit risk on accounts receivable as minimal and has subsequently collected the outstanding amount.

#### b) Liquidity risk

Liquidity risk is the risk that the Corporation will incur difficulties meeting its financial obligations as they are due. The Corporation's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Corporation's reputation.

The Corporation prepares annual expenditure budgets, which are regularly monitored and updated as considered necessary. To facilitate its expenditure program, the Corporation raises funds through private equity placements. The Corporation's liquidity position has weakened since the beginning of the year due to the cost of ongoing exploration and corporate activities exceeding funds raised during the period. Current market conditions resulting from the global credit crisis have created unfavourable terms for equity financings required for junior mineral exploration companies, including the Corporation. As a result, the Corporation is currently evaluating alternatives to raise additional capital to improve liquidity.

As at June 30, 2016, the Corporation's financial liabilities were comprised of trade and other payables and due to related parties which have a maturity of less than one year.

#### c) Market risk

Market risk consists of currency risk, commodity price risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

##### i. Currency risk

Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. Although the Corporation is considered to be in the exploration stage and has not yet developed commercial mineral interests, the underlying market prices in Canada for minerals are impacted by changes in the exchange rate between the Canadian and United States dollar. As all of the Corporation's transactions are denominated in Canadian dollars, the Corporation is not exposed to foreign currency exchange risk at this time.

# Jasper Mining Corporation

## (an exploration stage corporation)

Notes to the Interim Financial Statements

For the three and six months ended June 30, 2016 and 2015

(unaudited)

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### 12. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT: (CONTINUED)

#### c) Market risk (continued)

##### ii. Commodity price risk

Commodity price risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for minerals are impacted by world economic events that dictate the levels of supply and demand as well as the relationship between the Canadian and United States dollar, as outlined above. As the Corporation has not yet developed commercial mineral interests, it is not exposed to commodity price risk at this time.

##### iii. Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Corporation is exposed to interest rate risk primarily through its variable interest rate on its cash and mineral property security term deposits. For the three and six months ended June 30, 2016 and 2015, if interest rates had been 1% higher with all other variables held constant, the change in the loss for the periods would have been insignificant.

The Corporation did not have any interest rate contracts outstanding at June 30, 2016 or December 31, 2015.

### 13. CAPITAL MANAGEMENT:

The Corporation's objectives when managing capital are to safeguard the Corporation's ability to continue as a going concern and to maintain a flexible capital structure which will allow it to pursue the development of its mineral properties. Therefore, the Corporation monitors the level of risk incurred in its mineral property expenditures relative to its capital structure.

The Corporation considers its capital structure to include its working capital deficit of \$420,745 (December 31, 2015 – deficit of \$393,465) and shareholders' equity (deficit) of (\$238,491) (December 31, 2015 – (\$210,628)). The Corporation monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets.

To maintain or adjust the capital structure, the Corporation may issue new equity if available on favourable terms, option its mineral properties for cash and/or expenditure commitments from optionees, enter into joint venture arrangements, or dispose of mineral properties.

The Corporation's investment policy is to hold cash in interest bearing bank accounts and highly liquid short-term interest bearing investments with maturities of one year or less which can be liquidated at any time without penalties.

The Corporation is not subject to externally imposed capital requirements. There has been no change in the Corporation's approach to capital management during the six months ended June 30, 2016. The Corporation has not paid or declared any dividends since the date of incorporation, nor are any contemplated in the foreseeable future.

# **Jasper Mining Corporation**

## **(an exploration stage corporation)**

Notes to the Interim Financial Statements

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### **14. SUBSEQUENT EVENT:**

In June 2016, the Corporation entered into a letter of intent with two arm's length private Alberta companies to acquire all the issued and outstanding common share of the companies in an all-stock transaction that was anticipated to be completed by way of a Plan of Arrangement ("Transaction"). The letter of intent contemplated material conditions precedent to be fulfilled prior to there being a binding agreement between all parties. Subsequently, the letter of intent has expired and the private companies have stated they will not be extending the time to complete the Transaction.