

Jasper Mining Corporation
(an exploration stage corporation)

Financial Statements

For the three and nine months ended September 30, 2017 and 2016

(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 and nine months ended September 30, 2017 and 2016.

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

| | September 30, 2017 | December 31, 2016 |
|---|-----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash | \$ 8,515 | \$ 19,523 |
| Other receivables | 1,628 | 2,925 |
| | <u>10,143</u> | <u>22,448</u> |
| Non-current assets | | |
| Mineral property security deposits | 50,876 | 50,503 |
| Property and equipment (Note 4) | 130,311 | 131,165 |
| | <u>181,187</u> | <u>181,668</u> |
| Total assets | \$ 191,330 | \$ 204,116 |
| Liabilities and Shareholders' Equity | | |
| Current liabilities | | |
| Trade and other payables | \$ 452,096 | \$ 418,951 |
| Due to related parties (Note 9) | 64,490 | 64,490 |
| | <u>516,586</u> | <u>483,441</u> |
| Shareholders' equity | | |
| Share capital (Note 5) | 9,537,720 | 9,518,243 |
| Warrants (Note 6) | 63,232 | 58,482 |
| Contributed surplus | 7,213,786 | 7,188,640 |
| Deficit | (17,139,994) | (17,044,690) |
| | <u>(325,256)</u> | <u>(279,325)</u> |
| Total liabilities and shareholders' equity | \$ 191,330 | \$ 204,116 |

Going concern (Note 1)
Subsequent event (Note 13)

Jasper Mining Corporation

(an exploration stage corporation)

Interim Statements of Loss and Comprehensive Loss
(unaudited)

| | Three months ended September 30 | | Nine months ended September 30 | |
|---|------------------------------------|-------------|-----------------------------------|-------------|
| | 2017 | 2016 | 2017 | 2016 |
| Expenses | | | | |
| General and administrative (Note 7) | \$ 22,627 | \$ 17,717 | \$ 76,246 | \$ 80,145 |
| Exploration and evaluation expense | 2,893 | 2,893 | 5,269 | 5,055 |
| Depreciation (Note 4) | 284 | 352 | 854 | 1,058 |
| Share-based compensation | 2,495 | 3,032 | 13,308 | 9,096 |
| | (28,299) | (23,994) | (95,677) | (95,354) |
| Finance income | 212 | 59 | 373 | 182 |
| Net loss and comprehensive loss for the period | \$ (28,087) | \$ (23,935) | \$ (95,304) | \$ (95,172) |
| Net loss per share | | | | |
| Basic and diluted (Note 8) | \$ (0.00) | \$ (0.00) | \$ (0.01) | \$ (0.01) |

Jasper Mining Corporation
(an exploration stage corporation)
Interim Statements of Changes in Equity

| | Number of shares | Share Capital | Warrants | Contributed Surplus | Deficit | Total Shareholders' Equity |
|-----------------------------|---------------------|------------------|----------|------------------------|----------------|----------------------------------|
| December 31, 2016 | 12,887,976 | \$9,518,243 | \$58,482 | \$7,188,640 | \$(17,044,690) | \$(279,325) |
| Unit private placement | 616,667 | 20,412 | 16,588 | – | – | 37,000 |
| Share issue costs | – | (935) | – | – | – | (935) |
| Share-based compensation | – | – | – | 13,308 | – | 13,308 |
| Expiration of warrants | – | – | (11,838) | 11,838 | – | – |
| Net loss for the period | – | – | – | – | (95,304) | (95,304) |
| September 30, 2017 | 13,504,643 | \$9,537,720 | \$63,232 | \$7,213,786 | \$(17,139,994) | \$(325,256) |

| | Number of shares | Share Capital | Warrants | Contributed Surplus | Deficit | Total Shareholders' Equity |
|-----------------------------|---------------------|------------------|----------|------------------------|----------------|----------------------------------|
| December 31, 2015 | 11,087,976 | \$9,482,447 | \$33,821 | \$7,157,561 | \$(16,884,457) | \$(210,628) |
| Unit private placement | 800,000 | 22,111 | 17,889 | – | – | 40,000 |
| Share issue costs | – | (2,690) | – | – | – | (2,690) |
| Share-based compensation | – | – | – | 9,096 | – | 9,096 |
| Net loss for the period | – | – | – | – | (95,172) | (95,172) |
| September 30, 2016 | 11,887,976 | \$9,501,868 | \$51,710 | \$7,166,657 | \$(16,979,629) | \$(259,394) |

Jasper Mining Corporation

(an exploration stage corporation)

Interim Statements of Cash Flows

(unaudited)

| | Three months ended September 30 | | Nine months ended September 30 | |
|---|------------------------------------|-------------|-----------------------------------|-------------|
| | 2017 | 2016 | 2017 | 2016 |
| Cash flows used in operating activities | | | | |
| Net loss for the period | \$ (28,087) | \$ (23,935) | \$ (95,304) | \$ (95,172) |
| Add back (deduct) non-cash items: | | | | |
| Depreciation | 284 | 352 | 854 | 1,058 |
| Share-based compensation | 2,495 | 3,032 | 13,308 | 9,096 |
| Change in non-cash working capital (Note 10) | 15,320 | 19,286 | 34,442 | 47,860 |
| | (9,988) | (1,265) | (46,700) | (37,158) |
| Cash flows from financing activities | | | | |
| Share issuance proceeds | – | – | 37,000 | 40,000 |
| Share issuance costs | – | – | (935) | (2,690) |
| | – | – | 36,065 | 37,310 |
| Cash flows from investing activities | | | | |
| Mineral property security deposits | (213) | (58) | (373) | (181) |
| | (213) | (58) | (373) | (181) |
| Change in cash | (10,201) | (1,323) | (11,008) | (29) |
| Cash, beginning of period | 18,716 | 2,115 | 19,523 | 821 |
| Cash, end of period | \$ 8,515 | \$ 792 | \$ 8,515 | \$ 792 |
| Cash interest paid | \$ – | \$ – | \$ – | \$ – |

Jasper Mining Corporation

(an exploration stage corporation)

Notes to the Interim Financial Statements

For the three and nine months ended September 30, 2017 and 2016

(unaudited)

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 its claims.

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

- a) As at September 30, 2017, the Corporation has a working capital deficiency of \$506,443 and no sources of revenue from its resource assets;
- b) There are significant future capital expenditures required to further explore and develop the Corporation's resource assets; and
- c) The current equity market environment may hamper the Corporation's ability to raise funds for its exploration programs.

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

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

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

Jasper Mining Corporation

(an exploration stage corporation)

Notes to the Interim Financial Statements

For the three and nine months ended September 30, 2017 and 2016

(unaudited)

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, 2016.

These financial statements were authorized for issue by the Board of Directors on November 29th, 2017.

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.

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, 2016.

4. PROPERTY AND EQUIPMENT:

| | Land | Equipment | Total |
|--|------------|-----------|------------|
| Cost | | | |
| As at December 31, 2016 and September 30, 2017 | \$ 123,387 | \$ 40,205 | \$ 163,592 |
| Accumulated depreciation | | | |
| As at December 31, 2016 | \$ – | \$ 32,427 | \$ 32,427 |
| Depreciation | – | 854 | 854 |
| As at September 30, 2017 | \$ – | \$ 33,281 | \$ 33,281 |
| Net book value | | | |
| As at December 31, 2016 | \$ 123,387 | \$ 7,778 | \$ 131,165 |
| As at September 30, 2017 | \$ 123,387 | \$ 6,924 | \$ 130,311 |

Jasper Mining Corporation

(an exploration stage corporation)

Notes to the Interim Financial Statements

For the three and nine months ended September 30, 2017 and 2016

(unaudited)

5. SHARE CAPITAL:

ISSUED:

| | Number of Shares | | Value |
|------------------------------|---------------------|----|-----------|
| Balance – December 31, 2016 | 12,887,976 | \$ | 9,518,243 |
| Unit private placement (a) | 616,667 | | 20,412 |
| Share issue costs | – | | (935) |
| Balance – September 30, 2017 | 13,504,643 | \$ | 9,537,720 |

- a) In April 2017, the Corporation completed a private placement to a non-arm's length investor for a total of 616,667 units at \$0.06 per unit for gross proceeds of \$37,000. 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 \$16,588 with the \$20,412 balance of proceeds ascribed to common shares. The warrants were valued using the Black Scholes pricing model with the following significant assumptions:

| | |
|-------------------------|---------|
| Share price | \$0.06 |
| Exercise price | \$0.10 |
| Risk-free interest rate | 0.74% |
| Expected volatility | 148% |
| Expected life | 2 years |
| Dividends | Nil |

6. WARRANTS:

| | Number of warrants | | Value |
|------------------------------|-----------------------|----|----------|
| Balance – December 31, 2016 | 2,300,000 | \$ | 58,482 |
| Expired | (500,000) | | (11,838) |
| Issued (Note 5(a)) | 308,334 | | 16,588 |
| Balance – September 30, 2017 | 2,108,334 | \$ | 63,232 |

Jasper Mining Corporation

(an exploration stage corporation)

Notes to the Interim Financial Statements

For the three and nine months ended September 30, 2017 and 2016

(unaudited)

6. WARRANTS: (CONTINUED)

Summary information with respect to warrants outstanding at September 30, 2017 is provided below:

| Exercise price \$ | Number exercisable | Number outstanding | Weighted average contractual life remaining (years) | Weighted average exercise price \$ |
|----------------------|-----------------------|-----------------------|---|--|
| 0.10 | 2,108,334 | 2,108,334 | 0.95 | 0.10 |

7. SHARE-BASED PAYMENTS:

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

| | Number of options | Weighted- average exercise price |
|------------------------------|----------------------|--|
| Balance – December 31, 2016 | 900,000 | \$ 0.22 |
| Issued (a) | 300,000 | 0.08 |
| Balance – September 30, 2017 | 1,200,000 | \$ 0.18 |

In June 2017, the Corporation granted 300,000 stock options exercisable at \$0.08 to directors and officers. The options vested one-half immediately and the balance one year from the date of grant and expire in June 2022. The fair value of these options was estimated at \$19,963 (\$0.0685 per option). The Black-Scholes option pricing model calculations were based on the following significant assumptions:

| | |
|--------------------------|-----------|
| Share price | \$0.08 |
| Exercise price | \$0.08 |
| Risk-free interest rate | 0.93% |
| Expected forfeiture rate | 2.8% |
| Expected volatility | 130% |
| Expected life | 5.0 years |
| Dividends | Nil |

Summary information with respect to options outstanding at September 30, 2017 is provided below:

| Exercise price \$ | Number outstanding | Weighted average contractual life remaining (years) | Weighted average exercise price \$ | Number Exercisable |
|----------------------|-----------------------|---|--|-----------------------|
| 0.80 | 150,000 | 0.8 | 0.80 | 150,000 |
| 0.10 | 750,000 | 3.0 | 0.10 | 750,000 |
| 0.08 | 300,000 | 4.7 | 0.08 | 150,000 |
| | 1,200,000 | 3.15 | 0.18 | 1,050,000 |

Jasper Mining Corporation

(an exploration stage corporation)

Notes to the Interim Financial Statements

For the three and nine months ended September 30, 2017 and 2016

(unaudited)

8. PER SHARE AMOUNTS:

Basic net loss per share is calculated as follows:

| | Three months ended September 30 | | Nine months ended September 30 | |
|--|------------------------------------|-------------|-----------------------------------|-------------|
| | 2017 | 2016 | 2017 | 2016 |
| Net loss for the period | \$ (28,087) | \$ (23,935) | \$ (95,304) | \$ (95,172) |
| Weighted average number of shares: | | | | |
| Issued common shares at beginning of period | 12,887,976 | 11,087,976 | 12,887,976 | 11,087,976 |
| Shares issued | 616,667 | 800,000 | 370,452 | 562,044 |
| Basic weighted average shares | 13,504,643 | 11,887,976 | 13,258,428 | 11,650,020 |
| Net loss per share – basic and diluted | \$ (0.00) | \$ (0.00) | \$ (0.01) | \$ (0.01) |

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

9. RELATED PARTY TRANSACTIONS:

Except as disclosed elsewhere in these financial statements, the Corporation had the following related party transactions in the normal course of operations and measured at the exchange amount:

- a) Amounts due to related parties consist of amounts due from shareholders, officers and directors of the Corporation and companies controlled or significantly influenced by shareholders and officers of the Corporation. The amounts are non-interest bearing, unsecured and have no fixed terms of repayment.
- b) During the three and nine months ended September 30, 2017, \$5,250 and \$15,750 (September 30, 2016 - \$5,250 and \$15,750) was charged for rent by a company owned by the President of the Corporation. Included in trade and other payables at September 30, 2017 is \$98,413 (December 31, 2016 - \$81,875) due to this company.
- c) At September 30, 2017, there is \$41,490 (December 31, 2016 - \$41,490) in due to related parties for expense advances and \$23,000 due to related parties (December 31, 2016 - \$23,000) controlled by the President of the Corporation.
- d) During the three and nine months ended September 30, 2017, \$5,250 and \$15,750 (September 30, 2016 - \$5,250 and \$15,750) was charged by a company owned by the President of the Corporation for administrative services. Included in trade and other payables at September 30, 2017 is \$109,087 (December 31, 2016 - \$91,500) due to this company

Jasper Mining Corporation

(an exploration stage corporation)

Notes to the Interim Financial Statements

For the three and nine months ended September 30, 2017 and 2016

(unaudited)

10. CHANGE IN NON-CASH WORKING CAPITAL:

| | Three months ended | | Nine months ended | |
|--------------------------|--------------------|-----------|-------------------|------------|
| | September 30 | | September 30 | |
| | 2017 | 2016 | 2017 | 2016 |
| Other receivables | \$ (329) | \$ (614) | \$ 1,297 | \$ (1,312) |
| Due to related parties | – | 10,000 | -- | 20,209 |
| Trade and other payables | 15,649 | 9,900 | 33,145 | 28,963 |
| | \$ 15,320 | \$ 19,286 | \$ 34,442 | \$ 47,860 |

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

| | Three months ended | | Nine months ended | |
|-----------|--------------------|-----------|-------------------|-----------|
| | September 30 | | September 30 | |
| | 2017 | 2016 | 2017 | 2016 |
| Operating | \$ 15,320 | \$ 19,286 | \$ 34,442 | \$ 47,860 |

11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT:

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

a) Credit risk

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

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

b) Liquidity risk

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

Jasper Mining Corporation

(an exploration stage corporation)

Notes to the Interim Financial Statements

For the three and nine months ended September 30, 2017 and 2016

(unaudited)

11. 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 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 September 30, 2017, 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) Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Corporation is exposed to interest rate risk primarily through its variable interest rate on its cash and mineral property security term deposits. For the three and nine months ended September 30, 2017 and 2016, if interest rates had been 1% higher with all other variables held constant, the change in the loss for the periods would have been insignificant.

The Corporation did not have any interest rate contracts outstanding at September 30, 2017 or December 31, 2016.

12. 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 \$506,443 (December 31, 2016 – deficit of \$460,993) and shareholders' equity (deficit) of (\$325,256) (December 31, 2016 – (\$279,325)). 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.

Jasper Mining Corporation

(an exploration stage corporation)

Notes to the Interim Financial Statements

For the three and nine months ended September 30, 2017 and 2016

(unaudited)

12. CAPITAL MANAGEMENT: (CONTINUED)

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 nine months ended September 30, 2017. The Corporation has not paid or declared any dividends since the date of incorporation, nor are any contemplated in the foreseeable future.

13. SUBSEQUENT EVENT:

The Corporation is proposing to convert approximately \$215,207 of debt into common shares at \$0.10 per share. The debt is owed to non-arms-length parties and is subject to shareholder and regulatory approvals.