

Jasper Mining Corporation
(an exploration stage corporation)

Financial Statements

December 31, 2014

Management's Responsibility

To the Shareholders of Jasper Mining Corporation:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors exercises its responsibilities for financial controls through an Audit Committee. The Audit Committee is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Committee has the responsibility of meeting with management and the external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Committee is also responsible for recommending the appointment of the Company's external auditors.

Crowe McKay LLP, an independent firm of Chartered Accountants, is appointed by the shareholders to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Audit Committee and management to discuss their audit findings.

April 29th, 2015

"signed"
Gordon Dixon
Secretary

"signed"
Gordon Dixon
President



Crowe MacKay LLP
Member Crowe Horwath International

Elveden House
1700, 717- 7 Avenue SW
Calgary, AB T2P 0Z3
+1.403.294.9292 Tel
+1.403.294.9262 Fax
+1.866.599.9292 Toll Free
www.crowemackay.ca

Independent Auditors' Report

To the Shareholders of Jasper Mining Corporation

We have audited the accompanying financial statements of Jasper Mining Corporation, which comprise the statements of financial position as at December 31, 2014 and December 31, 2013, and the statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Jasper Mining Corporation as at December 31, 2014 and December 31, 2013 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 to the financial statements which describes the material uncertainty that may cast significant doubt about the ability of Jasper Mining Corporation to continue as a going concern.

**Calgary, Alberta
April 29, 2015**

A handwritten signature in dark ink that reads "Crowe MacKay LLP".

Chartered Accountants

Jasper Mining Corporation

(an exploration stage corporation)

Statements of Financial Position

As at December 31

	2014	2013
Assets		
Current assets		
Cash	\$ 36,737	\$ 14,299
Other receivables	11,144	481
	47,881	14,780
Non-current assets		
Mineral property security deposits (Note 6)	50,004	56,342
Investment (note 7)	–	100
Property and equipment (Note 8)	134,360	160,317
Exploration and evaluation assets (Note 9)	187,087	300,909
	371,451	517,668
Total assets	\$ 419,332	\$ 532,448
Liabilities and Shareholders' Equity		
Current liabilities		
Trade and other payables (Note 10)	\$ 313,890	\$ 320,910
Due to related parties (Note 18)	44,281	37,859
Current portion of long term debt (Note 11)	–	12,150
	358,171	370,919
Long term debt (Note 11)	–	18,561
	358,171	389,480
Shareholders' equity		
Share capital (Note 13)	9,470,760	9,431,898
Warrants (Note 14)	30,976	28,054
Contributed surplus	7,133,408	7,098,482
Deficit	(16,573,983)	(16,415,466)
	61,161	142,968
Total liabilities and shareholders' equity	\$ 419,332	\$ 532,448

Going concern (Note 1)

Commitment (Note 20)

On behalf of the Board

signed "Jean-Pierre Pelletier" Director

signed "Blake Willard" Director

Jasper Mining Corporation

(an exploration stage corporation)

Statements of Loss and Comprehensive Loss

Years ended December 31

	2014	2013
Expenses		
General and administrative (Note 18)	\$ 135,643	\$ 192,899
Impairment (reversal) on exploration and evaluation assets (Note 9)	21,930	(94,788)
Depreciation (Note 8)	8,231	12,736
	165,804	110,847
Finance income	308	369
Finance expense	(6,835)	(7,382)
Net finance expense (Note 17)	(6,527)	(7,013)
Loss before taxes and other	(172,331)	(117,860)
Gain on transfer of vehicles to settle liabilities (Note 8)	13,814	14,888
Loss before income taxes	(158,517)	(102,972)
Deferred income tax reduction	–	14,380
Net loss and comprehensive loss for the year	\$ (158,517)	\$ (88,592)
Net loss per share		
Basic and diluted (Note 16)	\$ (0.02)	\$ (0.01)

Jasper Mining Corporation

(an exploration stage corporation)

Statements of Changes in Equity

	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
Consolidation of shares (Note 1)	(65,015,777)	—	—	—	—	—
Unit private placement	1,300,000	43,017	21,983			65,000
Share issue costs	—	(4,155)	—	—	—	(4,155)
Expiration of warrants	—	—	(19,061)	19,061	—	—
Share-based compensation	—	—	—	15,865	—	15,865
Net loss for the year	—	—	—	—	(158,517)	(158,517)
December 31, 2014	10,587,976	\$9,470,760	\$30,976	\$7,133,408	\$(16,573,983)	\$61,161

	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
Unit private placement	728,572	40,127	8,993	—	—	49,120
Shares for settlement of debt	137,682	6,884	—	—	—	6,884
Expiration of warrants	—	—	(323,393)	323,393	—	—
Share-based compensation	—	—	—	47,596	—	47,596
Net loss for the year	—	—	—	—	(88,592)	(88,592)
December 31, 2013	74,303,753	\$9,431,898	\$28,054	\$7,098,482	\$(16,415,466)	\$142,968

Jasper Mining Corporation

(an exploration stage corporation)

Statements of Cash Flows

Years ended December 31

	2014		2013
<hr/>			
Cash flows used in operating activities			
Net loss for the year	\$ (158,517)	\$	(88,592)
Add back (deduct) non-cash items:			
Depreciation	8,231		12,736
Share-based compensation (Note 15)	15,865		47,596
Impairment (reversal) on exploration and evaluation assets	21,930		(94,788)
Non cash gain on settlement of debt (Note 8)	(13,814)		–
Deferred income tax reduction	–		(14,380)
Change in non-cash working capital (Note 19)	(6,123)		83,192
	(132,428)		(54,236)
<hr/>			
Cash flows from financing activities			
Share issuance proceeds	65,000		51,000
Share issuance costs	(4,155)		(1,880)
Related party advances	6,422		40,000
Repayments on loan	(9,041)		(11,418)
	58,226		77,702
<hr/>			
Cash flows from investing activities			
Mineral property security deposits	6,338		8,320
Exploration and evaluation expenditures	(8,108)		(26,580)
Exploration and evaluation disposition	100,000		–
Sale of investment	100		–
Property and equipment expenditures	–		(1,271)
Non cash gain on settlement of accounts payable (Note 8)	–		(14,888)
Change in non-cash working capital (Note 19)	(1,690)		(8,729)
	96,640		(43,148)
<hr/>			
Change in cash	22,438		(19,682)
Cash, beginning of year	14,299		33,981
<hr/>			
Cash, end of year	\$ 36,737	\$	14,299
<hr/>			
Cash interest paid	\$ 1,251	\$	2,306
Shares issued to settle debt	\$ –	\$	6,884
<hr/>			

Jasper Mining Corporation

(an exploration stage corporation)

Notes to the Financial Statements

Years ended December 31, 2014 and 2013

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.

Effective July 16, 2014, Jasper effected an 8 to 1 consolidation of its equity instruments (Note 13).

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 December 31, 2014, the Corporation has a working capital deficiency of \$310,290 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) During the three months ended June 30, 2014, the Corporation sold the Irony property for cash proceeds of \$100,000 (note 9).
- 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.
- d) In October 2014, the Corporation completed a private placement for cash proceeds of \$65,000 (note 13).
- e) The Corporation is looking to acquire some producing oil and gas properties.

Jasper Mining Corporation

(an exploration stage corporation)

Notes to the Financial Statements
Years ended December 31, 2014 and 2013

1. REPORTING ENTITY AND GOING CONCERN: (CONTINUED)

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:

a) Statement of compliance:

These financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

These financial statements were authorized for issue by the Board of Directors on April 29, 2015.

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 its 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.

b) Basis of measurement:

The financial statements have been prepared on the historical cost basis except for certain financial assets which are measured at fair value with changes in fair value recorded in the statement of loss and comprehensive loss, as explained in the significant accounting policies set out in Note 3.

The methods used to measure fair values are discussed in Note 5.

c) Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

d) 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 period in which the estimates are revised and in any future years affected.

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.

Jasper Mining Corporation

(an exploration stage corporation)

Notes to the Financial Statements

Years ended December 31, 2014 and 2013

2. BASIS OF PREPARATION: (CONTINUED)

d) Use of estimates and judgments: (continued)

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, exploration and evaluation assets & 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. At the end of each financial reporting period, the Corporation assesses whether there is any indication that an impairment loss recognized in prior periods may no longer exist or may have decreased. An impairment loss recognized in prior periods would be reversed if there has been a change in the estimate used to determine the recoverable amount since the last impairment loss was recognized. The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the asset in prior years.

ii) Cash generating units

A cash generating unit ("CGU") is defined as the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups thereof. The Corporation allocates costs to a CGU based on geographic location, shared infrastructure, and common geological and geophysical characteristics.

iii) 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.

Jasper Mining Corporation

(an exploration stage corporation)

Notes to the Financial Statements

Years ended December 31, 2014 and 2013

2. BASIS OF PREPARATION: (CONTINUED)

d) Use of estimates and judgments: (continued)

iv) Going concern:

As described in Note 1, management uses its judgment in determining whether the Corporation is able to continue as a going concern.

v) Exploration and evaluation expenditures:

The application of the Corporation's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Corporation, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available.

vi) Property & equipment, depreciation and exploration & evaluation assets

Estimated useful lives and residual values of tangible equipment are reviewed annually. Estimated resources are reviewed each reporting period. Resource estimates are dependent on numerous variables. Changes in these variables could have a significant impact on the test for impairment. The carrying values of property & equipment and exploration & evaluation assets are reviewed for impairment where there has been a trigger event (that is, an event which may have resulted in impairment) by assessing the recoverable amount. Recoverable amount is the higher of fair value less costs to sell and value in use which is determined by the present value of future cash flows. The calculation of estimated future cash flows is discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

vii) Share based compensation

In accounting for the fair value of stock options and warrants, the Corporation makes assumptions regarding share price volatility, risk free rate, forfeiture rate, and expected life in order to determine the amount of associated expense to recognize.

3. SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

a) Cash

Cash consists of cash in the bank and short term highly liquid investments with original maturities of three months or less.

Jasper Mining Corporation

(an exploration stage corporation)

Notes to the Financial Statements

Years ended December 31, 2014 and 2013

3. SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

b) Property and equipment

On initial recognition, property and equipment are valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Corporation, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions. Subsequent to initial measurement, property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is determined using the declining balance method over the estimated service lives of the assets at the following annual rates:

Fencing	10%
Vehicles	30%
Furniture and fixtures	20 to 30%
Computer equipment	30 to 50%

Depreciation methods, service lives and residual values are reviewed at each reporting date.

Gains and losses

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount, and are recognized in profit or loss.

Subsequent costs

The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Corporation and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

Major maintenance and repairs

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Jasper Mining Corporation

(an exploration stage corporation)

Notes to the Financial Statements

Years ended December 31, 2014 and 2013

3. SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

c) Exploration and evaluation assets

All direct costs related to exploration and evaluation of mineral properties, net of incidental revenues, are capitalized under exploration and evaluation assets. Costs include acquisition of the rights to explore, geological & geophysical studies, exploratory drilling and completion, and activities in relation to evaluating the technical feasibility, commercial viability of extracting a mineral resource, and the acquisition date fair value of exploration and evaluation assets acquired in a business combination. Exploration and evaluation ("E&E") assets are measured at cost less any accumulated impairment. Costs incurred before the Corporation has obtained the legal rights to explore an area are recognized in profit or loss. Exploration and evaluation assets are transferred to development and production assets once technical feasibility and commercial viability can be demonstrated.

Acquisition costs, including general and administrative costs, are only capitalized to the extent that these costs can be related directly to operational activities in the relevant area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

Where the Corporation's exploration commitments for a mineral property are performed under option agreements with a third party, the proceeds of option payments under such agreements are applied to the mineral property to the extent costs are incurred. The excess, if any, is recorded to the statement of loss and comprehensive loss. Provincial government mining credits are applied against the related mineral properties.

E&E assets are assessed for impairment only when facts and circumstances suggest that the carrying amount of an E&E asset may exceed its recoverable amount.

Indicators for an impairment review arise typically when one of the following circumstances applies:

- Substantive expenditure on further E&E activities is neither budgeted nor planned;
- Title to the asset is compromised;
- Adverse changes in the taxation and regulatory environment;
- Adverse changes in variations in commodity prices and markets; and
- Variations in the exchange rate for the currency of operation.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, E&E assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property and equipment. To date, none of the Corporation's mineral properties have demonstrated technical feasibility and commercial viability.

Recoverability of the carrying amount of any E&E assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Jasper Mining Corporation

(an exploration stage corporation)

Notes to the Financial Statements

Years ended December 31, 2014 and 2013

3. SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

d) Impairment

i) Financial assets:

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in the statement of loss and comprehensive loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost the reversal is recognized in profit or loss.

ii) Non-financial assets:

The carrying amounts of the Corporation's non-financial assets, other than E&E assets, property and equipment, and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. As at December 31, 2014, the Corporation did not have any other non-financial assets.

e) Financial instruments

The Corporation would recognize a financial asset or a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument.

Non-derivative financial instruments

Non-derivative financial instruments comprise cash, due from/to related parties, other receivables, mineral property security deposits, investment, trade and other payables, and long-term debt.

The Corporation measures these non-derivative financial instruments as follows:

- i) Financial assets and liabilities at fair value through profit or loss – These instruments are acquired primarily for the purpose of selling or repurchasing in the near term and are recorded at fair value both upon initial recognition and subsequent measurement. Transaction costs associated to the acquisition are expensed. Changes in fair value are recognized in the statement of loss and comprehensive loss. The instruments in this category held by the Corporation are mineral property security deposits and investment.

Jasper Mining Corporation

(an exploration stage corporation)

Notes to the Financial Statements

Years ended December 31, 2014 and 2013

3. SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

e) Financial instruments (continued)

- ii) Loans and receivables – These instruments are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recorded at fair value. Subsequently, these instruments are measured at amortized cost using the effective interest rate method less any estimate for impairment. The instruments held by the Corporation in this category are cash, due from/to related parties, and other receivables.
- iii) Financial liabilities at amortized cost – These instruments are recognized initially at fair value and are subsequently measured at amortized cost using the effective interest method. The instruments held by the Corporation in this category are trade and other payables and long-term debt.

De-recognition of financial instruments

The Corporation would derecognize a financial asset when the contractual right to receive its cash flows expires or rights are transferred in a manner where substantially all the risks and rewards of ownership are transferred in the transaction. The Corporation would derecognize a financial liability when its contractual obligations are discharged, cancelled, or expired.

Offsetting of financial instruments

A financial asset and a financial liability shall be offset and the net amount presented in the statement of financial position when the Corporation: i) currently has a legally enforceable right to set off the recognized amounts; and ii) intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

f) Share based payments

The Corporation issued equity-settled share-based payments to employees and other individuals which are subject to service conditions. The fair value of equity-settled share-based payments is measured at the date of grant using the Black Scholes option pricing model and expense is recognized in general and administrative expense as appropriate in the statement of loss and comprehensive loss over the period during which service conditions are required to be met or immediately where no performance or service criteria exist. Inputs include share price on date of grant, exercise price, expected volatility which is estimated based on historical price trends, dividends, estimated forfeiture rate which is based on historical staff turnover, and risk free interest rate. The amount recognized as an expense is adjusted to reflect the actual number of options that vest.

Jasper Mining Corporation

(an exploration stage corporation)

Notes to the Financial Statements

Years ended December 31, 2014 and 2013

3. SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

g) Provisions

A provision is recognized in the statement of financial position when the Corporation has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount can be reliably estimated. The amount recognized as a provision would be the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. If the effect is material, provisions are determined by discounting the expected future cash flows at an appropriate pre-tax discount rate. Future operating costs are not provided for. A provision for onerous contracts is recognized when the expected benefits to be derived by the Corporation from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

h) Decommissioning obligation

The Corporation's activities give rise to dismantling, decommissioning and site disturbance remediation activities. Provision is made for the estimated cost of site restoration and capitalized in the relevant asset category. The Corporation's decommissioning obligation is measured at the present value of management's best estimate of expenditures required to settle the present obligation at the statement of financial position date. Subsequent to the initial measurement, the obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognized as finance expense whereas increases/decreases due to changes in the estimated future cash flows are capitalized. Actual costs incurred upon settlement of the decommissioning obligation are charged against the provision to the extent the provision was established.

Mineral property security deposits have been paid to the Government of British Columbia and are refundable upon reclamation of areas impacted by mineral exploration activities.

i) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Jasper Mining Corporation

(an exploration stage corporation)

Notes to the Financial Statements

Years ended December 31, 2014 and 2013

3. SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

i) Income tax (continued)

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

j) Shares

The Corporation issues common shares and flow-through common shares. Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects. Flow-through common shares are classified as equity. At the time of issuance, the price of the flow-through share is compared to the price of common shares at the date of issuance. This difference is initially recorded as a share premium liability. Resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. Upon spending of the associated flow through expenditures, the share premium liability is eliminated and deferred tax is recorded. The difference between the share premium liability and the deferred income tax liability is recorded as deferred income tax expense.

k) Finance income and expense

Interest income is recognized as it accrues in the statement of loss and comprehensive loss, using the effective interest method.

Finance expense comprises interest expense on flow-through expenditures made under the "look-back rule" and costs to obtain financing.

l) Leases

Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Corporation (a "finance lease"), the asset is treated as if it had been purchased outright. The amount initially recognized as an asset is the lower of the fair value of the leased property and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analyzed between capital and interest. The interest element is charged to the statement of loss and comprehensive loss over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

Jasper Mining Corporation

(an exploration stage corporation)

Notes to the Financial Statements

Years ended December 31, 2014 and 2013

3. SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

l) Leases (continued)

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Corporation (an "operating lease"), the total rentals payable under the lease are charged to the statement of loss and comprehensive loss on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognized as a reduction of the rental expense over the lease term on a straight-line basis.

m) Per share amounts

Basic earnings per share is calculated by dividing the loss attributable to common shareholders of the Corporation by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive instruments such as warrants and options.

4. NEW AND FUTURE ACCOUNTING STANDARDS:

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods beginning on January 1, 2014 or later periods:

New policies adopted:

Effective January 1, 2014, the Corporation adopted the following new standards:

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. 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.

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.

Jasper Mining Corporation

(an exploration stage corporation)

Notes to the Financial Statements

Years ended December 31, 2014 and 2013

4. NEW AND FUTURE ACCOUNTING STANDARDS: (CONTINUED)

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

Future accounting pronouncements:

IFRS 9 Financial Instruments was originally issued in November 2009 then amended in October 2010 and in 2013. IFRS 9 is being released in three phases: 1) Accounting for financial assets and liabilities; 2) Impairment of financial assets; and 3) Hedge accounting. The first phase was released in November 2009 reducing the number of categories and measurement options for financial assets. Entities are required to select the measurement method based on both the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial asset. Requirements for financial liabilities were released in October 2010. The amendments in 2013 include the temporary removal of the mandatory effective date for years beginning January 1, 2015 and the release of the third phase on hedge accounting. Hedge accounting remains optional. The new guidance is intended to improve the disclosure on risk management and provide more options of when to apply hedge accounting. Adoption of this standard is now mandatory for years beginning January 1, 2018.

IFRS 11 Joint Arrangements was amended in May 2014 to include guidance on how to account for an acquisition of a joint interest that constitutes a business under IFRS 3 Business combinations. This amendment is effective for annual periods beginning on or after January 1, 2016. Early adoption is permitted.

IFRS 15 Revenue, which was issued in May 2014, replaces IAS 18 Revenue, IAS 11 Construction Contracts, and other revenue related interpretations. This standard requires revenue recognition upon the transfer of goods or services when control is transferred to the purchaser and additional disclosure. This standard is effective for annual periods beginning on or after January 1, 2017. Early adoption is permitted.

The Corporation is currently reviewing the impact of these standards and does not anticipate a significant impact on the financial statements.

5. 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.

- a) Cash, due from/to related parties, other receivables, mineral property security deposits, trade and other payables and long-term debt:

The fair value of cash, due from/to related parties, other receivables, mineral property security deposits, trade and other payables and long-term debt is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. At December 31, 2014 and 2013, the fair value of these balances approximated their carrying value due to their relatively short terms to maturity.

Jasper Mining Corporation

(an exploration stage corporation)

Notes to the Financial Statements

Years ended December 31, 2014 and 2013

5. DETERMINATION OF FAIR VALUES: (CONTINUED)

b) Investment

Investment represented an equity position of common shares of an inactive private corporation. Fair value was based on the cost of the investees' shares using Level 3 fair value measurement. The investment was sold in 2014 for its cost.

c) Exploration and evaluation assets

The fair value of Exploration and evaluation assets is the estimated amount for which the asset could be exchanged between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The application of the Corporation's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Corporation, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after the expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the profit or loss in the year the new information becomes available.

d) Title to mineral property interest

Although the Corporation has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Corporation's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

e) Borrowing costs

Borrowing costs, which are directly attributable to the purchase and construction of an asset, are included in the cost of the asset. Other borrowing costs are recognized in finance expense in the period incurred.

f) Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Corporation recognizes liabilities and contingencies for anticipated tax audit issues based on the Corporation's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Corporation records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

Jasper Mining Corporation

(an exploration stage corporation)

Notes to the Financial Statements

Years ended December 31, 2014 and 2013

5. DETERMINATION OF FAIR VALUES: (CONTINUED)

g) 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).

The Black-Scholes option pricing model calculations for the years ended December 31, 2014 and 2013 were based on the following significant assumptions:

	2014	2013
Risk-free interest rate	1.18%-1.74%	1.18%-1.74%
Expected forfeitures	0.00%-3.0%	0.00%-3.0%
Expected volatility	133%-149%	133%-149%
Expected life	2.0-5.0 years	2.0-5.0 years
Dividends	Nil	Nil

6. MINERAL PROPERTY SECURITY DEPOSITS

The Corporation is required to make reclamation deposits in respect of its expected rehabilitation obligations. The reclamation deposits represent collateral for possible reclamation activities necessary on mineral properties in connection with the permits required for exploration activities by the Corporation. The reclamation deposits are held in certificates of deposits with maturity dates of 2015-2017 and interest rates of 0.8%-2.25%.

7. INVESTMENT

The Corporation sold its 50% interest in the common shares outstanding in a private company named Jasper Diamonds Inc. to the President of the Corporation for proceeds of \$100. The other 50% was held by the President of the Corporation.

Jasper Mining Corporation

(an exploration stage corporation)

Notes to the Financial Statements

Years ended December 31, 2014 and 2013

8. 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	\$ 123,387	\$ 96,125	\$ 219,512
Dispositions	–	(55,920)	(55,920)
As at December 31, 2014	123,387	40,205	163,592
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
Dispositions	–	(38,194)	(38,194)
Depreciation	–	8,231	8,231
As at December 31, 2014	\$ –	\$ 29,232	\$ 29,232
Net book value			
As at December 31, 2013	\$ 123,387	\$ 36,930	\$ 160,317
As at December 31, 2014	\$ 123,387	\$ 10,973	\$ 134,360

During the year ended December 31, 2014, long term debt in the amount of \$21,670 was settled by the transfer of ownership of a vehicle, which had a carrying value of \$17,726. In addition, the Corporation received an insurance claim of \$9,870, subsequent to year end which was added to the carrying value, resulting in a gain on settlement of \$13,814. During the year ended December 31, 2013, accounts payable in the amount of \$19,151 was settled by the transfer of ownership of a vehicle, which had a carrying value of \$4,263, resulting in a gain on settlement of \$14,888. The gain is calculated based on the difference between the net disposal proceeds, which is estimated to be the fair value of the accounts payable settled, and the carrying value of the asset transferred.

Jasper Mining Corporation

(an exploration stage corporation)

Notes to the Financial Statements

Years ended December 31, 2014 and 2013

9. 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	\$ 3,654,811	\$ 3,096,395	\$ 1,049,262	\$ 7,800,468
Disposition	–	–	(100,000)	(100,000)
Acquisition expenditures	–	–	8,108	8,108
As at December 31, 2014	3,654,811	3,096,395	957,370	7,708,576
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	3,540,944	3,044,695	913,920	7,499,559
Acquisition impairment	–	–	21,930	21,930
As at December 31, 2014	\$ 3,540,944	\$ 3,044,695	\$ 935,850	\$ 7,521,489
Carrying value				
As at 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
As at December 31, 2014				
Acquisition	\$ 113,867	\$ 51,700	\$ 21,520	\$ 187,087
Exploration	–	–	–	–
	\$ 113,867	\$ 51,700	\$ 21,520	\$ 187,087

Other properties are concentrated in the Irony and Sawyer areas of British Columbia.

Jasper Mining Corporation

(an exploration stage corporation)

Notes to the Financial Statements

Years ended December 31, 2014 and 2013

9. EXPLORATION AND EVALUATION ASSETS: (CONTINUED)

As at December 31, 2014, the Corporation completed an impairment review on its E&E assets and determined there was an impairment of \$21,930 (2013 - \$5,212). Under IAS 36, the recoverable amount is defined as the higher of an asset's "fair value less cost to sell" and its "value-in-use." As the Corporation's mining properties are considered early stage exploration minerals properties without defined resources, the Corporation does not have the relevant data to determine the property's recovery value under either accounting method. Taking into account present market conditions, management's decisions to suspend further explorations activities and to look for outside parties for potential sale and/or joint venture, the Corporation's best estimate for recoverable value is \$187,087, which represents the expenditures incurred to acquire and retain title to the Corporation's prospects.

During the three months ended June 30, 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.

10. TRADE AND OTHER PAYABLES:

	December 31, 2014	December 31, 2013
Trade payables	\$ 170,624	\$ 172,228
Accruals	26,000	37,000
Flow-through share interest	117,266	111,682
	\$ 313,890	\$ 320,910

During the year ended December 31, 2013, accounts payable in the amount of \$26,034 were settled by the transfer of ownership of a vehicle for \$19,151, which had a carrying value of \$4,263; resulting in a gain on settlement of \$14,888 and \$6,884 of debt conversion (Note 13).

11. 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. During the year ended December 31, 2014, long term debt in the amount of \$21,670 was settled by the transfer of ownership of a vehicle, which had a carrying value of \$17,726. In addition, the Corporation received an insurance claim of \$9,870, subsequent to year end which was deducted from the carrying value, resulting in a gain on settlement of \$13,814. Therefore, as at December 31, 2014, the balance of the loan outstanding was \$nil (December 31, 2013 - \$30,711).

Jasper Mining Corporation

(an exploration stage corporation)

Notes to the Financial Statements

Years ended December 31, 2014 and 2013

12. DEFERRED TAX:

The Corporation's computation of income taxes for the years ended December 31 is as follows:

	2014	2013
Loss for the year before income taxes	\$ (158,517)	\$ (117,860)
Anticipated income tax reduction at 25.0% (2013 – 25.0%)	\$ (39,629)	\$ (29,465)
Share-based compensation and other non-deductible items	4,151	12,049
Change in unrecognized deferred tax asset	(13,608)	17,315
Recovery from flow- through share premium	–	(14,380)
Other	49,086	101
Deferred income tax reduction	\$ –	\$ (14,380)
Comprised of:		
Flow-through premium reduction	–	(14,380)
	\$ –	\$ (14,380)

The components of the deferred tax asset (liability) are as follows:

	2014	2013
Non-capital loss carry forwards	\$ 896,373	\$ 891,117
Share issue costs	8,259	13,904
Cumulative eligible capital	11,720	11,720
Mineral properties and deferred exploration costs	676,168	689,388
	1,592,520	1,606,129
Unrecognized deferred tax asset	(1,592,520)	(1,606,129)
	\$ –	\$ –

As at December 31, 2014, the Corporation has approximately \$2,900,000 (2012 – \$3,100,000) in tax pools and \$3,600,000 (December 31, 2013 – \$3,500,000) in non-capital losses available for deduction against future taxable income. The non-capital losses expire between 2015 and 2033 as follows:

Expiry	Losses
2015	300,000
2026	700,000
2027	400,000
2028	600,000
2030	500,000
2031	400,000
2032	300,000
2033	200,000
2034	200,000
	\$ 3,600,000

The deferred income tax assets have not been recognized as their recovery is uncertain.

Jasper Mining Corporation

(an exploration stage corporation)

Notes to the Financial Statements
Years ended December 31, 2014 and 2013

13. SHARE CAPITAL:

AUTHORIZED:

The Corporation is authorized to issue an unlimited number of common shares, issuable in series.

ISSUED:

Common Shares	Number of Shares		Amount
Balance – January 1, 2013	73,437,499	\$	9,384,887
Unit private placement (a)	728,572		42,007
Debt conversion (b)	137,682		6,884
Share issue costs	–		(1,880)
Balance – December 31, 2013	74,303,753	\$	9,431,898
Consolidation of common shares (c)	(65,015,777)		–
Unit private placement (d)	1,300,000		43,017
Share issue costs	–		(4,155)
Balance – December 31, 2014	10,587,976	\$	9,470,760

- a)** In July 2013, the Corporation completed a private placement for a total of 728,572 units at \$0.07 per unit for gross proceeds of \$51,000. 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 \$0.12 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 \$8,993 with the \$42,007 balance of proceeds ascribed to common shares
- b)** In December 2013, the Corporation approved the conversion of existing accounts payable from debt to equity. The total amount of outstanding payable extinguished by the Corporation was in the amount of \$6,884 for 137,682 common shares. The conversion was recorded at \$0.05 per share which was \$0.02 above the trading price of the shares as at the date of the conversion.
- c)** In July 2014, the Corporation passed a directors' resolution to consolidate its present issued and outstanding common shares on an 8 to 1 basis. The total outstanding shares as at that date was 74,303,753 which was consolidated to 9,287,976. The Corporation filed all necessary filings with the regulatory authorities.
- d)** In October 2014, the Corporation completed a private placement for a total of 1,300,000 units at \$0.05 per unit for gross proceeds of \$65,000. 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 \$0.10 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 \$21,983 with the \$43,017 balance of proceeds ascribed to common shares.

Jasper Mining Corporation

(an exploration stage corporation)

Notes to the Financial Statements

Years ended December 31, 2014 and 2013

14. 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 – December 31, 2013	739,286	\$	28,054
Expired (b)	(156,250)		(19,061)
Consolidation of common shares (c)	(537,500)		–
Issued (d)	650,000		21,983
Balance – December 31, 2014	695,536	\$	30,976

- a) In July 2013, the Corporation issued 364,286 warrants with an exercise price of \$0.12 per warrant and a term of 2 years. The Black-Scholes pricing model was used to estimate the fair value of the warrants granted using a forfeiture rate of nil, a dividend yield of nil, interest rate of 1.18%, volatility of 133% and an expected life of 2 years resulting in a fair value of \$8,993.
- b) During 2014, 156,250 warrants expired unexercised and \$19,061 was allocated to contributed surplus.
- c) In July 2014, the Corporation has passed a directors' resolution to consolidate its present issued and outstanding common shares on an 8 to 1 basis. The total outstanding warrants as at that date was 614,286 which was consolidated to 76,786.
- d) In October 2014, the Corporation issued 650,000 warrants with an exercise price of \$0.10 per warrant and a term of 2 years. The Black-Scholes pricing model was used to estimate the fair value of the warrants granted using a forfeiture rate of nil, a dividend yield of nil, interest rate of 1.18%, volatility of 133% and an expected life of 2 years resulting in a fair value of \$21,983.

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

Exercise price \$	Number outstanding and exercisable	Weighted average contractual life remaining (years)	Weighted average exercise price \$
0.96	45,536	0.6	0.06
0.10	650,000	1.8	0.09
	695,536	1.72	0.16

Jasper Mining Corporation

(an exploration stage corporation)

Notes to the Financial Statements

Years ended December 31, 2014 and 2013

15. SHARE-BASED PAYMENTS:

The Corporation has a stock option plan for up to 11,650,000 shares, 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.

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 – December 31, 2013	4,600,000	\$	0.16
Consolidation of shares (Note 1)	(4,025,000)		–
Expired	(46,250)		(1.27)
Balance – December 31, 2014	528,750	\$	1.32

In July 2013, the Corporation granted 1,500,000 stock options exercisable at \$0.10 to directors and officers. The options vested one-half immediately and the balance one year from the date of grant and expire in July 2018. The fair value of these options was estimated at \$65,419 (\$0.0423 per option). The Black-Scholes option pricing model calculations for the year December 2013 were based on the following significant assumptions:

	December 31, 2013
Share price	\$0.05
Exercise price	\$0.10
Risk-free interest rate	1.74%
Expected forfeiture rate	3.0%
Expected volatility	149%
Expected life	5.0 years
Dividends	nil

Jasper Mining Corporation

(an exploration stage corporation)

Notes to the Financial Statements

Years ended December 31, 2014 and 2013

15. SHARE-BASED PAYMENTS: (CONTINUED)

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

Exercise price \$	Number outstanding	Weighted average contractual life remaining (years)	Weighted average exercise price \$	Number exercisable
2.16	141,250	1.3	0.58	141,250
1.20	212,500	0.6	0.48	212,500
0.80	175,000	3.5	0.26	175,000
	528,750	1.7	1.32	528,750

During the years ended December 31, 2014 the Corporation's share-based compensation expense was \$15,865 (2013 – \$47,596), of which all was recognized in general and administrative expenses in the statement of loss and comprehensive loss.

16. PER SHARE AMOUNTS:

Basic net loss per share is calculated as follows:

	2014	2013
Net loss for the year	\$ (158,517)	\$ (88,592)
Weighted average number of shares:		
Issued common shares at beginning of year	74,303,753	73,437,499
Shares issued	245,754	377,669
Consolidation of shares (Note 13 c)	(65,015,784)	(64,595,053)
Basic weighted average shares	9,533,723	9,220,115
Net loss per share – basic and diluted:	\$ (0.02)	\$ (0.01)

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

Jasper Mining Corporation

(an exploration stage corporation)

Notes to the Financial Statements

Years ended December 31, 2014 and 2013

17. FINANCE INCOME AND EXPENSE:

	2014	2013
Finance income:		
Interest on cash held in bank accounts	\$ 308	\$ 369
Finance expense:		
Part XII.6 interest on flow-through expenditures incurred under the look-back rule	(5,584)	(5,076)
Interest on long term debt	(1,251)	(2,306)
	(6,835)	(7,382)
Net finance expense	\$ (6,527)	\$ (7,013)

18. 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 year ended December 31, 2014, \$21,000 (December 31, 2013 - \$21,000) was charged for rent by a company owned by the President of the Corporation. Included in trade and other payables at December 31, 2014 is \$49,393 (December 31, 2013 - \$25,725) due to this company.
- c) During the year ended December 31, 2014, a \$nil advance (December 31, 2013 - \$20,000) was provided by the President of the Corporation. At December 31, 2014, there is \$21,279 (December 31, 2013 - \$18,636) in accounts payable for expense advances from the President of the Corporation.
- d) During the year ended December 31, 2014, \$21,000 (December 31, 2013 - \$21,000) was charged by a company owned by the President of the Corporation for administrative services. Included in trade and other payables at December 31, 2014 is \$37,775 (December 31, 2013 - \$38,393) due to this company.

Jasper Mining Corporation

(an exploration stage corporation)

Notes to the Financial Statements

Years ended December 31, 2014 and 2013

19. CHANGE IN NON-CASH WORKING CAPITAL:

		2014		2013
Trade and other receivables	\$	(794)	\$	12,042
Trade and other payables		(7,019)		62,421
	\$	(7,813)	\$	74,463

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

		2014		2013
Operating	\$	(6,123)	\$	83,192
Investing		(1,690)		(8,729)
	\$	(7,813)	\$	74,463

20. COMMITMENTS:

Except as disclosed elsewhere in these financial statements, the Corporation had a rental commitment as at December 31, 2014 of \$21,000 per year on office premises which expires on May 31, 2016.

21. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT:

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.

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.

Jasper Mining Corporation

(an exploration stage corporation)

Notes to the Financial Statements

Years ended December 31, 2014 and 2013

21. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT: (CONTINUED)

b) Liquidity risk (continued)

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 December 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.

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.

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

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

Jasper Mining Corporation

(an exploration stage corporation)

Notes to the Financial Statements

Years ended December 31, 2014 and 2013

22. 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 \$310,920 (December 31, 2013 – deficit of \$356,139) and shareholders' equity of \$61,161 (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 year ended December 31, 2014. The Corporation has not paid or declared any dividends since the date of incorporation, nor are any contemplated in the foreseeable future.