YELLOWHEAD MINING INC.
Condensed Consolidated Interim Financial Statements
September 30, 2018

(Unaudited)
(Expressed in Canadian Dollars)

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, the statements must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The interim financial statements of Yellowhead Mining Inc. for the three and nine-months ended September 30, 2018 have not been reviewed by the auditor of the Corporation.

YELLOWHEAD MINING INC.

Condensed Consolidated Interim Statement of Financial Position

(Unaudited)

(In Canadian dollars)

	NOTES	As at September 30, 2018	As at December 31, 2017
ASSETS			
Current assets			
Cash and cash equivalents	10	**$ 621,999**	$ 63,983
Miscellaneous accounts receivable		**942**	-
GST receivable		**7,400**	7,973
Prepaid expenses and deposits		**15,138**	-
		645,479	71,956
Non-current assets			
Property, plant and equipment	6	**2,222,729**	2,222,729
Mineral interests	7	**885,235**	885,235
Reclamation bond	7	**85,000**	85,000
		3,192,964	3,192,964
TOTAL ASSETS		**$ 3,838,443**	$ 3,264,920
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		**$ 209,754**	$ 495,891
Due to related parties		**14,115**	8,815
		223,869	504,706
EQUITY			
Share capital	8	**60,775,027**	59,793,013
Equity reserves		**5,338,599**	5,338,599
Accumulated deficit		**(62,499,052)**	(62,371,398)
		3,614,574	2,760,214
TOTAL LIABILITIES AND EQUITY		**$ 3,838,443**	$ 3,264,920

NOTE 1: NATURE OF OPERATIONS AND GOING CONCERN

The accompanying notes are an integral part of these condensed consolidated interim financial statements

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:

"Glen Swail"	*"Ryan Jennings"*
DIRECTOR	DIRECTOR

YELLOWHEAD MINING INC.

Condensed Consolidated Interim Statement of Comprehensive Loss

(Unaudited)
(In Canadian dollars)

	NOTES	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Administrative expenses					
Consulting fees		**$ -**	$ 2,840	**$ -**	$ 4,990
Filing fees		**1,473**	3,804	**14,295**	50,219
Insurance		**7,154**	9,481	**27,716**	28,442
Office supplies and services		**6,371**	5,660	**14,429**	19,434
Professional fees		**53,624**	33,104	**134,380**	141,619
Rent		**-**	-	**-**	(786)
Travel and investor relations		**4,526**	4,516	**7,217**	14,885
Wages and benefits		**3,871**	38,466	**23,064**	131,993
		77,019	97,871	**221,101**	390,796
Exploration and evaluation expenses	5	**28,812**	169,264	**88,453**	302,826
Other income		**(71,900)**	(421)	**(181,900)**	(1,273)
Net loss and comprehensive loss		**$ 33,931**	$ 266,714	**$ 127,654**	$ 692,349
Loss per share					
Basic and diluted		**$ 0.002**	$ 0.026	**$ 0.010**	$ 0.067
Weighted average number of shares outstanding					
Basic and diluted	8	**16,125,410**	10,313,088	**12,271,819**	10,313,088

The accompanying notes are an integral part of these condensed consolidated interim financial statements

YELLOWHEAD MINING INC.

Condensed Consolidated Interim Statement of Changes in Equity

(Unaudited)
(In Canadian dollars)

	Notes	Number of shares	Share capital	Equity reserves	Accumulated deficit	Total
Balances as at January 1, 2018		**10,313,088**	**$ 59,793,013**	**$ 5,338,599**	**$(62,371,398)**	**$ 2,760,214**
Shares issued: Rights Offering	8	**8,766,125**	**982,014**			**982,014**
Net loss and comprehensive loss for the period		**-**	**-**	**-**	**(127,654)**	**(127,654)**
Balances as at September 30, 2018		**19,079,213**	**60,775,027**	**5,338,599**	**(62,499,052)**	**3,614,574**
Balances as at January 1, 2017		10,313,088	$ 59,793,013	$ 5,338,599	$ (61,327,376)	$ 3,804,236
Net loss and comprehensive loss for the period		-	-	-	(692,349)	(692,349)
Balances as at September 30, 2017		10,313,088	$ 59,793,013	$ 5,338,599	$ (62,019,725)	$ 3,111,887

The accompanying notes are an integral part of these condensed consolidated interim financial statements

YELLOWHEAD MINING INC.

Condensed Consolidated Interim Statement of Cash Flows

(Unaudited)
(In Canadian dollars)

	NOTES	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Operating activities			
Net loss for the period		**$ (127,654)**	$ (692,349)
Changes in non-cash working capital			
Accounts receivable		**(942)**	-
GST receivable		**573**	(5,585)
Prepaid expenses and deposits		**(15,138)**	(3,818)
Accounts payable and accrued liabilities		**(280,837)**	185,744
Cash used in operating activities		**(423,998)**	(516,008)
Financing activities			
Common shares issued		**1,051,935**	-
Common share issue costs		**(69,921)**	-
Cash provided by financing activities		**982,014**	-
Net decrease in cash and cash equivalents		**558,016**	**(516,008)**
Cash and cash equivalents, beginning of period		**63,983**	617,672
Cash and cash equivalents, end of period		**$ 621,999**	$ 101,664

Supplemental cash flow information (Note 10)

The accompanying notes are an integral part of these condensed consolidated interim financial statements

1. NATURE OF OPERATIONS

Yellowhead Mining Inc. ("Yellowhead" or the "Company") was incorporated on August 23, 2005 under the laws of British Columbia and is an exploration stage company engaged principally in the acquisition, exploration and development of mineral properties.

The Company's head office is located at 525 - 8th Avenue SW, Suite 4900, Calgary, Alberta, T2P 1G1 and its registered and records office is located at Suite 2900, 550 Burrard Street, Vancouver, British Columbia, V6C 0A3.

These condensed consolidated interim financial statements have been prepared on a going-concern basis, which contemplates the Company will continue in operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. Several events and conditions cast significant doubt on the validity of this assumption. During the nine month period ended September 30, 2018, the Company incurred a loss of $127,654 (September 30, 2017- $692,349), had working capital of $421,610 (December 31, 2017- ($432,750)) and an accumulated deficit of $62,499,052 (December 31, 2017- $62,371,398). On August 1, 2018 the Company closed a Rights Offering with gross proceeds of $1,051,935, issuance costs of $69,921, and net proceeds of $982,014. These funds were used to pay existing accounts payable and will provide working capital for the next 12 months. Further additional funding will be required by the Company to complete its strategic objective of developing the Project.

The Company's ability to continue as a going concern is dependent upon receipt of all required permits, establishment of profitable operations and the Company's ability to obtain additional financing or outside participation to undertake further exploration and subsequent development of its mineral interests. While the Company has been successful in obtaining its required funding in the past, there is no assurance that sufficient funds will be available to the Company in the future. There is also no certainty that additional financing at terms that are acceptable to the Company will be available and the inability to obtain financing would have a direct impact on the Company's ability to continue as a going concern.

The Company's investments in mineral interests comprise a significant portion of the Company's activities. Realization of the Company's investment in these properties is dependent on establishing legal ownership of the properties, on the attainment of successful commercial production, or from the proceeds of their disposal. The recoverability of the amounts shown for mineral interests and property, plant and equipment is dependent upon the existence of economically recoverable reserves, the ability of the Company to permit the Project, the ability of the Company to obtain necessary financing to complete the development of the Project, and upon future production or proceeds from the disposition thereof.

With regard to the ability of the Company to complete the environmental permitting for the Project, the Company had until:

- March 19, 2018 to provide additional information for the Environmental Assessment Application to the BC Environmental Assessment Officer (BC EAO), including a best available technologies / best available practices study of the tailings management facility, to consider options to reduce excess water storage, to update mitigation strategies, to update the effects assessment, and to provide a summary report by a qualified professional on how the recommendations of the Mount Polley Tailings Storage Breach Report were considered for the Company's Environmental Assessment Application; and

- June 30, 2018 for the BC EAO to complete its 180-day statutory review of the Project.

The Company had requested an extension to April 15, 2019 from the BC Government for both the March 19, 2018 and June 30, 2018 dates.

On July 19, 2018 the Company reported the decision by the BC Environment Ministry on the Company's request for an extension for its Environmental Assessment Application had been denied.

The BC Environmental Assessment Office (BC EAO) decided not to grant the Company's extension request and terminated the Company's Environmental Assessment Application.

For environmental permitting purposes, it now appears that the Company would need to begin a new environmental application process, which incorporates the new proposed Federal and Provincial regulatory requirements. These requirements are currently scheduled to be effective April/May 2019. The Company will give consideration to the merits of this approach. The minimum time frame required for a new environmental assessment application process including the collection and incorporation of fresh baseline environmental data and First Nation consultation would be three to four years. Further additional funding will be required by the Company to complete this strategic objective, as well as to construct the mine.

The financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

2. BASIS OF PRESENTATION

(a) Statement of compliance

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

(b) Basis of presentation

The accounting policies used in the preparation of these condensed consolidated interim financial statements are the same as those applied in the Company's most recent consolidated annual financial statements for the year ended December 31, 2017. These condensed consolidated interim financial statements should be read in conjunction with the Company's consolidated annual financial statements for the year ended December 31, 2017.

These condensed consolidated interim financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on November 21, 2018.

These condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value.

The consolidated financial statements include the accounts of the Company and its 100% owned subsidiary Harper Creek Mining Corporation ("Harper Creek").

(c) Critical accounting judgements and estimates.

The preparation of the condensed consolidated interim financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Note 3 of the Company's consolidated financial statements for the year ended December 31, 2017 contains a discussion of the Company's critical accounting judgements and estimates.

3. FINANCIAL INSTRUMENTS

Designation and valuation of financial instruments

The Company has designated its miscellaneous accounts receivable, prepaid expenses and deposits as loans-and-receivables; and accounts payable and accrued liabilities and due to related parties as other-financial-liabilities.

GST receivable is excluded from financial instruments as it arises from statutory requirements imposed by the Government of Canada.

The carrying values of cash and cash equivalents, miscellaneous accounts receivable, prepaid expenses and deposits, accounts payable and accrued liabilities, and due to related parties approximate their fair values because of the short-term maturity of these financial instruments.

The following table summarizes the designation of the Company's financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the inputs used to determine the fair value are observable:

- Level 1 of the fair value hierarchy includes unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 of the hierarchy includes inputs that are observable for the asset or liability, either directly or indirectly; and
- Level 3 includes inputs for the asset or liability that are not based on observable market data.

(In Canadian dollars)

The Company's financial instruments as at September 30, 2018 are as follows:

	As at	
	September 30, 2018	**December 31, 2017**
Financial assets		
Fair value through profit and loss		
Cash and cash equivalents	**$621,999**	$63,983
Miscellaneous accounts receivable	**942**	-
Prepaid expenses and deposits	**15,138**	-
Total financial assets	**$638,079**	$63,983
Financial liabilities		
Other-financial-liabilities		
Accounts payable and accrued liabilities	**$209,754**	$495,891
Due to related parties	**14,115**	8,815
Total financial liabilities	**$223,869**	$504,706

Financial Risk

The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

(a) Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations.

The Company is exposed to credit risk with respect to its cash and cash equivalents and miscellaneous accounts receivable. However, this is minimized as cash and cash equivalents are placed with major Canadian financial institutions with strong investment-grade ratings as determined by a primary ratings agency and miscellaneous accounts receivable a for periods of less than one month.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash to meet its financial obligations as they become due.

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they are due.

As at September 30, 2018 the Company had cash and cash equivalents of $621,999 (December 31, 2017 - $63,983) available to settle current liabilities of $223,869 (December 31, 2017 - $504,706). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. On August 1, 2018 the Company closed a Rights Offering with gross proceeds of $1,051,935, issuance costs of $69,921, and net proceeds of $982,014. These funds were used to pay existing accounts payable and will provide working capital for the next 12 months. Further additional funding will be required by the Company to complete its strategic objective of developing the Project.

(c) Market risk

Market risks consist of interest rate risk, foreign currency risk and other price risk. The Company is not exposed to foreign currency risk or other price risks.

(In Canadian dollars)

Interest rate risk
The Company's cash balance and cash equivalents are held in savings accounts and money market instruments respectively. The savings account and money market instruments pay interest of approximately 1.1%.

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and liabilities.

4. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of the Project and to maintain a flexible capital structure, which optimizes the costs of capital to an acceptable risk.

The Company depends on external financing to fund its activities and there can be no guarantee that external financing will be available at terms acceptable to the Company. The capital structure of the Company currently consists of common shares and stock options. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new debt or new shares. Management reviews its capital management approach on a regular basis. There were no changes in the Company's approach to capital management and the Company is not subject to any externally imposed capital requirements.

The Company's investment policy is to hold its excess cash in high interest savings accounts and highly liquid short-term interest-bearing investments with maturities of 90 days or less from the original date of acquisition, and held with major Canadian financial institutions.

5. EXPLORATION AND EVALUATION EXPENSES

	Three months ended September 30,		Nine months ended September 30,	
	2018	**2017**	**2018**	**2017**
Assaying	**$ 225**	$ 225	**$ 675**	$ 675
Contract wages	**8,425**	7,584	**26,636**	28,549
Environmental assessment	**-**	139,280	**-**	206,214
Equipment rental	**11,760**	11,307	**34,526**	33,198
Other	**8,402**	10,868	**26,616**	34,190
Exploration and maintenance expenses	**$ 28,812**	$ 169,264	**$ 88,453**	$ 302,826

6. PROPERTY, PLANT AND EQUIPMENT

	Land
Cost	
As at January 1, 2017; December 31, 2017; and September 30, 2018	**$ 2,222,729**

(In Canadian dollars)

7. MINERAL INTERESTS

The Company had mineral interests of $885,235 as at September 30, 2018 and December 31, 2017. On January 31, 2014 the Company extended all 131 of its mineral tenures through to November 3, 2024.

As per current legislation in relation with the Company's exploration permit the Company is required to lodge a reclamation bond with the Government of British Columbia. As at September 30, 2018 the reclamation bond lodged was $85,000 (December 31, 2017 - $85,000).

8. SHARE CAPITAL

(a) Authorized

Unlimited Class A common shares without par value

(b) Issued and outstanding

At September 30, 2018 the Company had 19,079,213 common shares issued and outstanding (December 31, 2017 – 10,313,088).

On August 1, 2018 the Company closed its Rights Offering that was announced on June 27, 2018. This Rights Offering resulted in 8,766,125 new common shares being issued for gross proceeds of $1,051,935, issuance costs of $69,921, and net proceeds of $982,014.

(c) Stock options

The Company's stock option plan was approved at its Annual General and Special Meeting of shareholders on October 25, 2018, whereby the Board of Directors of the Company may grant directors, officers, employees, and consultants stock options to acquire common shares of the Company. Under the stock option plan, options granted are non-assignable and may be granted for a term not exceeding ten years. The plan is administered by the Board of Directors, which determines individual eligibility under the plan, the number of shares reserved underlying the options granted to each individual (not exceeding 10% of issued and outstanding shares to any insider; not exceeding 2% of the issued and outstanding shares to any consultant) and any vesting period which, pursuant to the stock option plan can be determined and imposed by the Board of Directors. The plan provides for a rolling maximum and allows the Company to issue stock options up to a maximum of 10% of the Company's issued and outstanding common shares.

The movement in the Company's stock options for the nine months ended September 30, 2018 was as follows:

	Number of options	Weighted average exercise price
Outstanding, December 31, 2017	55,500	$ 3.12
Expired in 2018 Q1, Q2 and Q3	(55,500)	3.12
Outstanding, September 30, 2018	-	-

The Company's does not have any outstanding stock options as at September 30, 2018.

(d) Share-based compensation

During the three and nine months ended September 30, 2018 and 2017, the Company did not grant any stock options. In 2016, all of the Company's options were fully vested and all share-based compensation was fully amortized.

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

9. RELATED PARTY TRANSACTIONS

Related party transactions not disclosed elsewhere in these financial statements are as follows:

- During the nine months ended September 30, 2018, the Company incurred project exploration expenses of $34,526 (September 30, 2017– $33,198) to CME Consultants Inc., a contractor company controlled by a director of the Company's 100% owned subsidiary Harper Creek. These costs have been included in exploration and evaluation expenses. As at September30, 2018, the balance owing to that company was $nil (December 31, 2017- $nil).

- During the nine months ended September 30, 2018, the Company incurred professional fees of $75,262 (September 30, 2017- $nil) for CEO services and financial services to Coates Consulting, an entity controlled by the Interim CEO, effective on his appointment on March 26, 2018. These costs have been included in professional fees. As at September 30, 2018, the balance owing to that company was $10,844 (December 31, 2017- $nil).

- During the nine months ended September 30, 2018, the Company incurred professional fees of $24,210 (September 30, 2017- $26,735) for CFO services to David McGoey Professional Corporation, a company controlled by the CFO. These costs have been included in professional fees. As at September 30, 2018, the balance owing to that company was $3,271 (December 31, 2017- $4,856).

- During the nine months ended September 30, 2018, the Company incurred director fees of $11,250 (September 30, 2017- $11,250) for Audit Committee Chairman services to 771120 Alberta Ltd, a company controlled by a director. These costs have been included in wages and benefits. As at September 30, 2018, the balance owing to that company was $nil (December 31, 2017- $3,959).

These transactions, occurring in the normal course of operations are measured at the estimated fair value of the services provided or goods received.

(In Canadian dollars)

10. SUPPLEMENTAL CASH FLOW INFORMATION

	As at	
Supplementary Information	**September 30, 2018**	**September 30, 2017**
Interest received	**$ 995**	$ 1,273
Interest paid	**-**	-
Income taxes paid	**-**	-

The Company did not have any non-cash financing or investing activities for the nine months ended September 30, 2018 and 2017.

	As at	
Cash and cash equivalents	**September 30, 2018**	**December 31, 2017**
Cash	**$ 621,999**	$ 63,983
Total cash and cash equivalents	**$ 621,999**	$ 63,983

11. COMMITMENTS and CONTINGENCIES

As at September 30, 2018 and December 31, 2017, the Company had no contractual expense commitments. Effective October 1, 2017, the Company had a land lease commitment to September 30, 2018 to rent out a small portion of its Vavenby land for annualize lease revenue of $200,000. The one-year lease has two options to renew the term of the lease to a further six months per option, of which one of these six-month options has been exercised.

Due to the nature of the Company's operations, various legal and tax matters arise in the ordinary course of business. The Company accrues for such items when a liability is both probable and the amount can be reasonably estimated. In the opinion of management, these contingency matters will not have a material effect on the consolidated financial statements of the Company.