

Jasper Mining Corporation
(an exploration stage corporation)

Financial Statements

December 31, 2016

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 MacKay 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 28th, 2017

"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, 2016 and December 31, 2015, 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.

Auditors' 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 auditors' 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 auditors consider 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, 2016 and December 31, 2015 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.

(Signed) "Crowe MacKay LLP"

**Calgary, Alberta
April 28, 2017**

Chartered Professional Accountants

Jasper Mining Corporation

(an exploration stage corporation)

Statements of Financial Position

As at December 31

	2016	2015
Assets		
Current assets		
Cash	\$ 19,523	\$ 821
Other receivables	2,925	614
	22,448	1,435
Non-current assets		
Mineral property security deposits (Note 5)	50,503	50,261
Property and equipment (Note 6)	131,165	132,576
	181,668	182,837
Total assets	\$ 204,116	\$ 184,272
Liabilities and Shareholders' Equity		
Current liabilities		
Trade and other payables (Note 7)	\$ 418,951	\$ 350,619
Due to related parties (Note 14)	64,490	44,281
	483,441	394,900
Shareholders' equity		
Share capital (Note 9)	9,518,243	9,482,447
Warrants (Note 10)	58,482	33,821
Contributed surplus	7,188,640	7,157,561
Deficit	(17,044,690)	(16,884,457)
	(279,325)	(210,628)
Total liabilities and shareholders' equity	\$ 204,116	\$ 184,272

Going concern (Note 1)

Subsequent events (Note 18)

On behalf of the Board

signed "Director"

signed "Director"

Jasper Mining Corporation

(an exploration stage corporation)

Statements of Loss and Comprehensive Loss

Years ended December 31

	2016	2015
Expenses		
General and administrative (Note 11)	\$ 147,853	\$ 111,035
Exploration and evaluation expense (Note 4)	5,055	192,050
Depreciation (Note 6)	1,411	1,784
	154,319	304,869
Finance income	242	258
Finance expense	(6,156)	(5,863)
Net finance expense (Note 13)	(5,914)	(5,605)
Loss before income taxes	(160,233)	(310,474)
Net loss and comprehensive loss for the year	\$ (160,233)	\$ (310,474)
Net loss per share		
Basic and diluted (Note 12)	\$ (0.01)	\$ (0.03)

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, 2015	11,087,976	\$9,482,447	\$33,821	\$7,157,561	\$(16,884,457)	\$(210,628)
Unit private placements	1,800,000	43,356	46,644	–	–	90,000
Share issue costs	–	(7,560)	–	–	–	(7,560)
Share-based compensation	–	–	–	9,096	–	9,096
Expiration of warrants	–	–	(21,983)	21,983	–	–
Net loss for the year	–	–	–	–	(160,233)	(160,233)
December 31, 2016	12,887,976	\$9,518,243	\$58,482	\$7,188,640	\$(17,044,690)	\$(279,325)

	Number of shares	Share Capital	Warrants	Contributed Surplus	Deficit	Total Shareholders' Equity
December 31, 2014	10,587,976	\$9,470,760	\$30,976	\$7,133,408	\$(16,573,983)	\$61,161
Unit private placements	500,000	13,162	11,838	–	–	25,000
Share issue costs	–	(1,475)	–	–	–	(1,475)
Share-based compensation	–	–	–	15,160	–	15,160
Expiration of warrants	–	–	(8,993)	8,993	–	–
Net loss for the year	–	–	–	–	(310,474)	(310,474)
December 31, 2015	11,087,976	\$9,482,447	\$33,821	\$7,157,561	\$(16,884,457)	\$(210,628)

Jasper Mining Corporation

(an exploration stage corporation)

Statements of Cash Flows

Years ended December 31

	2016	2015
Cash flows used in operating activities		
Net loss for the year	\$ (160,233)	\$ (310,474)
Add back (deduct) non-cash items:		
Depreciation	1,411	1,784
Share-based compensation	9,096	15,160
Impairment on exploration and evaluation assets	–	192,050
Change in non-cash working capital (Note 15)	86,230	34,108
	(63,496)	(67,372)
Cash flows from financing activities		
Share issuance proceeds	90,000	25,000
Share issuance costs	(7,560)	(1,475)
Change in non-cash working capital (Note 15)	–	480
	82,440	24,005
Cash flows from investing activities		
Mineral property security deposits	(242)	(257)
Exploration and evaluation expenditures	–	(4,963)
Insurance settlement on vehicle	–	9,870
Change in non-cash working capital (Note 15)	–	2,801
	(242)	7,451
Change in cash	18,702	(35,916)
Cash, beginning of year	821	36,737
Cash, end of year	\$ 19,523	\$ 821
Cash interest paid	\$ –	\$ –

Jasper Mining Corporation

(an exploration stage corporation)

Notes to the Financial Statements

Years ended December 31, 2016 and 2015

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 December 31, 2016, the Corporation has a working capital deficiency of \$460,993 and no sources of revenue from its resource assets;
- b) There are significant future capital expenditures required to further explore and develop the Corporation's resource assets; and
- c) The current equity market environment may hamper the Corporation's ability to raise funds for its exploration programs.

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

- a) The Corporation will continue to seek appropriate financing initiatives that benefit the Corporation and its shareholders.
- b) The Corporation will continue to review opportunities to enter into joint venture or farm-out arrangements or the potential sale of existing resource interests.
- c) In April 2017, the Corporation completed a private placements to a non-arm's length investor for gross cash proceeds of \$37,000 (Note 18).

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 Financial Statements

Years ended December 31, 2016 and 2015

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 28th, 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.

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.

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, 2016 and 2015

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.

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.

Jasper Mining Corporation

(an exploration stage corporation)

Notes to the Financial Statements

Years ended December 31, 2016 and 2015

2. BASIS OF PREPARATION: (CONTINUED)

d) Use of estimates and judgments: (continued)

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, 2016 and 2015

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%
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.

c) 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.

Jasper Mining Corporation

(an exploration stage corporation)

Notes to the Financial Statements

Years ended December 31, 2016 and 2015

3. SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

c) Impairment (continued)

i) Financial assets: (continued)

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, 2016, the Corporation did not have any other non-financial assets.

d) Financial instruments

The Corporation recognizes a financial asset or a financial liability on 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 to related parties, other receivables, mineral property security deposits, trade and other payables.

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.
- 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 and other receivables and mineral property security deposits.
- 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 due to related parties.

Jasper Mining Corporation

(an exploration stage corporation)

Notes to the Financial Statements

Years ended December 31, 2016 and 2015

3. SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

d) Financial instruments (continued)

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.

e) 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.

f) 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.

Jasper Mining Corporation

(an exploration stage corporation)

Notes to the Financial Statements

Years ended December 31, 2016 and 2015

3. SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

g) 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.

h) 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.

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.

Jasper Mining Corporation

(an exploration stage corporation)

Notes to the Financial Statements

Years ended December 31, 2016 and 2015

3. SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

i) 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.

j) 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.

k) Earnings per share

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.

l) Warrants

The Corporation uses the fair value method to value any warrants in private placements. The fair value assigned to warrants is recorded as a reduction to share capital and an increase to warrants. When warrants expire unexercised, the fair value of the expired warrants is transferred to contributed surplus.

4. NEW AND FUTURE ACCOUNTING POLICIES:

New policies adopted:

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

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

Jasper Mining Corporation

(an exploration stage corporation)

Notes to the Financial Statements

Years ended December 31, 2016 and 2015

4. NEW AND FUTURE ACCOUNTING POLICIES: (CONTINUED)

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

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

Future accounting pronouncements:

IFRS 9 *Financial Instruments* was issued in July 2014 and will replace IAS 39 *Financial Instruments: recognition and measurement*. IFRS 9 was released in three phases: 1) Accounting for financial assets and liabilities; 2) Impairment of financial assets; and 3) Hedge accounting. IFRS 9 provides for a single model of classifying and measuring financial assets and liabilities and introduces a credit loss impairment model. 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. 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. This standard is effective for annual periods beginning on or after January 1, 2018.

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, 2018. Early adoption is permitted.

IFRS 2 – *Share-based Payments*, in June 2016 the International Accounting Standards Board (IASB) issued the final amendments to IFRS 2 which amended (a) the effects that vesting conditions have on the measurement of a cash-settled share-based payment; (b) the accounting for modification to the terms of a share-based payment that changes the classification of the transaction from cash-settled to equity settled; and (c) classification of share-based payment transactions with net settlement features.

IFRS 16 *Leases*, which was issued in January 2016, introduced a single model of accounting for leases by lessees which requires the recognition of assets and liabilities for most leases and replaces IAS 17 *Leases*. The standard is effective for annual periods beginning on or after January 1, 2019.

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

Jasper Mining Corporation

(an exploration stage corporation)

Notes to the Financial Statements

Years ended December 31, 2016 and 2015

5. 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 in 2017 and interest rates of 0.55%-1.70%.

6. PROPERTY AND EQUIPMENT:

	Land	Equipment	Total
Cost			
As at December 31, 2015 and 2016	\$ 123,387	\$ 40,205	\$ 163,592
Accumulated depreciation			
As at December 31, 2014	\$ —	\$ 29,232	\$ 29,232
Depreciation	—	1,784	1,784
As at December 31, 2015	\$ —	\$ 31,016	\$ 31,016
Depreciation	—	1,411	1,411
As at December 31, 2016	\$ —	\$ 32,427	\$ 32,427
Net book value			
As at December 31, 2015	\$ 123,387	\$ 9,189	\$ 132,576
As at December 31, 2016	\$ 123,387	\$ 7,778	\$ 131,165

7. TRADE AND OTHER PAYABLES:

	December 31, 2016	December 31, 2015
Trade payables	\$ 270,665	\$ 208,490
Accruals	19,000	19,000
Flow-through share interest	129,286	123,129
	\$ 418,951	\$ 350,619

Jasper Mining Corporation

(an exploration stage corporation)

Notes to the Financial Statements
Years ended December 31, 2016 and 2015

8. DEFERRED TAXES:

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

	2016	2015
Loss for the year before income taxes	\$ (160,233)	\$ (310,474)
Anticipated income tax reduction at 26.50% (2015 – 26.0%)	\$ (42,462)	\$ (80,723)
Share-based compensation and other non-deductible items	4,126	5,624
Change in unrecognized deferred tax asset	10,475	119,743
Change in enacted rate change	31,709	(130,290)
Expired losses and other	(3,848)	85,646
Deferred income tax reduction	\$ –	\$ –

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

	2016	2015
Non-capital loss carry forwards	\$ 938,124	\$ 915,671
Share issue costs	2,374	1,339
Cumulative eligible capital	11,720	11,720
Mineral properties and deferred exploration costs	770,521	783,534
	1,722,739	1,712,264
Unrecognized deferred tax asset	(1,722,739)	(1,712,264)
	\$ –	\$ –

As at December 31, 2016, the Corporation has approximately \$3,000,000 (2015 – \$3,000,000) in tax pools and \$3,500,000 (December 31, 2015 – \$3,400,000) in non-capital losses available for deduction against future taxable income. The non-capital losses expire between 2026 and 2036 as follows:

Expiry	Losses
2026	\$ 700,000
2027	400,000
2028	600,000
2030	500,000
2031	400,000
2032	300,000
2033	200,000
2034	200,000
2035	100,000
2036	100,000
	\$ 3,500,000

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, 2016 and 2015

9. SHARE CAPITAL:

ISSUED:

Common Shares	Number of Shares		Amount
Balance – December 31, 2014	10,587,976	\$	9,470,760
Unit private placement (a)	500,000		13,162
Share issue costs	–		(1,475)
Balance – December 31, 2015	11,087,976	\$	9,482,447
Unit private placement (b)	400,000		15,631
Unit private placement (c)	400,000		9,291
Unit private placement (d)	400,000		3,545
Unit private placement (e)	600,000		14,889
Share issue costs	–		(7,560)
Balance – December 31, 2016	12,887,976	\$	9,518,243

- a) In August 2015, the Corporation completed a private placement to a non-arm's length investor for a total of 500,000 units at \$0.05 per unit for gross proceeds of \$25,000. Each unit consisted of one common share and one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at an exercise price of \$0.10 per share for up to two years from the closing date. At the time of the private placement, the fair value of the warrants was estimated to be \$11,838 with the \$13,162 balance of proceeds ascribed to common shares.
- b) In February 2016, the Corporation completed a private placement to a non-arm's length investor for a total of 400,000 units at \$0.05 per unit for gross proceeds of \$20,000. Each unit consisted of one common share and one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at an exercise price of \$0.10 per share for up to two years from the closing date. At the time of the private placement, the fair value of the warrants was estimated to be \$4,369 with the \$15,631 balance of proceeds ascribed to common shares.
- c) In April 2016, the Corporation completed a private placement to a non-arm's length investor for a total of 400,000 units at \$0.05 per unit for gross proceeds of \$20,000. Each unit consisted of one common share and one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at an exercise price of \$0.10 per share for up to two years from the closing date. At the time of the private placement, the fair value of the warrants was estimated to be \$10,709 with the \$9,291 balance of proceeds ascribed to common shares.
- d) In October 2016, the Corporation completed a private placement to a non-arm's length investor for a total of 400,000 units at \$0.05 per unit for gross proceeds of \$20,000. Each unit consisted of one common share and one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at an exercise price of \$0.10 per share for up to two years from the closing date. At the time of the private placement, the fair value of the warrants was estimated to be \$16,455 with the \$3,545 balance of proceeds ascribed to common shares.

Jasper Mining Corporation

(an exploration stage corporation)

Notes to the Financial Statements

Years ended December 31, 2016 and 2015

9. SHARE CAPITAL: (CONTINUED)

- e) In November 2016, the Corporation completed a private placement to a non-arm's length investor for a total of 600,000 units at \$0.05 per unit for gross proceeds of \$30,000. Each unit consisted of one common share and one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at an exercise price of \$0.10 per share for up to two years from the closing date. At the time of the private placement, the fair value of the warrants was estimated to be \$15,111 with the \$14,889 balance of proceeds ascribed to common shares.

10. WARRANTS:

	Number of warrants		Value
Balance – December 31, 2014	695,536	\$	30,976
Expired (a)	(45,536)		(8,993)
Issued (b)	500,000		11,838
Balance – December 31, 2015	1,150,000	\$	33,821
Expired (c)	(650,000)		(21,983)
Issued (d)	400,000		4,369
Issued (e)	400,000		10,709
Issued (f)	400,000		16,455
Issued (g)	600,000		15,111
Balance – December 31, 2016	2,300,000	\$	58,482

- a) During 2015, 45,536 warrants expired unexercised and \$8,993 was allocated to contributed surplus.
- b) In August 2015, the Corporation issued 500,000 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 0.40%, volatility of 155% and an expected life of 2 years resulting in a fair value of \$11,838.
- c) During 2016, 650,000 warrants expired unexercised and \$21,983 was allocated to contributed surplus.
- d) In February 2016, the Corporation issued 400,000 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 0.48%, volatility of 121% and an expected life of 2 years resulting in a fair value of \$4,369.

Jasper Mining Corporation

(an exploration stage corporation)

Notes to the Financial Statements

Years ended December 31, 2016 and 2015

10. WARRANTS: (CONTINUED)

- e) In April 2016, the Corporation issued 400,000 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 0.68%, volatility of 134% and an expected life of 2 years resulting in a fair value of \$10,709.
- f) In October 2016, the Corporation issued 400,000 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 0.68%, volatility of 132% and an expected life of 2 years resulting in a fair value of \$16,455.
- g) In November 2016, the Corporation issued 600,000 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 0.68%, volatility of 128% and an expected life of 2 years resulting in a fair value of \$15,111.

Summary information with respect to warrants outstanding at December 31, 2016 is provided below:

Exercise price \$	Number exercisable	Number outstanding	Weighted average contractual life remaining (years)	Weighted average exercise price \$
0.10	2,300,000	2,300,000	1.38	0.10

11. SHARE-BASED PAYMENTS:

The Corporation has a stock option plan for up to 1,450,000 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.

	Number of options	Weighted- average exercise price
Balance – January 1, 2015	528,750	\$ 1.32
Expired	(255,000)	(1.23)
Issued	750,000	0.10
Balance – December 31, 2015	1,023,750	0.45
Expired	(123,750)	(2.16)
Balance – December 31, 2016	900,000	\$ 0.22

Jasper Mining Corporation

(an exploration stage corporation)

Notes to the Financial Statements

Years ended December 31, 2016 and 2015

11. SHARE-BASED PAYMENTS: (CONTINUED)

In September 2015, the Corporation granted 750,000 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 September 2020. The fair value of these options was estimated at \$24,257 (\$0.0334 per option). The Black-Scholes option pricing model calculations were based on the following significant assumptions:

Share price	\$0.05
Exercise price	\$0.10
Risk-free interest rate	0.81%
Expected forfeiture rate	3.1%
Expected volatility	143%
Expected life	5.0 years
Dividends	Nil

Summary information with respect to options outstanding at December 31, 2016 is provided below:

Exercise price \$	Number outstanding	Weighted average contractual life remaining (years)	Weighted average exercise price \$	Number Exercisable
0.80	150,000	1.5	0.80	150,000
0.10	750,000	3.7	0.10	750,000
	900,000	3.29	0.22	900,000

During the years ended December 31, 2016, the Corporation's share-based compensation expense was \$9,096 (2015 – \$15,160), of which all was recognized in general and administrative expenses in the statements of loss and comprehensive loss.

12. PER SHARE AMOUNTS:

Basic net loss per share is calculated as follows:

	2016	2015
Net loss for the year	\$ (160,233)	\$ (310,474)
Weighted average number of shares:		
Issued common shares at beginning of year	11,087,976	10,587,976
Shares issued	783,060	171,233
Basic weighted average shares	11,871,036	10,759,209
Net loss per share – basic and diluted:	\$ (0.01)	\$ (0.03)

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, 2016 and 2015

13. FINANCE INCOME AND EXPENSE:

	2016	2015
Finance income:		
Interest on deposits held in GIC's	\$ 242	\$ 258
Finance expense:		
Part XII.6 interest on flow-through expenditures incurred under the look-back rule	(6,156)	(5,863)
Net finance expense	\$ (5,914)	\$ (5,605)

14. 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 year ended December 31, 2016, \$21,000 (December 31, 2015 - \$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, 2016 is \$81,875 (December 31, 2015 - \$59,825) due to this company.
- c) At December 31, 2016, there is \$41,490 (December 31, 2015 - \$21,279) in due to related parties for expense advances and \$23,000 due to related parties controlled by the President of the Corporation.
- d) During the year ended December 31, 2016, \$21,000 (December 31, 2015 - \$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, 2016 is \$91,500 (December 31, 2015 - \$70,500) due to this company.

15. CHANGE IN NON-CASH WORKING CAPITAL:

	2016	2015
Other receivables	\$ (2,311)	\$ 660
Due to related parties	20,209	-
Trade and other payables	68,332	36,729
	\$ 86,230	\$ 37,389

Jasper Mining Corporation

(an exploration stage corporation)

Notes to the Financial Statements

Years ended December 31, 2016 and 2015

15. CHANGE IN NON-CASH WORKING CAPITAL: (CONTINUED)

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

		2016		2015
Operating	\$	86,230	\$	34,108
Financing		–		480
Investing		–		2,801
	\$	86,230	\$	37,389

16. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT:

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

a) Credit risk

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

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

b) Liquidity risk

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

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

As at December 31, 2016, the Corporation's financial liabilities were comprised of trade and other payables and due to related parties, which have a maturity of less than one year.

Jasper Mining Corporation

(an exploration stage corporation)

Notes to the Financial Statements

Years ended December 31, 2016 and 2015

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

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 year ended December 31, 2016 and 2015, if interest rates had been 1% higher with all other variables held constant, the change in the loss for the periods would have been insignificant.

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

17. CAPITAL MANAGEMENT:

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

The Corporation considers its capital structure to include its working capital deficit of \$460,993 (December 31, 2015 – deficit of \$393,465) and shareholders' equity (deficit) of (\$279,325) (December 31, 2015 – (\$210,628)). The Corporation monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets.

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

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

The Corporation is not subject to externally imposed capital requirements. There has been no change in the Corporation's approach to capital management during the year ended December 31, 2016. The Corporation has not paid or declared any dividends since the date of incorporation, nor are any contemplated in the foreseeable future.

18. SUBSEQUENT EVENT:

In April 2017, the Corporation completed a private placement to a non-arm's length investor by the issuance of 616,667 units at \$0.05 per unit for total 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.