YELLOWHEAD MINING INC.
(An Exploration Stage Company)

Financial Statements
October 31, 2010 and 2009
(Expressed in Canadian Dollars)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of Yellowhead Mining Inc. (the "Company") have been prepared by management in accordance with Canadian generally accepted accounting principles and are the responsibility of the management of the Company. The financial information contained elsewhere in this report has been reviewed to ensure consistency with the financial statements.

Management maintains systems of internal control designed to provide reasonable assurance that the assets are safeguarded, all transactions are authorized and duly recorded, and financial records are properly maintained to facilitate preparation of financial statements in a timely manner. The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting, and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee.

The Audit Committee of the Board of Directors has reviewed the financial statements with management and the external auditors. Smythe Ratcliffe LLP, an independent firm of chartered accountants, appointed as external auditors by the shareholders, have audited the financial statements and their report is included herein.

"Ian B. Smith"	*"Robert L. J. Harper"*
Ian B. Smith	Robert L. J. Harper
CEO	CFO

Vancouver, British Columbia
January 21, 2011

SmytheRatcliffe
CHARTERED ACCOUNTANTS

AUDITORS' REPORT

TO THE SHAREHOLDERS OF YELLOWHEAD MINING INC.
(An Exploration Stage Company)

We have audited the balance sheets of Yellowhead Mining Inc. (an exploration stage company) as at October 31, 2010 and 2009 and the statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at October 31, 2010 and 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

"Smythe Ratcliffe LLP" (signed)

Chartered Accountants

Vancouver, British Columbia
January 21, 2011

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Vancouver, BC V6C 2G8

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YELLOWHEAD MINING INC.
(An Exploration Stage Company)
Balance Sheets
October 31
(Expressed in Canadian Dollars)

	2010	2009
Assets		
Current		
Cash and cash equivalents	$ 4,734,825	$ 80,254
HST receivable	87,778	6,834
Mineral exploration tax credit receivable	195,846	800,376
Deposits and other prepaid expenses	326,141	0
	5,344,590	887,464
Resource Property Interests (note 5)	10,905,163	9,934,467
Equipment (note 6)	144,778	219,286
	$ 16,394,531	$ 11,041,217
Liabilities		
Current		
Accounts payable and accrued liabilities	$ 87,853	$ 21,343
Due to related parties (note 9)	331,306	34,166
	419,159	55,509
Future Income Tax (note 8)	0	403,051
	419,159	458,560
Shareholders' Equity		
Capital Stock (note 7)	17,338,694	11,920,897
Share Subscriptions Received (note 12)	475,250	0
Contributed Surplus (note 7(b))	1,874,205	824,971
Deficit	(3,712,777)	(2,163,211)
	15,975,372	10,582,657
	$ 16,394,531	$ 11,041,217

Nature of Operations and Going Concern (note 1)
Subsequent Events (note 11)

Approved on behalf of the Board:

"Ian Smith"
....
Director

"Andy Graetz"
....
Director

YELLOWHEAD MINING INC.
(An Exploration Stage Company)
Statements of Operations and Deficit
Years Ended October 31
(Expressed in Canadian Dollars)

	2010	2009
Expenses		
Stock-based compensation (note 7(d))	$ 1,087,330	$ 113,490
Management fees (note 9)	348,350	326,700
Investor relations, travel and promotion	185,240	111,343
Professional fees	197,797	85,195
Office and supplies	38,931	24,048
Consulting fees	24,339	1,705
Insurance	20,014	19,601
Licenses, permits and filing fees	14,665	500
Amortization	74,508	75,674
Loss Before Other Item and Future Income Tax	1,991,174	758,256
Other Item		
Interest income	(38,557)	(5,267)
Loss Before Future Income Tax	1,952,617	752,989
Future Income Tax (Recovery) (note 8)	(403,051)	168,485
Net Loss and Comprehensive Loss for Year	1,549,566	921,474
Deficit, Beginning of Year	2,163,211	1,241,737
Deficit, End of Year	$ 3,712,777	$ 2,163,211
Basic and Diluted Loss Per Share	$ 0.06	$ 0.04
Weighted Average Number of Common Shares Outstanding	27,013,319	26,137,170

YELLOWHEAD MINING INC.
(An Exploration Stage Company)
Statements of Cash Flows
Years Ended October 31
(Expressed in Canadian Dollars)

	2010	2009
Operating Activities		
Net loss	$ (1,549,566)	$ (921,474)
Items not involving cash		
Stock-based compensation	1,087,330	113,490
Amortization	74,508	75,674
Future income tax (recovery)	(403,051)	168,485
	(790,779)	(563,825)
Changes in non-cash working capital		
HST receivable	(80,944)	53,312
Deposits and other prepaid expenses	(326,141)	20,000
Accounts payable and accrued liabilities	34,308	1,131
Due to related parties	14,932	21,368
	(357,845)	95,811
Cash Used in Operating Activities	(1,148,624)	(468,014)
Investing Activities		
Resource property acquisition costs	(500,978)	(10,289)
Resource property expenditures	(351,154)	(699,100)
Mineral exploration tax credit received	800,376	0
Cash Used in Investing Activities	(51,756)	(709,389)
Financing Activities		
Restricted cash	0	76,000
Payments on capital lease	0	(62,110)
Proceeds from issuance of capital stock, net of share issue costs	5,379,701	40,000
Share subscriptions received	475,250	0
Cash Provided by Financing Activities	5,854,951	53,890
Inflow (Outflow) of Cash and Cash Equivalents	4,654,571	(1,123,513)
Cash and Cash Equivalents, Beginning of Year	80,254	1,203,767
Cash and Cash Equivalents, End of Year	$ 4,734,825	$ 80,254
Cash and Cash Equivalents Consists of:		
Cash	$ 239,964	$ 80,254
Term deposits and banker's acceptances	4,494,861	0
	$ 4,734,825	$ 80,254

Supplemental disclosure of cash flow information (note 10)

1. NATURE OF OPERATIONS AND GOING CONCERN

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

On November 10, 2010, the Company amalgamated with 0887988 B.C. Ltd, a wholly owned subsidiary of Four Points Capital Corporation. All issued and outstanding shares of the Company were exchanged on a one-for-one basis for shares of Four Points Capital Corporation and the Company was renamed Harper Creek Mining Corporation (note 12).

These 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. The Company will require additional financing or outside participation to undertake further exploration and subsequent development of its resource property interests. Future operations of the Company are dependent on its ability to raise additional equity financing and the attainment of profitable operations.

The Company incurred a net loss of $1,549,566 for the year ended October 31, 2010 (2009 - $921,474). As at October 31, 2010, the Company had an accumulated deficit of $3,712,777 (2009 - $2,163,211) and working capital (excess of current assets over current liabilities) of $4,925,431 (2009 - $831,955).

The ability of the Company to continue as a going concern and meet its commitments as they become due, including completion of the acquisition, exploration and development of its resource properties, is dependent on the Company's ability to obtain the necessary financing. Management is planning to raise additional capital to finance operations and expected growth, if necessary, or alternatively to dispose of its interests in certain properties. The outcome of these matters cannot be predicted at this time. If the Company is unable to obtain additional financing, management will be required to curtail the Company's operations.

The business of mineral exploration involves a high degree of risk and there is no assurance that current exploration projects will result in future profitable mining operations. The Company has no source of revenue, and has significant cash requirements to meet its administrative overhead, pay its liabilities, and maintain its resource property interests. The recoverability of amounts shown for resource property interests is dependent on several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from their disposition. The carrying value of the Company's resource property interests does not reflect current or future values.

These financial statements do not indicate any adjustments relating to the recoverability of assets and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with accounting policies generally accepted in Canada and reflect the following:

(a) Cash and cash equivalents

Cash and cash equivalents consists of cash, term deposits and banker's acceptances with maturities of less than 90 days from the date of acquisition.

(b) Resource property interests

The Company defers all costs related to resource property interests on a property-by-property basis. Such costs include resource property acquisition costs and exploration and development expenditures, net of any recoveries. Costs are deferred until such time as the extent of resource property mineralization has been determined and resource property interests are either developed or are allowed to lapse. All deferred resource property expenditures are reviewed annually, on a property-by-property basis, to consider whether there are any conditions that may indicate impairment. When the carrying value of a property exceeds its net recoverable amount that may be estimated by quantifiable evidence of an economic geological resource or reserve, joint venture expenditure commitments or the Company's assessment of its ability to sell the property for an amount exceeding the deferred costs, provision is made for the impairment in value.

From time to time, the Company may acquire or dispose of a resource property interest pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as property costs or recoveries when the payments are made or received. When recoveries exceed the carrying amount of the property interest, the excess is recognized in operations.

(c) Equipment

Equipment is recorded at cost less accumulated amortization. Amortization of equipment is calculated on the straight-line basis at the following annual rates:

Field camp equipment	- 5 years
Computer equipment and software	- 3 years

Additions during the year are amortized at one-half the annual rate.

(d) Revenue recognition

The Company recognizes interest income on its cash and cash equivalents on an accrual basis at the stated rates over the term to maturity.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Income taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method of tax allocation, future income tax assets and liabilities are determined based on differences between the financial statement carrying values and their respective income tax basis (temporary differences). Future income tax assets and liabilities are measured using the tax rates expected to be in effect when the temporary differences are likely to reverse. The effect on future income tax assets and liabilities of a change in tax rates is included in operations in the period in which the change is enacted or substantially assured. The amount of future income tax assets recognized is limited to the amount of the benefit that is more likely than not to be realized.

(f) Flow-through common shares

The Company may from time to time issue flow-through shares to finance its resource exploration activities. Canadian income tax law permits the Company to renounce to the flow-through shareholder the income tax attributes of resource exploration costs financed by such shares. The effect of such renouncements is to reduce future income tax deductions, which is considered to be a share issue cost that is recorded as a reduction to capital stock and a corresponding increase in future income tax liability.

When flow-through expenditures are renounced, a portion of the future income tax assets that were not previously recognized, due to the recording of a valuation allowance, are recognized as a recovery of income taxes in the statements of operations.

(g) Asset retirement obligations ("ARO")

The Company recognizes an estimate of the liability associated with an ARO in the financial statements at the time the liability is incurred. The estimated fair value of the ARO is recorded as a long-term liability, with a corresponding increase in the carrying amount of the related asset. The capitalized amount will be depleted on a unit-of-production method over the life of the proven reserves. The liability amount is increased each reporting period due to the passage of time and the amount of accretion is charged to earnings in the period. The ARO can also increase or decrease due to changes in the estimates of timing of cash flows or changes in the original estimated undiscounted cost. Actual costs incurred upon settlement of the ARO are charged against the ARO to the extent of the liability recorded. The Company assessed its mineral properties, and based upon such assessments, there were no known material AROs as at October 31, 2010 and 2009.

(h) Accounting for equity units

Proceeds received by the Company on the issuance of units, consisting of common shares and warrants, are allocated entirely to common shares.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Stock-based compensation

The Company accounts for stock-based compensation expense using the fair value based method with respect to all stock-based payments to directors, employees and non-employees. For directors and employees, the fair value of the options is measured at the date of grant. For non-employees, the fair value of the options is measured on the earlier of the date at which the counterparty performance is completed or the date the performance commitment is reached or the date at which the equity instruments are granted if they are fully vested and non-forfeitable. The fair value of the options is accrued and charged either to operations or resource property interests, with the offset credit to contributed surplus. For directors and employees the fair value is recognized over the vesting period, and for non-employees the fair value is recognized over the related service period. If and when the stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to capital stock.

(j) Loss per share

Basic loss per share is calculated based on the weighted average number of common shares outstanding during the period. The Company uses the treasury stock method for calculating diluted loss per share. Under this method the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon exercise of the options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year. Diluted loss per share is the same as basic loss per share when the effects of various conversions and exercise of options and warrants would be anti-dilutive.

(k) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to determination of environmental obligations, recoverability of resource property interests, rates of amortization, accounts payable and accrued liabilities, determination of variables used in the calculation of stock-based compensation, valuation allowance related to future tax assets and mineral exploration tax credit. Management believes the estimates are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows.

(l) Mineral exploration tax credit

The Company accrues provincial mineral exploration tax credits based on management's best estimate according to its interpretation of current legislation. Such claims are subject to review by taxation authorities and, therefore, the amount ultimately received could be materially different than the amount recorded. Tax credits are recorded using the cost reduction method and, accordingly, are included as a reduction of resource property interests.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Financial instruments

All financial instruments are classified as one of the following: held-to-maturity, loans and receivables, held-for-trading, available-for-sale or other financial liabilities. Financial assets and liabilities classified as held-for-trading are measured at fair value with gains and losses recognized in operations. Financial assets classified as held-to-maturity, loans and receivables, and other financial liabilities are measured at amortized cost using the effective interest method. Financial instruments classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) and reported in shareholders' equity. Any financial instrument may be designated as held-for-trading upon initial recognition.

Transaction costs that are directly attributable to the acquisition or issue of financial instruments that are classified as other than held-for-trading, which are expensed as incurred, are included in the initial carrying value of such instruments and amortized using the effective interest method.

(n) Future accounting changes

(i) International Financial Reporting Standards ("IFRS")

In 2008 the Canadian Accounting Standards Board confirmed the convergence of Canadian generally accepted accounting principles with IFRS for publicly listed companies to use IFRS, effective for the Company for interim and annual financial statements beginning on November 1, 2011. The transition date will require the restatement for comparative purposes of amounts reported by the Company for interim periods and for the year ended October 31, 2011. While the Company has been assessing the adoption of IFRS for 2011, in management's opinion the financial reporting impact of the transition to IFRS will be minimal.

(ii) Business Combinations

In January 2009, the CICA issued Section 1582, "Business Combinations", Section 1601, "Consolidated Financial Statements", and Section 1602, "Non-Controlling Interests". These sections replace the former Section 1581, "Business Combinations", and Section 1600, "Consolidated Financial Statements", and establish a new section for accounting for a non-controlling interest in a subsidiary.

Sections 1582 and 1602 will require net assets, non-controlling interests and goodwill acquired in a business combination to be recorded at fair value and non-controlling interests will be reported as a component of equity. In addition, the definition of a business is expanded and is described as an integrated set of activities and assets that are capable of being managed to provide a return to investors or economic benefits to owners. Acquisition costs are not part of the consideration and are to be expensed when incurred. Section 1601 establishes standards for the preparation of consolidated financial statements.

The Company will early adopt all three of these sections.

3. FINANCIAL INSTRUMENTS

The Company has designated its cash and cash equivalents as held for-trading; and accounts payable and accrued liabilities, and due to related parties as other financial liabilities.

HST receivable consists of HST input tax credits. HST receivable and mineral exploration tax credits are excluded from financial instruments as they arise from statutory requirements imposed by the Government of Canada and the Province of British Columbia, respectively.

The carrying values of cash and cash equivalents, 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 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; however, this is minimized as cash and cash equivalents are placed with major Canadian financial institutions with strong investment-grade ratings by a primary ratings agency.

(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 October 31, 2010, the Company has a cash and cash equivalents balance of $4,734,825 (2009 - $80,254) available to settle current liabilities of $419,159 (2009 - $55,509). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

(c) Market risk

Market risks consist of interest rate risk, foreign currency risk and other price risk. The only market risk to which the Company is exposed is as follows:

Interest rate risk

As part of cash and cash equivalents, the Company holds three banker's acceptances, with maturity values totaling $1,500,000. The maturity dates and interest rates are November 10, 2010 (1.04%), December 6, 2010 (1.05%) and January 5, 2011 (1.17%).

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 and exploration of its resource property interests 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. The capital structure of the Company currently consists of common shares, stock options and share purchase warrants. 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 shares. Management reviews its capital management approach on a regular basis. There were no changes in the Company's approach to capital management during the year ended October 31, 2010. The Company is not subject to externally imposed capital requirements.

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

5. RESOURCE PROPERTY INTERESTS

Realization of assets

The investment in and expenditures on resource property interests comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, obtaining permits, satisfaction of governmental requirements and possible aboriginal claims, attainment of successful production from the properties or from the proceeds of their disposal.

The amounts shown for acquisition costs and deferred exploration expenditures represent costs incurred to date and do not necessarily reflect present or future values.

Mineral exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore.

Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous materials and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions.

(Expressed in Canadian Dollars)

5. RESOURCE PROPERTY INTERESTS (Continued)

Environmental (Continued)

If the restrictions adversely affect the scope of exploration and development on the resource properties, the potential for production on the property may be diminished or negated.

Title to mineral properties

Although the Company has taken steps to verify the title to mineral properties in which it has an interest in accordance with industry standards for the current stage of exploration of such properties, the procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

As at October 31, 2010 and 2009, expenditures incurred on the mineral properties are as follows:

Harper Creek	**2010**	**2009**
Opening balance	$ 9,934,467	$ 9,024,217
Acquisitions during year		
Acquisition costs	500,978	10,289
Exploration costs		
Contract wages	137,924	202,600
Assays	116,098	7,108
Camp and field supplies	92,734	135,076
Geological consulting	87,117	34,472
Drilling	81,181	0
Reports, drafting and maps	69,759	32,676
Equipment rental	61,198	22,140
Environmental assessment	12,745	158,973
Travel and accommodation	4,668	2,435
Geophysical consulting	2,140	1,545
Recording fees	0	525
	665,564	597,550
Total additions during year	1,166,542	607,839
Mineral exploration tax credits*	(195,846)	302,411
Net expenditures for the year	970,696	910,250
Closing balance	$ 10,905,163	$ 9,934,467

* During the year ended October 31, 2009, the Company determined there would be a reduction in the amount of mineral exploration tax credit received as a result of adjustments to the base used to calculate the credit and, accordingly, reduced the credit from $1,102,787 to $800,376 with a corresponding increase to resource property interest expenditures.

5. RESOURCE PROPERTY INTERESTS (Continued)

The Company has a total of 131 mineral tenures covering 42,636.5 hectares at Harper Creek in the Kamloops Mining Division of British Columbia.

(a) Acquisition from Callingham Limited

The Company has acquired a 100% interest in 18 mineral tenures. The Company exercised the option on May 18, 2006 by the issuance of 5,000,000 common shares of the Company valued at $50,000.

An officer of the optionor became a director of the Company in April 2006.

(b) Option from CM Resources Limited and Property Holder

The Company entered into an option with CM Resources Limited to acquire a 100% interest in 30 mineral tenures owned by an unrelated third party (the "Property Holder").

The Company exercised the option on May 18, 2006 by the issuance of 1,000,000 common shares of the Company valued at $10,000.

The Company exercised its underlying option with the Property Holder to acquire a 100% interest in the property following payment of all of the $10,000 annual payments due July 30 in each and every year through 2009 and made the option payment of $500,000 as a royalty advance on July 30, 2010. Title to these mineral tenures was transferred to the Company following this payment. The optionor has retained a 3% net smelter returns royalty capped at $2,500,000, to be adjusted for inflation, which has been reqistered on title.

(c) Acquisition from Argent Resources Ltd.

The Company acquired six contiguous mineral tenures subject to a back-in right to acquire a 50% interest by a cash payment of $100,000 plus two times the pre-feasibility study expenditures. In addition, a 2.5% net smelter returns royalty will apply to production from these tenures. During the year ended October 31, 2006, the Company issued 100,000 shares at a deemed value then of $40,000 and paid $10,000 in cash.

(d) Acquisition from an individual

On October 31, 2006, the Company completed the purchase of seven mineral tenures for $55,000.

(e) Staking

During the year ended October 31, 2006, the Company acquired 59 mineral tenures at a cost of $11,109. These mineral tenures are contiguous with other mineral tenures at Harper Creek. In addition, four existing contiguous mineral tenures were transferred to the Company from a director of the Company for payment of $732, representing the director’s cost of acquisition. These mineral tenures were amended in August 2007 to release seven claims and renew 52 mineral tenures at a cost of $11,380, and four mineral tenures were abandoned.

(Expressed in Canadian Dollars)

5. RESOURCE PROPERTY INTERESTS (Continued)

(e) Staking (Continued)

During the year ended October 31, 2008, the Company, through the Project Manager as agent, claimed an additional 14 contiguous tenures totaling 6,312 hectares at a cost of $2,654.

During the year ended October 31, 2010, the Company, through its Project Manager as agent, claimed an additional four contiguous tenures totaling 1,621 hectares at a cost of $978.

6. EQUIPMENT

2010						
		Cost		Accumulated Amortization		Net
Field camp equipment	$	364,634	$	219,856	$	144,778
Computer equipment and software		8,931		8,931		0
	$	373,565	$	228,787	$	144,778

2009						
		Cost		Accumulated Amortization		Net
Field camp equipment	$	364,632	$	146,927	$	217,705
Computer equipment and software		8,931		7,350		1,581
	$	373,563	$	154,277	$	219,286

Field camp equipment was subject to a capital lease acquired in 2007 with a cost of $152,358 and a net book value of $54,545 (2009 - $84,989).

There was a purchase option associated with the capital lease that provided the Company with the right to acquire the field camp equipment. The Company exercised this option during May 2009.

7. CAPITAL STOCK

(a) Authorized
Unlimited Class A common shares without par value

(Expressed in Canadian Dollars)

7. CAPITAL STOCK (Continued)

(b) Issued and outstanding

	Number of Shares	Amount	Contributed Surplus
Balance, October 31, 2008	26,062,375	$ 11,871,373	$ 721,005
Issued during the year			
Exercise of stock options	100,000	40,000	0
Transfer on exercise of stock options	0	9,524	(9,524)
Stock-based compensation	0	0	113,490
Balance, October 31, 2009	26,162,375	11,920,897	824,971
Issued during the year			
Private placements, for cash	5,036,007	5,438,888	0
Share issue costs	0	(219,187)	0
Exercise of stock options	400,000	160,000	0
Transfer on exercise of stock options	0	38,096	(38,096)
Stock-based compensation	0	0	1,087,330
Balance, October 31, 2010	31,598,382	$ 17,338,694	$ 1,874,205

During the year ended October 31, 2010, the Company issued:

- 400,000 common shares at a price of $0.40 per share pursuant to the exercise of stock options for net proceeds of $160,000; and
- 5,036,007 units pursuant to a private placement at $1.08 per unit for gross proceeds of $5,438,888. Each unit comprises one common share and one-half of one share purchase warrant, which will entitle the holder to purchase an additional share at $1.40 to September 7, 2012. Finder’s fees and other share issue costs associated with this placement amounted to $217,555 and $1,632, respectively.

During the year ended October 31, 2009, the Company issued:

- 100,000 common shares at a price of $0.40 per share pursuant to the exercise of stock options for net proceeds of $40,000.

(c) Stock options

The Company has a stock option plan whereby the Company may grant directors, officers, employees and consultants options to acquire up to 10% of the Company’s issued and outstanding common shares. The exercise price of each option must be equal to or higher than the market price of the Company's common shares at the date of the grant. Vesting of stock options is made at the discretion of the Board of Directors at the time the options are granted.

(Expressed in Canadian Dollars)

7. CAPITAL STOCK (Continued)

(c) Stock options (Continued)

As at October 31, 2010, the Company had stock options outstanding for the purchase of 2,725,000 common shares with an average remaining contractual life of 3.22 years, of which all stock options expire between June 1, 2011 and September 22, 2015. Of the 2,725,000 stock options issued, 2,575,000 options vested immediately; the remaining 150,000 options vest upon listing and commencement of trading on the TSX Venture Exchange or any successor thereto or upon buy-out of a majority of the Company. As the condition was met on November 17, 2010, all options were vested subsequent to October 31, 2010.

The following table summarizes the status of the Company's stock options as at October 31, 2010 and 2009 and changes during the respective years:

	2010		**2009**	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	1,775,000	$ 0.67	1,975,000	$ 0.62
Granted	1,400,000	$ 1.04	150,000	$ 1.00
Exercised	(400,000)	$ 0.40	(100,000)	$ 0.40
Forfeited	(50,000)	$ 0.71	(250,000)	$ 0.71
Outstanding, end of year	2,725,000	$ 0.90	1,775,000	$ 0.78

The weighted average fair value of the options granted is $0.78 (2009 - $0.76).

A summary of the Company's options as at October 31, 2010 and 2009 is as follows:

		Number of Options Outstanding	
Expiry Date	Exercise Price	**2010**	**2009**
June 1, 2011	$ 0.40	350,000	750,000
March 12, 2012	$ 0.75	525,000	525,000
July 23, 2012	$ 1.00	50,000	100,000
October 21, 2012	$ 1.00	200,000	200,000
November 30, 2012	$ 1.00	50,000	50,000
November 18, 2013	$ 1.00	150,000	150,000
June 16, 2015	$ 1.00	650,000	0
September 23, 2015	$ 1.08	750,000	0
	$ 0.90	2,725,000	1,775,000
Weighted average remaining life		3.22 years	2.28 years

(Expressed in Canadian Dollars)

7. CAPITAL STOCK (Continued

(d) Stock-based compensation

The fair value of stock options used to calculate compensation expense is estimated using the Black-Scholes option pricing model. Stock-based compensation expense of $1,087,330 (2009 - $113,490) was calculated for vested options based on the following weighted average assumptions:

	2010	2009
Risk-free interest rate	2.53%	2.67%
Expected dividend yield	0.00	0.00
Expected stock price volatility	91.72%	100.63%
Expected option life in years	5.00	5.00

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.

The amounts recorded as stock-based compensation are attributed to expenses as follows:

	2010	2009
Directors and officers	$ 1,048,730	$ 113,490
Consultants	38,600	0
	$ 1,087,330	$ 113,490

(e) Share purchase warrants

	2010		2009	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of year	0	$ 0.00	448,664	$ 0.88
Issued	2,518,004	$ 1.40	0	$ 0.00
Expired	0	$ 0.00	(448,664)	$ 0.88
Outstanding, end of year	2,518,004	$ 1.40	0	$ 0.00

The following warrants are outstanding at October 31, 2010 and 2009:

		Number of Warrants	
Expiry Date	Exercise Price	2010	2009
September 7, 2012	$ 1.40	2,518,004	0
Weighted average life of warrants outstanding		1.9 years	0 years

(Expressed in Canadian Dollars)

8. INCOME TAXES

As at October 31, 2010, the Company has non-capital losses of approximately $4,637,000 that may be applied against future income for Canadian income tax purposes. The potential income tax benefits of these losses have not been recorded in these financial statements. The losses expire as follows:

2015	$	63,000
2026		264,000
2027		764,000
2028		1,811,000
2029		763,000
2030		972,000
	$	4,637,000

The reconciliation of income tax attributable to continuing operations computed at the statutory tax rates of 28.75% (2009 - 30.08%) to income tax expense is:

		2010		2009
Income tax benefit computed at Canadian statutory rates	$	(445,500)	$	(226,524)
Non-deductible items		198,421		35,232
Effect of change in tax rate		44,706		31,342
Effect of change in timing differences		(707,023)		328,435
Change in valuation allowance		506,345		0
Future income tax (recovery)	$	(403,051)	$	168,485

(Expressed in Canadian Dollars)

8. **INCOME TAXES** (Continued)

Significant components of the Company's future tax assets and liabilities, after applying expected corporate income tax rates, are as follows:

	2010	2009
	25%	26%
Future income tax assets		
Non-capital losses carried forward	$ 1,143,655	$ 695,260
Book values in excess of tax values of resource properties		
Non-refundable mining tax credit	543,368	129,395
Share issue costs	79,719	74,334
Equipment	50,625	33,277
Total future income tax assets	1,817,367	932,266
Valuation allowance	(635,740)	(129,395)
	1,181,627	802,871
Future income tax liability	(1,181,627)	(1,205,922)
	$ 0	$ (403,051)

9. **RELATED PARTY TRANSACTIONS**

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

(a) During the year ended October 31, 2010, the Company paid management fees of $127,200 (2009 - $127,200) and reimbursed expenses aggregating $96,028 to Handford Management Ltd. a company controlled by a senior officer of the Company. As at October 31, 2010, the balance owing to that company was $nil (2009 - $11,130).

(b) During the year ended October 31, 2010, the Company paid management fees of $77,000 (2009 - $132,000) to Elissa Cristall Galleries Ltd., a company in which an officer of the Company holds a material interest. As at October 31, 2010, there was a balance owing of $nil (2009 - $6,300).

(c) During the year ended October 31, 2010, the Company paid project management fees and reimbursed exploration expenses and office costs of $523,287 (2009 - $557,684) to CME Consultants Inc. (formerly CME Managing Consultants Inc.), a contractor company whose president is a director of the Company. As at October 31, 2010, there was a balance owing to CME of $331,306 (2009 - $12,799).

(d) During the year ended October 31, 2010, the Company paid $48,750 (2009 - $67,500) in project management fees to Twinstone Ventures Inc., a company related to a director of the Company. As at October 31, 2010, the amount owed to that company was $nil (2009 - $3,937).

(Expressed in Canadian Dollars)

9. RELATED PARTY TRANSACTIONS (Continued)

(e) During the year ended October 31, 2010, the Company paid management fees of $46,640 (2009 - $nil) and reimbursed out-of-pocket expenses totalling $15,617 to Andreas Consulting Inc., a company in which a senior officer and director holds a controlling interest.

(f) During the year ended October 31, 2010, the Company paid management fees of $48,760 (2009 - $nil) to Domaro Resources Inc., a company in which a senior officer holds a controlling interest.

10. SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	2010	2009
Supplementary Information		
Interest paid	$ 0	$ 2,341
Interest received	$ 38,557	$ 5,267
Income taxes paid	$ 0	$ 0
Non-Cash Financing and Investing Activities		
Due to related party included in resource property interest	$ 295,007	$ 12,799
Accounts payable included in resource property interest	$ 51,950	$ 19,748

11. SUBSEQUENT EVENTS

On November 10, 2010, the Company completed its amalgamation with 0887988 B.C. Ltd., a wholly-owned subsidiary of Four Points Capital Corporation. All issued and outstanding shares of the Company were exchanged on a one-for-one basis for shares of Four Points Capital Corporation, and the Company was renamed Harper Creek Mining Corporation.

This was completed as a reverse takeover and is subject to the rules that govern the accounting for reverse takeover transactions. This transaction constituted Four Points Capital Corporation's Qualifying Transaction.

Beginning November 3, 2010 and concluding on November 9, 2010, the Company accepted subscriptions for 2,437,863 units comprising one common share and one-half of one share purchase warrant each for gross proceeds of $2,632,892. Each full warrant entitles the holder to purchase one share of the Company for $1.40 for a period not to exceed two years from the date of issue. The Company retained the right to force the conversion of these warrants should the trading price of the Company's shares on a recognized Exchange exceed $1.90 for a period of 10 consecutive trading days. Proceeds of $475,250 were received prior to October 31, 2010, and are included as share subscriptions received.

Cash compensation was paid to various finders of $153,013, plus 118,930 agent warrants with an exercise price of $1.08 per common share and a term of two years.

On November 17, 2010, the Company's shares were listed for trading on the TSX Venture Exchange with a Tier 1 status.

(Expressed in Canadian Dollars)

11. SUBSEQUENT EVENTS (Continued)

Following the transaction, the Company has 35,146,245 shares issued and outstanding together with share purchase options totalling 2,836,000 at exercise prices ranging from $0.40 to $1.08 and for terms to September 23, 2015, and share purchase warrants totalling 3,895,868 for strike prices from $0.50 to $1.40 with terms to November 3, 2012.

Had the transaction with Four Points Capital Corporation been concluded on October 31, 2010, the pro forma balance sheet would be as follows. Please note that as of October 31, 2010, there had been no intra-company transactions.

Pro Forma Balance Sheet as at October 31, 2010	Yellowhead Mining Inc.	Four Points Capital Corp.	Combined
Assets			
Current assets	$ 5,344,590	$ 285,312	$ 5,629,902
Resource property interests	10,905,163	0	10,905,163
Equipment	144,778	0	144,778
Total Assets	$ 16,394,531	$ 285,312	$ 16,679,843
Liabilities			
Current liabilities	$ 419,159	$ 12,780	$ 431,939
Shareholders' Equity	15,975,372	272,532	16,247,904
Total Liabilities and Shareholders' Equity	$ 16,394,531	$ 285,312	$ 16,679,843