



FORM 51-102-F1 Management Discussion & Analysis For the Period Ending October 31, 2010

YELLOWHEAD MINING INC.
Management Discussion & Analysis
FORM 51-102-F1
For the Period Ending
October 31, 2010

This report contains assumptions, estimates, and other forward-looking statements regarding future events. Such forward-looking statements involve inherent risks and uncertainties and are subject to factors, many of which are beyond the Company's control that may cause actual results or performance to differ materially from those currently anticipated in such statements. Important factors that could cause actual results to differ materially from those expressed or implied by such forward looking statements include among others metal price volatility, economic and political events affecting metal supply and demand, fluctuations in ore grade, tonnes of ore milled, geological, technical, mining or processing problems

Readers are cautioned not to put undue reliance on these forward looking statements.

Yellowhead Mining Inc.
(MANAGEMENT DISCUSSION AND ANALYSIS
For the Fiscal Year Ended October 31, 2010

February 4th, 2011

Background:

The following Management Discussion and Analysis (“MD&A”) provides information that management considers to be relevant to an assessment and understanding of Yellowhead Mining Inc.’s (“Yellowhead” or the “Company”) financial condition as at October 31, 2010 and the results of its operations and cash flows for the fiscal year ended October 31, 2010 and follows the requirements of National Instrument 51-102 (“NI 51-102”). This discussion should be read in conjunction with the Company’s audited financial statements and the related notes for the year ended October 31, 2010 which have been prepared in accordance with Canadian generally accepted accounting principles. All dollar amounts included therein and in the following MD&A are expressed in Canadian Dollars unless otherwise noted. The information contained within this MD&A is current to February 4th, 2011.

Company Overview:

Yellowhead’s principal business activity is the exploration and development of its wholly-owned Harper Creek mineral property, located in south Central British Columbia, Canada.

Harper Creek Property, Vavenby, B.C.

The Company’s Harper Creek property is a copper deposit located approximately 150 km by road north-northeast of the city of Kamloops. The property is adjacent to the Yellowhead Highway; the Canadian National Railways transcontinental mainline, power from BC Hydro transmission lines, town-sites at Vavenby and Clearwater. The property had been explored by Noranda and US Steel in the 1960’s and 1970’s. The data and a significant portion of the drill core from this period have been recovered by the Company

The Company was a private, non-reporting, issuer in the provinces of British Columbia, Alberta and Ontario as at October 31, 2010, but became a wholly owned subsidiary of the Capital Pool Company, Four Points Capital Corporation, upon its amalgamation with 0887988 B.C. Ltd. on November 9th, 2010.

Following its amalgamation, the “old” Yellowhead Mining Inc. was renamed the Harper Creek Mining Corporation and the “old” Four Points Capital Corporation became the “new” Yellowhead Mining Inc. In the future, both the Financial Statements and the Management Discussion and Analysis will be reported for Yellowhead Mining Inc., the consolidation of the “new” Yellowhead Mining Inc. with its wholly owned subsidiary, the Harper Creek Mining Corporation.

The “new” Yellowhead Mining Inc. was listed for trading on the TSX venture Exchange on November 17, 2010 under the trading symbol “YMI”.

On November 18th, 2010, Yellowhead Mining Inc. became a Tier 1 issuer.

Highlights

- The Company completed its amalgamation with 0887988 B.C.Ltd., a wholly owned subsidiary of Four Points Capital Corporation on November 9th, 2010 and all issued and outstanding shares of the Company were exchanged on a one for one basis for shares in Four Points Capital Corporation completing the Four Points Capital Corporation's Qualifying Transaction. At the time of the amalgamation, the Company had 34,035,245 shares outstanding.
- The Company completed the final option payment of \$500,000 to the Cygnus Mines Ltd., a unit of US Steel, as scheduled, on July 30, 2010. The mineral claims have been transferred to Yellowhead Mining Inc. This payment was an advance on a 3% NSR capped royalty payment of \$3,000,000, subject to an inflation adjustment.
- The Company completed a NI 43-101 Technical Review by David W. Rennie and Kevin C. Scott of Scott Wilson Roscoe Postle Associates Inc. in August 2010. The 43-101 has been posted to the Company's web-site.
- Ian Smith was appointed Chief Executive Officer and Director in June 2010. He will provide expertise in mine development and momentum to advance the development of the Company's Harper Creek Project.
- In late June and through July, 2010 and again in September, several of the Company's senior officers and directors exercised options representing 400,000 shares at \$0.40, adding \$160,000 to the Company's treasury.
- On September 7th, 2010, the Company completed a Private Placement of 5,036,007 units to Anthill Resources Limited at a price of \$1.08 per unit for a total initial investment of \$5,438,888. Each unit included one common share and ½ share purchase warrant for the purchase of an additional share at \$1.40 per share for up to 2 years.
- Between November 3rd and November 6th, 2010, the Company accepted subscriptions for 2,437,863 units comprising one common share and ½ share purchase warrants for gross proceeds of \$2,632,892. Each full warrant entitles the holder to purchase one common share of the Company for \$1.40 for a period not to exceed 2 years from the date of issue.
- The Company has the right to accelerate conversion of the warrants issued as part of the Private Placement units if the average trading price of the common shares exceeds \$1.90 per share for 10 consecutive trading days.
- In October, the Company entered into a Memorandum of Understanding with the Simpcw First Nation which establishes the protocols for negotiating future agreements regarding the Harper Creek project. This marked an important step forward.
- In September, the Company engaged Wardrop, A Tetra Tech Company to conduct a preliminary economic assessment of the Harper Creek Project.
- CME Consultants Inc. began a new field work program in late September which will include 4,000 metres of diamond drilling. Results have been released from the first 4 of a scheduled 8 holes in this program and are posted on the Company's web-site. We have agreed to extend this program to include additional drilling through to spring breakup.
- Knight Piesold Ltd. has been retained to provide geotechnical and geohydrological expertise relating to the tailings dam, groundwater and slope stability.
- SRK Consulting Ltd. has been retained to evaluate the potential for acid generating waste materials.
- Dillon Consulting Limited has prepared a revised project description which has been posted on the BC Environmental Assessment Office's web-site
- G&T Metallurgical Services Ltd. is continuing to conduct metallurgical test work in preparation for the development of a feasibility study.
- The Company has filed a claim for a Mineral Exploration Tax Credit totalling \$195,846.

Significant Events, Transactions and Activities on Mineral Properties

Capital transactions:

During the period, the Company completed a Private Placement of 5,036,007 units of 5,036,007 common shares and 2,518,004 warrants at a price of \$1.08 per unit for gross proceeds of \$5,438,888 to Anthill Resources Limited.

Placement fees totalling \$217,555 were paid to Jordan Capital Markets Inc. pursuant to the completed private placement for net proceeds of \$5,221,333 from the Offering.

The warrants will be exercisable at \$1.40 per share for a period of 24 months from the closing of that offering.

During the period, funds and documentation were received from senior officers and directors for the exercise of 400,000 share purchase options at a strike price of \$0.40 per share, for gross receipts of \$160,000.

In June, 650,000 share purchase options were issued to new additions to the senior management team at a strike price of \$1.00 per share for a period of 5 years to expire June 16, 2015. In September, a further 750,000 share purchase options were issued to officers, directors and consultants at a strike price of \$1.08 for a period of 5 years to expire September 23, 2015.

A total of 5,436,007 common shares were issued during the period as detailed above.

Beginning November 3, 2010 and concluding on November 9, 2010, the Company accepted subscriptions for 2,437,863 units comprising one common share and ½ share purchase warrant each for gross proceeds of \$2,632,892. Each full warrant entitles the holder to purchase a share of the Company for \$1.40 for a period not to exceed 2 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.

Additional finders' fees of \$153,013 were paid to accredited finders together with 118,931 finders warrants with a strike price of \$1.08 per common share and a term of 2 years from the date of issue.

Gross proceeds from the issue of shares, warrants and the exercise of options during the year totalled \$8,231,779.

Outlook

- We have begun preparations for our next equity financing. We are targeting an equity financing to raise up to \$25 million which should be sufficient to complete the Feasibility Study, related engineering and resource expansion (step-out drilling) as well as the funding required to complete the permitting required to proceed to the construction phase.
- The preliminary economic assessment ("PEA"), additional drilling, metallurgical test work, environmental baseline studies are currently underway with results being released as they come available.
- We expect to complete the PEA in the first quarter of 2011.
- .Consultation with First Nations and local communities will be ongoing.
- These targeted milestones will prepare the Company to advance the project through

- detailed feasibility study and permitting.
- Dillon is currently working on the draft Application Information Requirements (the “dAIR”) for the project which is the next step in the environmental assessment process. They continue to collect data from their monitoring stations and are working on an analysis of their data. We will be working with both Dillon Consulting Limited and Knight Piesold Limited to develop a plan to complete the environmental assessment and to proceed with the permitting applications.
- Completion of permitting and project finance is targeted for mid-2012

Mineral Property:

The Project

Update on Core Resampling

Of the 28,682.05 metres of historical drilling in 169 holes in the Harper creek deposit area, we have recovered approximately 75% of the core.

Historically, under Noranda and US Steel, drill core on the Harper Creek property was only analysed for copper. In order to establish gold and silver values for these holes, Yellowhead, through CME Consultants Inc., has relogged and has been reanalysing this historical core using multi-elements by total digestion ICP-ES and fire assay with an AA finish.

The historical core has been going to the lab in batches for processing with the final batch scheduled for delivery to the lab in early spring, 2011.

Resource Update

The Company received a new resource estimate and National Instrument 43-101 Technical Report on our Harper Creek Project entitled “Technical Report on the Harper Creek Project, Clearwater, British Columbia” on August 16th, 2010 by Qualified Persons David W. Rennie and Kevin C. Scott both of Scott Wilson Roscoe Postle Associates Inc. The new resource estimate added data from 23 holes totalling 7,602.92 m drilled since the previous resource estimated in early 2008. The additional drilling were mainly in-fill, confirmatory holes and were not designed to expand the resource. The NI 43-101 Technical Report is posted on Yellowhead’s website (www.yellowheadmining.com).

The new resource was based on a change in methodology to 15x15x15m blocks (previously 15x15x5m) which contributes to the slight decrease in grade but more reasonably reflects a mining unit.

A comparison of the new and previous resource follows:

Indicated - March 2008				Indicated - August 2010		
Cut-off	Tonnage	Grade	Contained Copper	Tonnage	Grade	Contained Copper
% Cu	Kt	% Cu	#	Kt	% Cu	#
0.50	42,012.423	0.599	554,402,552	39,609.579	0.594	518,947,236
0.40	103,682.162	0.506	1,156,305,122	103,920.232	0.500	1,145,678,870
0.30	249,606.897	0.411	2,260,816,849	258,094.536	0.407	2,312,939,575
0.20	538,392.309	0.322	3,825,564,144	568,803.032	0.319	3,995,821,147
0.10	934,554.452	0.249	5,137,217,105	995,004.750	0.247	5,414,942,670

Inferred - March 2008				Inferred - August 2010		
Cut-off	Tonnage	Grade	Contained Copper	Tonnage	Grade	Contained Copper
% Cu	Kt	% Cu	#	Kt	% Cu	#
0.50	7,961.244	0.602	105,590,145	8,165.282	0.600	107,917,109
0.40	16,523.336	0.519	188,962,246	17,520.244	0.514	198,681,003
0.30	33,750.404	0.430	320,220,350	35,633.264	0.429	336,633,102
0.20	64,692.196	0.342	487,327,336	67,473.339	0.342	508,993,478
0.10	118,950.972	0.254	666,101,433	123,574.795	0.255	693,761,882

As the historical drilling was only analyzed for copper, only copper values were included in the previous resource estimates. Work has resumed on assessing the value of other minerals in the historical core.

All YMI drill core has been analyzed for 30 elements including gold and silver, which when combined with the re-analysis data of historical core, is expected to support inclusion of gold and silver in future resource estimates.

Preliminary Economic Assessment

Wardrop, a Tetra Tech Company, will soon complete the PEA. The base case design rate is 70,000 tpd based on large scale open pit mining equipment and a single line crush/SAG mill and ball mill circuit followed by flotation. Concentrate will be dewatered on site and trucked approximately 26km to a proposed load out facility in Vavenby.

Concentrate is expected to be transported by rail to the port of Vancouver (a distance of 450 kilometres) for shipment to offshore smelters.

The field program and its management have been contracted to CME Consultants Inc., a geological consulting firm whose President is a director of the Company.

Our Mines Permit for exploration has been extended to December 31, 2011. Applications are pending for the work necessary to complete condemnation drilling.

The final option payment on the Cygnus Mines Limited (US Steel) claims was made on July 30, 2010 which resulted in the transfer of 31 mineral claims covering 775 hectares to the Company.

The Company acquired 4 new claims in early November 2009 bringing our total mineral claims to 131 and our land package to 42,636.5 hectares.

Certain claims were extended in early July to November 3, 2010 to coincide with the renewal dates on the majority of our claims. On November 3, 2010, all claims with that expiry date were further extended through February 12, 2011.

Management will determine before February 12, 2011, how long we will extend our claims.

No new reclamation bonds were required during the period.

The Environmental Assessment

Following a period during which the Environmental Assessment process had been put on hold, except for the maintenance of weather and water monitoring stations, the process has been

restarted. Field crews have collected base line data collected automatically from the weather and water monitoring stations.

Compilation of this data has started. Plans are being made to complete the Environmental Assessment. A revised Project Description has been filed with the BC environmental Assessment Office and posted on their web-site (http://a100.gov.bc.ca/appsdata/epic/documents/p333/1295903690301_5aa204813a3a28bbaad434d7890ebbdd62ee07f028154720b0c5f52e258d5011.pdf#zoom=75&pagemode=none).

Work is underway on the draft Application Information Requirements. Meetings have been held with representatives of the BC Environmental Assessment Office and the Canadian Environment Assessment Agency and several other federal departments including the Ministry of Transportation and the Department of Fisheries and Oceans. The Federal Major Project Management Office has also become involved to assist in streamlining the process.

Environmental baseline studies will continue through the winter and into the spring gathering climate, precipitation and water data. Groundwater studies are being coordinated between Dillon Consulting Limited and Knight Piesold Limited.

Work on the archaeological assessment will resume later this year year.

Mineral Properties Expenditures

As at October 31, 2010 a summary of the Company's mineral property expenditures is as follows:

	Harper Creek
Balance, October 31, 2009	\$ 9, 934, 467
Net Additions, 2010	970,696
Balance, October 31, 2010	\$ 10,905,163

Further details of expenditures are disclosed in Note 5 of the October 31, 2010 audited financial statements.

The Company is prepared to advance exploration and development on the property with the goal of completing a feasibility study before the end of the year, subject to securing sufficient financing.

Plans are being formulated for additional geological field work, metallurgical testing, environmental baseline studies and archaeological and traditional use studies.

The Company's exploration work to date indicates the potential for expansion of mineralization in several zones over the primary project area of 9,000 ha.

Selected Financial Information

Amounts are expressed in thousands of Canadian dollars, except per-share amounts.

	31OCT10	31JUL10	30APR10	31JAN10	31Oct09	31Jul09	30Apr09	31Jan09
Current Assets	5,345	276	585	787	887	1,337	1,565	1,874
Resource Property Interests	10,905	10,663	10,069	9,979	9,935	9,558	9,419	9,251
Other Assets	145	163	182	200	219	238	333	352
Total Assets	16,395	11,102	10,836	10,966	11,041	11,133	11,317	11,477
Current liabilities	419	272	145	137	55	38	108	125
Other liabilities	0	403	403	403	403	235	235	235
Shareholders' equity	15,976	10,427	10,288	10,426	10,583	10,860	10,974	11,117
Total liabilities and shareholders' equity	16,395	11,102	10,836	10,966	11,041	11,133	11,317	11,477
Revenue	Nil							
Expenses:								
General & Admin	467	88	119	155	110	95	145	237
Amortization	18	19	19	19	19	19	19	19
Interest Expense	0	0	0	0	nil	nil	1	1
Interest Income	(9)	1	0	(30)	nil	nil	(1)	(4)
Income tax (Recovery)	(403)	0	0	0	168	0	0	0
Stock based compensation	578	509	0	0	30	0	0	83
Loss(Income) for the period	651	617	138	144	326	114	164	336
Loss (Income)per share - basic	0.03	0.02	0.01	0.01	0.01	0.004	0.01	0.01

Results of Operations

The operating results of exploration companies can fluctuate significantly from period to period. Being in the exploration stage, the Company has no revenue from operations.

Cash flows for the 12 months ended October 31, 2010 compared to the 12 months ended October 31, 2009

During the 12 month period ended October 31, 2010, the Company had an overall cash increase of \$4,654,571 (October 31, 2009 – overall cash decrease of \$1,123,513).

During the 12 month period ended October 31, 2010 the Company had cash outflow to mineral properties of \$ 51,756, largely as a result of the receipt of Mineral Exploration Tax Credits ("METC"s) totalling \$ 800,376 offsetting expenditures of \$852,132 (Fiscal year 2009 cash expenditures totalled - \$709,389).

During the 12 months period ended October 31, 2010, the Company had a total outflow of \$1,148,624 (October 31, 2009 - \$468,014) for normal operating activities. Major differences included deposits and other prepaid expenses, and a significant increase in HST receivable.

Net Loss for the 12 month period ended October 31, 2010 compared to the 12 month period ended October 31, 2009

During the 12 month period ended October 31, 2010 the Company incurred an overall net loss of \$1,549,566 (October 31, 2009 - \$921,474).

The Company incurred administrative expenses totalling \$829,336 net of Stock Based Compensation ("SBC") of \$1,087,330 and amortization of \$74,508 for the 12 month period ended October 31, 2010 (October 31, 2009 - \$569,092, net of SBC of \$113,490 and amortization of \$75,674).

Management fees increased from \$326,700 for the 12 month period ended October 31, 2009 to \$348,350 for the 12 month period ended October 31, 2010, reflecting the additions to management.

The Company recorded \$ 1,087,330 in stock based compensation expense for the 12 month period ending October 31, 2010 (October 31, 2009 - \$113,490). This reflected the need to adequately compensate new management and to retain existing senior officers and directors.

The Company significantly increased investor relation, travel and promotion expense to \$185,240 for the 12 month period ended October 31, 2010 from \$111,343 for the 12 month period ended October 31, 2009. These expenses increased from the prior year as a result of additional funding and in order to position the Company to raise additional funds.

During the 12 month period ended October 31, 2010 the Company recorded interest income totalling \$38,557 (October 31, 2009 - \$5,267). Interest income was mainly derived from the delays which occurred in processing our METC for the nine months ended July 31, 2010 and from investing in bank certificates of deposit in the quarter and six months ended July 31, 2009.

As a consequence of closing the private placement during the last quarter we have made commitments to capital programs to advance the project totalling \$2,742,000.

In addition to project development and exploration expenses which have fixed budgets, our cash operating expenses for professional fees, investor relations costs and general office expenses will increase to approximately \$350,000 per quarter beginning with the quarter ended October 31, 2010. .

Liquidity and Capital Resources

At October 31, 2010, the Company had cash of \$ 4,734,825 (October 31, 2009 - \$ 80,254).

These funds were held in current accounts at a major Canadian Chartered bank and banker's acceptances stamped by a major Canadian Chartered bank with maturities not exceeding 90 days.

We had a working capital of \$4,925,431 compared to a working capital of \$831,955 on October 31, 2009.

Cash flow and budget are monitored monthly and often more frequently.

During the fiscal year ended October 31, 2010, the Company had a cash burn rate, excluding project development expenses, of approximately \$69,000 per month, up significantly from \$47,400 per month in fiscal 2009.

The burn rate has continued to accelerate, in a controlled manner, following the completion of the private placement and the Qualifying Transaction with Four Points Capital Corporation as we work on the Preliminary Economic Assessment and additional exploration and development of the Harper Creek project. The Company will also be working toward raising sufficient capital to fund operations through the Feasibility Study and permitting phases of the development of the Project.

While the Company believes that access to the capital markets is still uncertain, it remains confident that it will be able to obtain adequate financing in the future. If adequate financing is not available when required, the Company may be required to delay, scale back or eliminate various programs

Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

Capital Resources

At October 31, 2010, the Company had the following capital resources and claims against capital resources:

Current capital resources

Unrestricted Cash		\$4,734,825
HST rebate receivable		87,778
Deposits with suppliers		326,141
Mineral exploration tax credit receivable		195,846
	Subtotal	5,344,590
Amounts due for payment		419,159
	Subtotal	\$4,925,431
Claims against capital		
Camp and office maintenance (12 month budget)		90,000
Budget for advancement of project		2,900,000
General and Admin (12 months budget)		900,000
	Subtotal	3,890,000
Excess Capital Resources		\$1,035,431

Since the end of the Fiscal Year, the Company has received the full amount of its HST refund for \$87,778. The Company has also received the proceeds from the sale of additional units pursuant to the Pre-Public Private Placement aggregating \$2,157,642.

As at the end of the period and the date of this report, there are no ongoing capital commitments.

Transactions with Related Parties

Transactions with related parties totalled \$871,637 for the 12 months ended October 31, 2010 compared to \$884,386 for the 12 months ended October 31, 2009. A breakdown of these transactions is documented in Note 9 to the Financial Statements.

The above transactions are in the normal course of operations, with terms that are similar to those with unrelated parties and are measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.

Change in Board of Directors

During the year, Ian Smith was appointed Chief Executive Officer and Director, replacing Ronald L. Handford, the former Chief Executive Officer and Director, who assumed a new role as Executive Vice President, Corporate Development.

Ron resigned from the Board effective June 11, 2010.

Concurrent with the investment by Anthill Resources Limited in September, Morgan Li was elected to serve on the board of Yellowhead, bringing our total board complement to 7.

Under our charter, we are permitted to increase the number of board members during the year but need to ratify the increase at the next Annual General Meeting of Shareholders.

Capital Lease Obligations

The Company has no outstanding Capital Lease Obligations.

Off Balance Sheet Arrangements

The Company has no off balance sheet arrangements.

Financial Instruments and Other Instruments

The Company's financial instruments consist of cash, short term Bankers Acceptances and bank term deposits, accounts payable and accrued liabilities.

The terms are fully disclosed in the Company's financial statements. It is management's opinion that the Company is not exposed to significant currency, credit or interest rate risks from its financial instruments. The fair value is the carrying value unless otherwise noted.

The Company follows the Canadian Institute of Chartered Accountants' ("CICA") Handbook Section 3855, "Financial Instruments - Recognition and Measurement", which established standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. The Company classifies its debt and investments into held-to-maturity, trading or available-for-sale categories. Debt securities for which the Company does not have the intent or ability to hold to maturity are classified as available-for-sale. Held-to-maturity securities are recorded as either short-term or long-term on the balance sheet based on the contractual maturity date and are stated at amortized cost. Investments that are bought and held principally for the purpose of selling them in the near term are classified as trading securities and are reported at fair value, with unrealized gains and losses recognized in earnings.

Debt and investments not classified as held-to-maturity or as trading are classified as available-for-sale and carried at fair value, with the unrealized gains and losses, net of tax, included in the determination of comprehensive income and reported in shareholders' equity.

The Company adopted the CICA Section 3862, "Financial Instruments Disclosures", and Section 3863, "Financial Instruments Presentation" which provides users with information to evaluate the significance of the financial instruments of the entity's financial position and performances, nature and extent of risks arising from financial instrument, and how the entity manages those risks. Section 3863 deals with the classification of financial instruments, related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset.

Critical Accounting Policies

A summary of significant accounting policies is presented in Note 3 to the financial statements for the period ended October 31, 2010.

Preparing financial statements in accordance with GAAP requires management to make certain judgements and estimates. Changes to these judgements and estimates could have a material effect of the Company's financial statements and financial position.

The carrying value of expenditures incurred in a development stage company like YMI is subject to an impairment evaluation. All of the expenditures incurred to date on the Company's Harper Creek Property have been capitalized. It is management's opinion that the estimated cash flows expected to result from the future use of the property and its eventual disposition will exceed its carrying amounts.

Comprehensive Income

The Company adopted CICA Handbook Section 1530, "Comprehensive Income", which established standards for presentation and disclosure of comprehensive income. Comprehensive income is the overall change in net assets of the Company for a period, other than changes attributable to transactions with shareholders. It is made up of net income and other comprehensive income. The historical make-up of net income has not changed. Other comprehensive income includes gains or losses, which generally accepted accounting principles requires to be recognized in a period but are excluded from net income for that period.

Capital disclosures

The Company has adopted Handbook Section 1535, "Capital Disclosures", which requires the disclosure of both qualitative and quantitative information that provides users of financial statements with information to evaluate the entity's objectives, policies and procedures for managing capital.

International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian generally accepted accounting principles with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own generally accepted accounting principles. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Our transition date of November 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for interim periods and for the year ended October 31, 2010.

The Company is assessing what the implementation of IFRS will have on its financial statements through, among other things, initial review of IFRS standards currently in place and "diagnosis" of the impact on the Company's current accounting policies. The financial reporting impact of the transition is expected to be minimal.

The transition will become necessary with the fiscal quarter beginning November 1, 2011 with the initial report to occur with the financial results for the Quarter which will end on January 31, 2012. During this period we will have made a determination of the elections which will be appropriate for the Corporation.

The Company is also ensuring that key individuals involved in its financial reporting processes, and moving forward, the implementation of IFRS, receive adequate training in IFRS.

Proposed Transactions

The Company has received and is reviewing a proposal for the acquisition of an industrial site in the Township of Vavenby. .

Disclosure of Contractual Obligations

As part of its agreement with Yellowhead for the purchase of the Private Placement on September 7, 2010, Anthill Resources Limited retains the right to acquire additional units in the private placement prior to closing the private placement. Anthill did participate and has maintained their interest at 15%.

Anthill has indicated that they plan to continue to maintain a 15% interest in the Company following its amalgamation with Four Points Capital Corporation.

This is Anthill's right but not their obligation. They could elect to maintain their current holding without exercising any additional purchases.

Disclosure Controls and Internal Controls over Financial Reporting

The Company has evaluated its internal controls over financial reporting and believes that as of the report date, its systems of internal controls over financial reporting as defined under MI 52-109 is sufficiently designed and maintained to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. Certain weaknesses in its system are apparent. These weaknesses arise primarily from the limited number of personnel employed in the accounting and financial reporting area, a situation that is common in smaller companies. As a consequence of this situation:

1. It is not feasible to achieve the complete segregation of duties; and
2. The Company does not have full competency "in House" in complex areas of financial accounting such as taxation.

The Company believes these weaknesses are mitigated by:

1. the nature and present level of activities and transactions within the Company being readily transparent;
2. the review of the Company's financial statements by senior management and the audit committee of the board of directors;
3. the assistance and advice rendered by the Company's independent auditors; and
4. the active participation of senior management in monitoring financial reporting.

Nevertheless, these mitigating factors cannot eliminate the possibility that a material misstatement will occur as a result of the aforesaid weaknesses in the Company's internal controls over financial reporting. A cost effective system of internal controls over financial reporting, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance the objectives of the internal controls over financial reporting are achieved.

Risk Factors

Yellowhead is engaged in mineral exploration and development activities which, by their nature,

are speculative due to the high risk nature of the business and the present stage of the development of the Harper Creek Project. Any investment in the common shares of Yellowhead should be considered a highly speculative investment due to the nature of the Company's business. Such risk factors could materially affect Yellowhead's future financial results and could cause actual results and events to differ materially from those described in forward looking statements and forward looking information relating to Yellowhead or the business, property or financial results, any of which could cause investors to lose part or all of their investment in Yellowhead.

Outstanding Share Data

Common shares, stock options and share purchase warrants issued and outstanding as at the quarter end are described in detail in Note 7 to the audited Financial Statements for the fiscal year ended October 31, 2010.

The Capital Transactions detailed in an earlier section of this report are included in the issued and outstanding table immediately prior to the Company's amalgamation with 0887988 B.C.Ltd.as of November 10th, 2010, disclosed as follows:

	Number of <u>Shares</u>	Cash <u>Consideration</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
Issued and Outstanding	34,035,245	\$19,973,218		
	Number of <u>Options</u>			
	350,000		\$0.40	Jun 1, 2011
	525,000		\$0.75	Mar 12, 2012
	50,000		\$1.00	July 23, 2012
	200,000		\$1.00	Oct 21, 2012
	50,000		\$1.00	Nov 12, 2012
	150,000		\$1.00	Nov 18, 2013
	650,000		\$1.00	June 16, 2015
	750,000		\$1.08	Sept 22, 2015
Total Options	<u>2,725,000</u>		\$0.90	(weighted average)
	Number of <u>Warrants</u>			
	118,930		\$1.08	<u>November 6, 2012</u>
	2,518,004		\$1.40	<u>September 7, 2012</u>
	<u>1,218,932</u>		\$1.40	<u>November 6, 2012</u>
Total Warrants	<u>3,855,866</u>			
Fully Diluted	<u>40,616,111</u>			

Following the amalgamation, all shares, options and warrants were exchanged for shares, options and warrants in the new parent, Four Points Capital Corporation, which following the renaming of the Company to the Harper Creek Mining Corporation, a private, wholly owned subsidiary, became the "new" Yellowhead Mining Inc., a publically trading company listed on the TSX Venture Exchange, trading under the symbol "YMI".

On behalf of the Board,
Ian Smith.
Chief Executive Officer

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