Jasper Mining Corporation

(an exploration stage corporation)

Interim Financial Statements

For the three months ended March 31, 2014 and 2013

(unaudited – prepared by Management)

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 these unaudited interim financial statements as at and for the three months ended March 31, 2014 and 2013.

Jasper Mining Corporation

(an exploration stage corporation)

Interim Statements of Financial Position

(unaudited)

		March 31, 2014		December 31, 2013
Assets				
Current assets				
Cash	$	3,217	$	14,299
Other receivables		988		481
		4,205		14,780
Non-current assets				
Mineral property security deposits		56,066		56,342
Investment		100		100
Property and equipment (Note 4)		157,964		160,317
Exploration and evaluation assets (Note 5)		300,909		300,909
		515,039		517,668
Total assets	$	519,244	$	532,448
Liabilities and Shareholders' Equity				
Current liabilities				
Trade and other payables (Note 6)	$	333,881	$	320,910
Due to related parties (Note 13)		38,444		37,859
Current portion of long term debt (Note 7)		12,150		12,150
		384,475		370,919
Long term debt (Note 7)		15,594		18,561
		400,069		389,480
Shareholders' equity				
Share capital (Note 8)		9,431,898		9,431,898
Warrants (Note 9)		28,054		28,054
Contributed surplus		7,106,415		7,098,482
Deficit		(16,447,192)		(16,415,466)
		119,175		142,968
Total liabilities and shareholders' equity	$	519,244	$	532,448

Going concern (Note 1)

Commitments (Note 15)

Subsequent events (Note 18)

Jasper Mining Corporation
(an exploration stage corporation)
Interim Statements of Loss and Comprehensive Loss
(unaudited)

	For the three months ended March 31	
	2014	2013
Expenses		
General and administrative	$ 28,986	$ 23,663
Depreciation (Note 4)	2,353	3,184
	31,339	26,847
Finance income	77	106
Finance expense	(464)	(643)
Net finance expense (Note 12)	(387)	(537)
Loss before taxes and other	(31,726)	(27,384)
Gain on transfer of assets to settle of accounts payable	–	10,548
Loss before taxes	(31,726)	(16,836)
Deferred income tax reduction	–	2,855
Net loss and comprehensive loss for the period	$ (31,726)	$ (13,981)
Net loss per share		
Basic and diluted (Note 11)	$ –	$ –

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Interim Statements of Changes in Equity
(unaudited)

	Number of shares	Share Capital	Warrants	Contributed Surplus	Deficit	Total Shareholders' Equity
December 31, 2013	74,303,753	$9,431,898	$28,054	$7,098,482	$(16,415,466)	$142,968
Share-based compensation	–	–	–	7,933	–	7,933
Net loss for the period	–	–	–	–	(31,726)	(31,726)
March 31, 2014	74,303,753	$9,431,898	$28,054	$7,106,415	$(16,447,192)	$119,175

	Number of shares	Share Capital	Warrants	Contributed Surplus	Deficit	Total Shareholders' Equity
December 31, 2012	73,437,499	$9,384,887	$342,454	$6,727,493	$(16,326,874)	$127,960
Expiration of warrants	–	–	(234,988)	234,988	–	–
Net loss for the period	–	–	–	–	(13,981)	(13,981)
March 31, 2013	73,437,499	$9,384,887	$107,466	$6,962,481	$(16,340,855)	$113,979

Jasper Mining Corporation
(an exploration stage corporation)
Interim Statements of Cash Flows
(unaudited)

	For the three months ended March 31 2014	2013
Cash flows used in operating activities		
Net loss for the period	$ (31,726)	$ (13,981)
Add back (deduct) non-cash items:		
Depreciation	2,353	3,184
Share-based compensation (Note 10)	7,933	–
Non cash gain on settlement of debt	–	4,263
Deferred income tax reduction	–	(2,855)
Change in non-cash working capital (Note 14)	14,154	17,200
	(7,286)	7,811
Cash flows from financing activities		
Repayments on loan	(2,382)	(2,788)
	(2,382)	(2,788)
Cash flows from investing activities		
Mineral property security deposits	276	616
Exploration and evaluation expenditures	–	(5,213)
Other capital additions	–	(1,271)
Change in non-cash working capital (Note 14)	(1,690)	(24,810)
	(1,414)	(30,678)
Change in cash	(11,082)	(25,655)
Cash, beginning of period	14,299	33,981
Cash, end of period	$ 3,217	$ 8,326
Cash interest paid	$ 464	$ 643

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 – 4th 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 unaudited interim 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 March 31, 2014, the Corporation has a working capital deficiency of $380,270 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; and

b) Subsequent to March 31, 2014, the Corporation sold the Irony property for cash proceeds of $100,000, see (note 18).

c) The Corporation will continue to review opportunities to enter into joint venture or farm-out arrangements or the potential sale of existing resource interests.

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.

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, 2013.

These financial statements were authorized for issue by the Board of Directors on May 28th, 2014.

Depreciation are 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, 2013. In addition, the following new policies have been adopted effective January 1, 2014:

IAS 32 *Financial Instruments: Presentation* was amended in May 2012 for offsetting financial assets and financial liabilities to provide additional guidance to consider when determining if the arrangement meets the criteria for legally enforceable right of offset and intent to settle net. These amendments were effective for annual periods beginning on or after January 1, 2014. Earlier application is permitted when applied with corresponding amendment to disclosure requirements in IFRS 7. The amendments to IFRS 7 include disclosure requirements on the right of offset of financial instruments or those that are subject to master netting agreements.

IAS 36 *Impairment of Assets* was amended in May 2013 to provide more guidance on the requirement to disclose the recoverable amount of impaired assets where the measurement of recoverable amount is based on fair value less costs to sell which would include disclosure on the discount rate when a present value technique is used. The amendments were effective for annual periods beginning on or after January 1, 2014.

IFRIC 21 *Levies* was released in May 2013 to provide guidance on the accounting for levies. IFRIC 21 indicates that entities are required to recognize a liability for a levy when the activity that triggers the payment of the levy, as defined by the legislation, occurs. The liability would be recognized progressively if the obligating event occurs over a period of time once the minimum threshold to trigger the level is reached. This guidance is effective for annual periods beginning on or after January 1, 2014. Early adoption is permitted.

There has been no impact on the financial statements as a result of the adoption of these standards.

4. PROPERTY AND EQUIPMENT:

		Land		Equipment		Total
Cost						
As at January 1, 2013	$	123,387	$	137,464	$	260,851
Expenditures				1,271		1,271
Dispositions		–		(42,610)		(42,610)
As at December 31, 2013 and March 31, 2014	$	123,387	$	96,125	$	219,512
Accumulated depreciation						
As at January 1, 2013	$	–	$	84,808	$	84,808
Disposition		–		(38,349)		(38,349)
Depreciation		–		12,736		12,736
As at December 31, 2013	$	–	$	59,195	$	59,195
Disposition		–		–		–
Depreciation		–		2,353		2,353
As at March 31, 2014	$	–	$	61,548	$	61,548
Net book value						
As at December 31, 2013	$	123,387	$	36,930	$	160,317
As at March 31, 2014	$	123,387	$	34,577	$	157,964

5. EXPLORATION AND EVALUATION ASSETS:

Cost	Isintok	McFarlane	Other	Total
As at January 1, 2013	$ 3,654,811	$ 3,096,395	$ 1,022,682	$ 7,773,888
Acquisition expenditures	–	–	26,580	26,580
As at December 31, 2013 and March 31, 2014	$ 3,654,811	$ 3,096,395	$ 1,049,262	$ 7,800,468
Accumulated impairment				
As at January 1, 2013	$ 3,540,944	$ 3,044,695	$ 1,008,708	$ 7,594,347
Acquisition impairment	–	–	5,212	5,212
Reversal exploration impairment			(100,000)	(100,000)
As at December 31, 2013 and March 31, 2014	$ 3,540,944	$ 3,044,695	$ 913,920	$ 7,499,559
Carrying value				
As at March 31, 2014 and December 31, 2013				
Acquisition	$ 113,867	$ 51,700	$ 35,342	$ 200,909
Exploration	–	–	100,000	100,000
	$ 113,867	$ 51,700	$ 135,342	$ 300,909

Subsequent to March 31, 2014, the Corporation sold the Irony claims to a third party for cash consideration of $100,000. The costs for Irony were written off in prior periods; therefore, the carrying value was nil. This sale determined the recoverable amount to be $100,000 resulting in the reversal of impairment of $100,000 in the year ended December 31, 2013.

6. TRADE AND OTHER PAYABLES:

	March 31, 2014	December 31, 2013
Trade payables	$ 180,199	$ 172,228
Accruals	42,000	37,000
Flow-through share interest	111,682	111,682
	$ 333,881	$ 320,910

7. LONG TERM DEBT:

In May 2011, the Corporation obtained vehicle purchase financing in the amount of $58,814 with an implicit interest rate of 6.24% per annum having blended payments of $1,144 each month from June 2011 to May 2016 and secured by the vehicle with a net book value of $23,635. As at March 31, 2014, the balance of the loan outstanding was $27,744 which represents $12,150 due within the next year and $15,594 due for the remainder of the lease.

8. SHARE CAPITAL:

ISSUED:

Common Shares	Number of Shares		Amount
Balance – January 1, 2013	73,437,499	$	9,384,887
Unit private placement	728,572		42,007
Debt conversion	137,682		6,884
Share issue costs	–		(1,880)
Balance – March 31, 2014 and December 31, 2013	74,303,753	$	9,431,898

9. WARRANTS:

	Number of warrants		Value
Balance – January 1, 2013	2,552,654	$	342,454
Issued	364,286		8,993
Expired	(2,177,654)		(323,393)
Balance – March 31 2014 and December 31, 2013	739,286	$	28,054

Summary information with respect to warrants outstanding at March 31, 2014 is provided below:

Exercise price $	Number outstanding and exercisable	Weighted average contractual life remaining (years)	Weighted average exercise price $
0.12	364,286	1.30	0.12
0.20	375,000	0.47	0.20
	739,286	0.88	0.16

10. 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 – January 1, 2013	4,575,000	$	0.30
Issued	1,500,000		0.10
Expired	(1,475,000)		0.30
Balance – March 31, 2014 and December 31, 2013	4,600,000	$	0.16

Summary information with respect to options outstanding at March 31, 2014 is provided below:

Exercise price $	Number outstanding	Weighted average contractual life remaining (years)	Weighted average exercise price $	Number exercisable
0.10	1,500,000	4.3	0.10	750,000
0.15	1,900,000	1.3	0.15	1,900,000
0.27	1,200,000	2.0	0.27	1,200,000
	4,600,000	2.46	0.16	3,850,000

During the three months ended March 31, 2014 the Corporation’s share-based compensation expense was $7,933 (2013 – $nil), of which all was recognized in general and administrative expenses in the statement of loss and comprehensive loss.

11. PER SHARE AMOUNTS:

Basic net loss per share is calculated as follows:

		Three months ended March 31 2014		2013
Net loss for the period	$	(31,726)	$	(13,981)
Weighted average number of shares:				
Issued common shares at beginning of period		74,303,753		73,437,499
Shares issued		–		–
Basic weighted average shares		74,303,753		73,437,499
Net loss per share – basic and diluted:	$	(0.00)	$	(0.00)

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

12. FINANCE INCOME AND EXPENSE:

	Three months ended March 31 2014	2013
Finance income:		
Interest on cash held in bank accounts	$ 77	$ 106
Finance expense:		
Interest on long term debt	(464)	(643)
	(387)	(537)
Net finance expense	$ (387)	$ (537)

13. 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 from/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 months ended March 31, 2014, $5,250 (March 31, 2013 - $5,250) was charged for rent by a company owned by the President of the Corporation. Included in trade and other payables at March 31, 2014 is $30,975 (December 31, 2013 - $25,725) due to this company.

c) The Corporation has a receivable of $777 (December 31, 2013 - $777) from Jasper Diamonds Inc., 50% owned by the President of the Corporation.

d) During the three months ended March 31, 2014, a $nil advance (March 31, 2013 - $20,000) was provided by the President of the Corporation. At March 31, 2014, there is $19,121 (December 31, 2013 - $18,636) in accounts payable for expense advances from the President of the Corporation.

e) During the three months ended March 31, 2014, $5,250 (March 31, 2013 - $5,250) was charged by a company owned by the President of the Corporation for administrative services. Included in trade and other payables at March 31, 2014 is $40,143 (December 31, 2013 - $38,393) due to this company.

14. CHANGE IN NON-CASH WORKING CAPITAL:

	Three months ended March 31	
	2014	2013
Trade and other receivables	$ (507)	$ (167)
Due to related parties	–	21,800
Trade and other payables	12,971	(29,243)
	$ 12,464	$ (7,610)

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

	Three months ended March 31	
	2014	2013
Operating	$ 14,154	$ 17,200
Investing	(1,690)	(24,810)
	$ 12,464	$ (7,610)

15. COMMITMENTS:

Except as disclosed elsewhere in these financial statements, the Corporation had the following commitments as at March 31, 2014:

a) The Corporation has a rental agreement on office premises which expires on May 31, 2016 for rental commitments of $21,000 per year.

16. FINANCIAL INSTRUMENTFS AND FINANCIAL RISK MANANGEMENT:

The Corporation's financial instruments include cash, other receivables, due to related parties, investment, mineral property security deposits, trade and other payables, and long term debt. 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.

There have been no significant changes in these risks or the approach to managing the risks since what was disclosed in the Corporation's annual audited financial statements for the year ended December 31, 2013.

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.

16. FINANCIAL INSTRUMENTFS AND FINANCIAL RISK MANANGEMENT: (CONTINUED)

a) Credit risk (continued)

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 many 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 March 31, 2014, 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 and long term debt.

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.

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.

16. FINANCIAL INSTRUMENTFS AND FINANCIAL RISK MANANGEMENT: (CONTINUED)

c) Market risk (continued)

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 months ended March 31, 2014 and 2013, if interest rates had been 1% higher with all other variables held constant, loss for the years would have been insignificant

The Corporation did not have any interest rate contracts outstanding at March 31, 2014 or December 31, 2013.

17. 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 $380,270 (December 31, 2013 – deficit of $356,139) and shareholders' equity of $119,175 (December 31, 2013 – $142,968). 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 three months ended March 31, 2014. The Corporation has not paid or declared any dividends since the date of incorporation, nor are any contemplated in the foreseeable future.

18. SUBSEQUENT EVENTS:

a) Subsequent to March 31, 2014, the Corporation finalized a transaction to sell its Irony properties to an unrelated party for $100,000 cash plus a net smelter returns royalty agreement. The net smelter returns royalty agreement provides for a 1.5% net smelter returns royalty to the Corporation.

b) The Corporation has passed a directors' resolution to consolidate its present issued and outstanding common shares on an 8-1 basis. The total outstanding shares to date are 74,303,753 which would be consolidated to 9,287,969. The Corporation is in the process of filing with the regulatory authorities.