YELLOWHEAD
MINING INC.

YELLOWHEAD MINING INC.
Management Discussion and Analysis
Twelve months ended December 31, 2013
(Expressed in Canadian Dollars)

This Management Discussion and Analysis ("MD&A") of Yellowhead Mining Inc. should be read in conjunction with the Company's audited consolidated financial statements and related notes for the twelve months ended December 31, 2013. The audited consolidated financial statements for the twelve months ended December 31, 2013 have been prepared in accordance with IFRS. All dollar amounts included therein and in this MD&A are expressed in Canadian Dollars unless otherwise noted. The information contained within this MD&A is current to March 28, 2014. Additional information of the Company is available on SEDAR at www.sedar.com.

1. HIGHLIGHTS

Key highlights for the twelve months ended December 31, 2013 and subsequent weeks include:

- NI 43-101 feasibility study, completed and filed on SEDAR on March 29, 2012, and was amended and restated as of January 25, 2013.
- In April 2013, the Company submitted an application for an Environmental Assessment Certificate ("EA Application") for the Harper Creek Project to the British Columbia Environmental Assessment Office ("EAO"). In May 2013, the EAO identified a number of deficiencies with, and provided a number of comments on, the EA Application. The Company is currently working to address the deficiencies raised and comments received in order to resubmit the EA Application to the EAO by the end of the third quarter of 2014.
- Completed all the drilling for the in-fill drilling program announced in November 2012, with an additional 35 holes drilled for a total of 11,969m.
- Appointed Frank Wheatley as CEO and a member of the Board of Directors effective July 1, 2013.
- On November 19, 2013, the Company issued an $8.0 million convertible debenture to Matco Investments Ltd. ("Matco").
- On December 30, 2013, the Company's shareholders approved the full automatic conversion of the $8.0 million convertible debenture into 35,555,556 common shares of the Company at a conversion price of $0.225 per share, representing approximately 35.91% of the total issued and outstanding common shares of the Company.
- Undertook a reduction in general and administrative expenses, including staffing levels, in order to position the Company to execute on its strategy for 2014.
- As at December 31, 2013, the Company had cash and cash equivalents of $10.00 million.

2. OVERVIEW

Yellowhead Mining Inc. ("Yellowhead" or the "Company") was incorporated on August 23, 2005 under the laws of British Columbia. The Company is a development stage company engaged in the acquisition, exploration and development of mineral properties with its focus on the development of its wholly-owned Harper Creek mineral property ("Harper Creek"), which is located in south central British Columbia, Canada. The Company's shares trade on the Toronto Stock Exchange ("TSX") under the symbol YMI.

Corporate Structure
Yellowhead Mining Inc. was listed for trading on the TSX Venture on November 17, 2010 under the trading symbol "YMI". On June 11, 2012, Yellowhead Mining Inc. graduated from the TSX Venture to the TSX under the trading symbol "YMI". The TSX is the largest stock exchange in Canada and serves the senior equity market.

On August 23, 2012, the Company's common shares commenced trading in the United States on the OTCQX International marketplace under the symbol "YHMGF". On September 5, 2013, due to low trading volumes and an analysis of the lack of continued benefit of the listing, the Company announced that it had voluntarily delisted from the OTCQX International marketplace.

Additional disclosures pertaining to the Company's filings, technical reports, management information circulars, annual information forms, material change reports, press releases and other information are available on SEDAR at www.sedar.com.

Harper Creek Project
The Harper Creek Project is 100% owned by the Company and is a copper-gold-silver deposit located approximately 150 km by road north-northeast of the city of Kamloops in Vavenby, B.C. The property is 15km east of the community of Clearwater and adjacent to the Yellowhead Highway; the Canadian National Railways' transcontinental mainline; and 12km from the BC Hydro power sub-station in the town of Vavenby. 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 has a total of 131 mineral tenures covering 42,636 hectares at the Harper Creek Project in the Kamloops Mining Division of British Columbia. The area of active exploration and proposed development comprises 9,000 hectares which extends from the area of historical exploration by both Noranda and US Steel and their successors.

3. OUTLOOK

The Company's principal activities planned for 2014 include:

- Updating and revising the EA Application in order to resubmit the application to the EAO by the end of the third quarter of 2014.
- Targeting the issuance of an updated NI 43-101 feasibility study for the Harper Creek Project by the end of the second quarter of 2014.
- Continuing ongoing consultation with stakeholders, including the local communities and First Nations to address any potential environmental and socio-economic impacts of the Harper Creek Project and the Company's mitigation strategies.
- Continuing negotiations with local First Nations on an Impact Benefits Agreement.

4. CORPORATE ACTIVITY

Key corporate developments for the Company for the twelve months ended December 31, 2013 and subsequent weeks are discussed below.

On February 5, 2013, the Company announced that the Company's Harper Creek feasibility study dated and filed on SEDAR on March 29, 2012, had been restated and amended as of January 25, 2013 (the "Feasibility Study"). The Feasibility Study shows an estimated after-tax NPV_8 of $465.3 million with an IRR of 17.0% for a 28 year project life at a milling rate of 70,000 tonnes per day, based on long-term metal prices of US$2.50/lb Copper ("Cu"), US$1,250/oz Gold ("Au") and US$20/oz Silver ("Ag") and a US$:Cdn$ exchange rate of 0.86:1. The project as designed is expected to produce a total of 3.63 billion pounds of copper, 372,000 ounces of gold and 14 million ounces of silver contained in concentrate.

On April 3, 2013, the Company announced that it had submitted an application for an Environmental Assessment certificate for the Harper Creek Project to the British Columbia Environmental Assessment Office ("EAO") for screening. In May 2013, the EAO identified a number of deficiencies with, and provided comments on, the EA Application. The Company is currently working to address the deficiencies raised and comments received in order to resubmit the application to the EAO by the end of the third quarter of 2014.

On June 26, 2013, the Company announced that it had appointed Frank Wheatley as Chief Executive Officer effective July 1, 2013. Mr. Wheatley has also been appointed as a director of the Company effective July 1, 2013. Mr. Wheatley is a senior mining executive and legal counsel, with 28 years of business, financial and legal experience with Canadian public mining companies exploring, developing, permitting, financing and operating gold, silver, copper and lithium mines on several continents.

On September 5, 2013, the Company announced that it had voluntarily delisted from the OTCQX exchange.

On November 19, 2013, the Company issued an $8.0 million convertible debenture to Matco. Full conversion of the convertible debenture into common shares of the Company was subject to shareholder approval. The proceeds of the Matco financing will be used to complete the environmental assessment process for the Harper Creek Project and for general corporate purposes.

4. CORPORATE ACTIVITY (Continued)

On November 19, 2013, Mr. Ronald Mathison was appointed as a member of the Board of Directors. Pursuant to the Matco financing agreement, Matco was granted the right to designate one individual for appointment to the Board of Directors of the Company.

On December 30, 2013, the Company's shareholders approved the full automatic conversion of the $8.0 million convertible debenture into 35,555,556 common shares of the Company at a conversion price of $0.225 per share, representing approximately 35.91% of the total issued and outstanding common shares of the Company.

Effective January 4, 2014, Lori Price, previously the Controller of the Company, was appointed as Chief Financial Officer of the Company upon the resignation of Saurabh Handa, the former Chief Financial Officer of the Company. Ms. Price is a Certified General Accountant with a Bachelor of Commerce from the University of British Columbia and has over twenty years' experience in the mining industry.

5. SELECTED ANNUAL INFORMATION (1)

	December 31, 2013	December 31, 2012	October 31, 2011
Total revenue	**$ -**	$ -	$ -
Net loss and comprehensive loss	**6,515,570**	15,149,699	15,476,816
Basic and diluted loss per share	**0.10**	0.28	0.34
Total assets	**13,399,604**	12,591,027	21,266,482
Total liabilities	**372,454**	1,491,174	2,167,126
Total non-current liabilities	**-**	-	-
Dividends paid	**-**	-	-

(1) The Company's annual financial results are for the twelve months ended December 31, 2013, for the fourteen months ended December 31, 2012 and for the twelve months ended October 31, 2011.

The Company is still at the development stage and therefore does not earn any revenues. The majority of costs incurred by the Company at this stage are costs associated with moving the Harper Creek Project towards development and ultimately into production, and costs associated with the maintenance of a publicly listed entity.

6. SUMMARY OF QUARTERLY RESULTS (1)

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

	2013				2012				2011
Quarter Ended	**31-Dec**	**30-Sep**	**30-Jun**	**31-Mar**	**31-Dec**	**30-Sep**	**30-Jun**	**31-Mar**	**31-Dec**
Administrative expenses	$ 920	$ 985	$ 789	$ 984	$1,881	$ 908	$1,139	$ 994	$ 691
Exploration and evaluation expenses	194	268	447	1,956	2,845	2,093	913	1,520	2,222
Other expenses/(income)	107	(8)	3	(129)	(11)	(14)	6	(13)	(25)
Net loss and comprehensive loss for the period	1,220	1,245	1,239	2,811	4,715	2,987	2,058	2,501	2,888
Basic and diluted loss per share for the period	$ 0.02	$ 0.02	$ 0.02	$ 0.04	$ 0.08	$ 0.06	$ 0.04	$ 0.05	$ 0.05

(1) Due to the Company's prospective change in fiscal year end from October 31, 2012 to December 31, 2012, the period ended December 31, 2011 is two months long and all other disclosed periods are three months long.

The Company's changes in financial results on a quarter by quarter basis are due primarily to fluctuations in the level of activity of project development, investor relations and administration. The Company has continued to develop the technical and economic feasibility of the Harper Creek Project and the expenditures by the Company reflect this development.

7. RESULTS OF OPERATIONS

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

Review of Quarterly Financial Results – Three months ended December 31, 2013 ("Q4 2013") compared to the three months ended December 31, 2012 ("Q4 2012")

The Company recorded a net loss of $1,220K for Q4 2013, as compared to a net loss $4,715K for Q4 2012. The decrease in the loss of $3,495K was attributable to the following key items:

Consulting fees were $71K for Q4 2013, as compared to $446K for Q4 2012. This decrease of $375K was related to approximately $400K that was paid to BC Hydro in Q4 2012 for an Identification Phase study for upgrading power to the North Thompson Valley that was being partially funded by the Company. There were no costs incurred for these studies in Q4 2013.

Investor relations costs were $38K for Q4 2013, as compared to $79K for Q4 2012. This decrease of $41K was due to a decrease in investor relations activities and travel costs by the Company in Q4 2013 as compared to Q4 2012. The majority of investor relations costs are non-recurring and therefore these costs vary with the level of investor relations activity by the Company. In Q4 2013 versus Q4 2012 the Company incurred $20K less in advertising and $22K less in general investor relations.

Professional fees were $81K for Q4 2013, as compared to $253K for Q4 2012. This decrease of $172K was due to two main factors: first, the Company incurred approximately $126K less in legal costs in Q4 2013 as compared to Q4 2012 due to additional corporate matters in Q4 2012 requiring legal advice; and second, the accounting and audit fees were approximately $16K less in Q4 2013 as compared to Q4 2012.

Wages and benefits were $545K for Q4 2013, as compared to $871K for Q4 2012. This decrease of $326K was due to two main factors: First, in Q4 2012 approximately $284K in severance payments to the former CEO were incurred; and second, in Q4 2012 the Company accrued annual bonuses of approximately $202K and these costs were not accrued in Q4 2013 as bonuses were not awarded and paid in 2013. This was partially offset by severance costs in Q4 2013 of $122K related to corporate restructuring.

Exploration and evaluation expenses were $194K for Q4 2013, as compared to $2,845K for Q4 2012. This decrease of $2,651K was due to three main factors. First, the Company spent approximately $717K in Q4 2012 related to an in-fill drilling program which was announced and started in Q4 2012, and there were no costs associated with this program in Q4 2013. Second, the Company incurred approximately $835K less in environmental assessment as the Company filed its EA Application into the screening process in April 2013. Third, the Company recognized an adjustment of approximately $652K in Q4 2012 as a result of an audit by the Canada Revenue Agency ("CRA") related to the Province of British Columbia's Mineral Exploration Tax Credit ("METC") program (Note 11 of the consolidated financial statements has additional discussion on this amount).

7. RESULTS OF OPERATIONS (Continued)

Review of Annual Financial Results – Twelve months ended December 31, 2013 compared to the fourteen months ended December 31, 2012

The Company recorded a net loss of $6,516K for the twelve months ended December 31, 2013 ("FY 2013"), as compared to a net loss $15,150K for the fourteen months ended December 31, 2012 ("FY 2012"). The decrease in the loss of $8,634K is attributable to the following major items:

Consulting fees were $71K for FY 2013, as compared to $784K for FY 2012. This decrease of $713K was related primarily to a $174K refund that the Company received from BC Hydro in FY 2013. In FY 2012 the Company expensed approximately $599K for various studies related to BC Hydro. As well the Company spent approximately $51K less in FY 2013 compared to FY 2012 related to costs incurred in connection with ongoing negotiations with the First Nations for the completion of a long-term Impact Benefits Agreement and costs associated with the socio-economic review and community consultation process.

Investor relations costs were $295K for FY 2013, as compared to $800K for FY 2012. This decrease of $505K was due to a decrease in investor relations activities and travel costs by the Company in FY 2013 as compared to FY 2012, the majority of investor relations costs are non-recurring and therefore these costs vary with the level of investor relations activity by the Company. In FY 2013 versus FY 2012 the Company incurred $229K less in travel costs, $145K less in advertising and $127K less in general investor relations costs.

Professional fees were $692K for FY 2013, as compared to $567K for FY 2012. This increase of $125K was due mainly to two main factors. First the Company incurred approximately $129K in recruiting fees in FY 2013 related to the Company's search for a new CEO and these costs were not incurred in FY 2012. Second, the Company incurred an additional $65K in professional fees in FY 2013 related to various strategic initiatives of the Company as compared to FY 2012. These costs were partially offset by lower legal fees in FY 2013 compared to FY 2012.

Wages and benefits were $1,718K for FY 2013, as compared to $2,346K for FY 2012. This decrease of approximately $628K was due primarily to $371K in severance payments in FY 2012 made to former officers of the Company and bonus accruals of $202K in FY 2012 which were not incurred in FY 2013. FY 2012 also includes fourteen months of salary and wages compared to twelve months in FY 2013. In FY 2013 the Company incurred $122K in severance costs related to corporate restructuring and higher director fees compared to FY 2012.

Exploration and evaluation expenses were $2,865K for FY 2013, as compared to $9,593K for FY 2012. This decrease of approximately $6,728K was due to three major factors. First, the Company incurred $2,603K less in environmental assessment costs in FY 2013 versus FY 2012 as the Company submitted its EA Application in April 2013. Second, the Company incurred $1,547K less in engineering costs in FY 2013 versus FY 2012 as in FY 2012 the Company conducted additional engineering to support the permitting process and these costs were not incurred in FY 2013. Third, the Company recognized an adjustment of approximately $652K in FY 2012 as a result of an audit by

7. RESULTS OF OPERATIONS (Continued)

the Canada Revenue Agency ("CRA") related to the Province of British Columbia's Mineral Exploration Tax Credit ("METC") program (Note 11 of the consolidated financial statements has additional discussion on this amount).

Other (income)/expense was lower for FY 2013 as compared to FY 2012 due to the interest expense and the amortization of the convertible debenture. These expenses of $82K and $54K respectively were partially offset by the recognition of the flow-through share premium liability of $107K in FY 2013. The recognition of the flow-through share premium liability is related to the renunciation of qualifying expenditures by the Company related to the flow-through shares that were issued by the Company in December 2012 and where the expenditures needed to be incurred before December 31, 2013. All the required expenditures were incurred by the Company in FY 2013 and no further commitments exist related to the flow-through shares.

8. PROJECT REVIEW – HARPER CREEK

The Harper Creek Project is a copper-gold-silver deposit located approximately 150 km by road north-northeast of the city of Kamloops in Vavenby, B.C. 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.

(a) Highlights

An independent NI 43-101 feasibility study for the Harper Creek Project was completed and filed on SEDAR on March 29, 2012, and was restated and amended on January 25, 2013 (the "Feasibility Study"). The Feasibility Study is available on SEDAR at www.sedar.com.

Some highlights of the project discussed in the Feasibility Study are:

- The project's estimated pre-tax Net Present Value @ 8% discount rate ("NPV_8") is $749.7 million with an Internal Rate of Return ("IRR") of 20.2% and the estimated after-tax NPV_8 is $465.3 million with an IRR of 17.0%;
- The Feasibility Study was based on long-term metal price projections of US$2.50/lb Cu, US$1,250/oz Au and US$20/oz Ag, and a US$:Cdn$ exchange rate of 0.86:1;
- The project is estimated to have a 28 year mine life at a milling rate of 70,000 tonnes per day ("tpd") (25.55Mt/y);
- Capital costs are estimated at $838.95 million +/- 15% in Q4 2011 dollars, including contingency of $76.4 million;
- Life of Mine ("LOM") onsite cash operating costs, net of precious metal credits, are estimated at US$0.95/lb Cu (US$0.80/lb for the first 5 years) and total onsite and offsite cash cost (net of precious metal credits) are estimated at US$1.56/lb Cu;
- LOM stripping ratio is estimated at 0.81:1; and
- Sustaining capital over the project life is estimated at $305.1 million.

8. PROJECT REVIEW – HARPER CREEK (Continued)

(b) Mineral Tenures

The Company has a total of 131 mineral tenures covering 42,636 hectares at Harper Creek in the Kamloops Mining Division of British Columbia. The area of active exploration and proposed development comprises 9,000 hectares which extends from the area of historical exploration by both Noranda and US Steel and their successors. On November 3, 2011, the Company extended all 131 of its mineral tenures through to November 3, 2017 for total cash cost of $51,209 and on January 31, 2014 the Company extended all 131 of its mineral tenures through to November 3, 2024.

The Company's 131 mineral tenures were acquired as follows:

- 61 mineral tenures were acquired in 2006 from various parties for total cash consideration of $65,000 and by the issuance of a total of 6,100,000 common shares of the Company which at the time of issuance had a deemed value of $100,000.
- 70 mineral tenures were staked by the Company between 2006 and 2010 for total cash consideration of $14,741.

The Harper Creek Project is subject to net smelter returns ("NSR") royalties for production from certain mineral tenures as follows:

- A 3% NSR capped at $2.5 million, subject to an inflation adjustment from July 2010, related to 31 mineral tenures acquired from Cygnus Mines Ltd., a subsidiary of US Steel Corp. Based on the Feasibility Study, this NSR will be extinguished in the first year of operations.
- A 2.5% NSR to Xstrata related to 6 mineral tenures. Based on the Feasibility Study, this equates to approximately 1.5 million tonnes of ore which is expected to be mined beginning in year sixteen of the mine plan.

(c) Exploration

Prior to acquisition by the Company, historical exploration was conducted at Harper Creek by a Noranda/US Steel joint venture and American Comstock. The historic drilling conducted on the property was:

- 1967 to 1973 – Noranda/US Steel drilled a total of 168 holes for a total of 26,445m
- 1996 – American Comstock drilled 8 holes for a total of 2,847m

From 2006 – 2010 the Company drilled an additional 97 holes for a total of 33,725m.

In 2011 the Company drilled an additional 88 holes for a total of 19,142m.

In 2012, the Company had two separate drilling programs. Initially the Company conducted a diamond drilling program on the property to support mine permitting which was completed in October 2012. As part of this program the Company drilled an additional 46 holes for a total of 1,061m. Drilling included:

- Geotechnical: 8 holes for a total of 443m
- Hydrogeological: 10 holes for a total of 360m
- Soil Sampling: 28 holes for 258m

In 2013, the Company had an in-fill drilling program that was initiated in November 2012 and the drilling was completed in March 2013. As part of this program the Company drilled an additional 35

(In Canadian dollars unless otherwise stated)

8. PROJECT REVIEW – HARPER CREEK (Continued)

holes for a total of 11,969m. The Company is targeting the issuance of an updated NI 43-101 compliant resource estimate by the end of the second quarter of 2014 that incorporates the results from the in-fill drilling program.

To date total drilling at Harper Creek has totaled 442 holes for a total of 95,192m of which 341 holes and 87,904m were related to resource calculation holes and the remaining 101 holes and 7,288m were related to hydrogeological, geotechnical, soil sampling and condemnation holes.

In September 2011 an application to extend the Company's existing exploration permit to December 31, 2014, was submitted and approved by the Ministry of Energy and Mines in June 2012. A further amendment was submitted in July 2012 to extend the proposed work area and this amendment was approved in September 2012.

(d) Harper Creek Expenditures

As at December 31, 2013, a summary of the Company's mineral property expenditures at Harper Creek are as follows:

	Capitalized mineral interests	Exploration and evaluation expenses	Total expenditures on Harper Creek
Balance, December 31, 2012	$ 885,235	$ 29,297,640	$ 30,182,875
Assaying	-	286,824	286,824
Camp and field supplies	-	108,137	108,137
Contract wages	-	33,193	33,193
Drilling	-	1,301,801	1,301,801
Engineering	-	1,600	1,600
Environmental assessment	-	845,904	845,904
Equipment rental	-	38,839	38,839
Geological consulting	-	57,587	57,587
Reports, drafting and maps	-	117,788	117,788
Other	-	73,119	73,119
Balance, December 31, 2013	**$ 885,235**	**$32,162,432**	**$33,047,667**

Further details of capitalized mineral interests (Note 13) and exploration and evaluation expenditures (Note 8) are disclosed in the Company's consolidated financial statements as at and for the twelve months ended December 31, 2013.

(In Canadian dollars unless otherwise stated)

8. PROJECT REVIEW – HARPER CREEK (Continued)

(e) Reserves and Resources

Details of the methodology used to estimate Reserves and Resources are available in the Feasibility Study.

Reserves Estimate
The NI 43-101 compliant mineable Reserves for Harper Creek reported using a 0.14% copper cut-off grade ("COG") and based on the Feasibility Study are estimated as follows:

	Reserves				Contained Metal		
	Ktonnes	**Cu %**	**Au g/t**	**Ag g/t**	**Cu (M lbs)**	**Au (K oz)**	**Ag (K oz)**
Proven	401.2	0.272	0.031	1.15	2,404.6	402.3	14,785.0
Probable	303.2	0.248	0.027	1.13	1,659.9	260.3	11,026.2
Totals	**704.4**	**0.262**	**0.029**	**1.14**	**4,064.5**	**662.6**	**25,811.2**

Resource Estimate
The NI 43-101 compliant mineral Resources for Harper Creek reporting using a 0.2% COG and an effective date of December 20, 2011 are estimated as follows:

Measured + Indicated								Inferred						
COG % Cu	**Ktonnes**	**Cu %**	**Au (g/t)**	**Ag (g/t)**	**Cu (B lbs)**	**Au (K oz)**	**Ag (K oz)**	**Ktonnes**	**Cu %**	**Au (g/t)**	**Ag (g/t)**	**Cu (B lbs)**	**Au (K oz)**	**Ag (K oz)**
0.1	1,518,997	0.23	0.027	1.1	7.63	1,318.6	53,720.5	155,251	0.22	0.027	1.1	0.75	134.8	5,490.6
0.2	**814,997**	**0.29**	**0.032**	**1.3**	**5.26**	**838.6**	**34,063.6**	**80,169**	**0.30**	**0.033**	**1.4**	**0.53**	**85.1**	**3,608.5**
0.3	294,637	0.39	0.042	1.5	2.50	397.9	14,209.2	31,635	0.39	0.037	1.5	0.27	37.6	1,525.6
0.4	101,391	0.48	0.054	1.7	1.06	176.0	5,541.6	11,360	0.47	0.044	1.8	0.12	16.1	657.4
0.5	30,612	0.58	0.071	2.0	0.39	69.9	1,968.4	3,017	0.57	0.054	2.0	0.04	5.2	194.0

(f) Project Update

Below are updates on various aspects of Harper Creek and how the project is progressing in each of those areas:

First Nations Impact Benefits Agreement
The Company has been engaged with local First Nations since 2006, and in discussions regarding an Impact Benefits Agreement ("IBA") with local First Nations since 2011. The purpose of the IBA is to offer economic benefits, business, employment and capacity-building opportunities providing long-term sustainable benefits for the communities. The Company has also offered to support the development of community businesses, and provide employment and capacity building opportunities associated with the development and operations of the Harper Creek Project to local First Nations. The Company is committed to developing effective partnerships and good working relationships with local First Nations based on mutual respect, open communications and sharing of information. The IBA negotiations are on-going.

8. PROJECT REVIEW – HARPER CREEK (Continued)

Environmental Permitting

On October 21, 2011, the British Columbia Environmental Assessment Office ("EAO") approved the Application Information Requirements ("AIR") for Harper Creek. The AIR, or Terms of Reference, was developed to meet the purposes of the environmental assessment pursuant to both the BC Environmental Assessment Act ("BCEAA") and the Canadian Environmental Assessment Act ("CEAA"). The AIR specifies the information that must be contained in the Application for an Environmental Assessment Certificate.

In 2007, the Company initiated water quality and fisheries inventory work. Comprehensive water, archaeology, wildlife, fisheries inventories and other baseline studies were started in 2011 and continued through 2012. Environmental monitoring will continue for the life of the project.

In 2011, the Company signed a General Services Agreement with the Simpcw First Nation and Adams Lake Indian Band to support their involvement in the collection of baseline information for the EA Application. Representatives of the local First Nations communities coordinated and led the archeology work, and were involved on field crews collecting environmental baseline information. In 2011, members of the First Nations spent over 340 person-days on field crews collecting baseline data. In 2012, members of the First Nations spent over 390 person-days on the collection of baseline data. In 2013, members of the First Nations spent 13 person-days on the collection of baseline data. In 2012, the Simpcw First Nation also completed a Traditional Use Study of the mine site area.

Over the last seven years the Company has established over 1,100 records of contacts with the local First Nations. Over the last two years the Company has met over fifty times with local First Nations, and held several meetings with other stakeholders to discuss the development of the Harper Creek Project, and address concerns raised. First Nations have also participated in all of the EAO Working Group meetings regarding the Harper Creek Project. Working group meetings and consultations with First Nations will continue through the EA Application review phase. The Company also organized three Open Houses to inform and update local communities and stakeholders on the environmental assessment process and development of the Harper Creek Project.

As at December 31, 2013, the Company has spent a total of $5,349K for costs related to the environmental assessment process. The Company submitted an application for an EA Certificate to the EAO in April 2013. In May 2013, the EAO identified a number of deficiencies with, and provided comments on the Company's EA Application. The Company is currently working to address the deficiencies raised and comments received in order to resubmit the application to the EAO by the end of the third quarter of 2014. Following resubmission, the next step for the Company's EA Application will be a 30-day screening process led by the EAO and EAO Working Group to assess the completeness of the EA Application against the AIR. If accepted for review, the EA Application will enter the 180-day review phase. The public, First Nations, Provincial and Federal regulators on the EAO Working Group will be involved in the EA Application review phase. Following the review phase, the EA application goes to the Federal and Provincial governments for a final decision.

8. PROJECT REVIEW – HARPER CREEK (Continued)

Mine Permitting

The Company is in the initial stages of assembling all of the information and documentation that will be required for Harper Creek's Major Mines Act Permit ("Mine Permit"), which will allow for both construction of the mine as well as operation of the mine after the completion of the construction phase. The Company's Mine Permit application will require a detailed mine plan, including particulars of the design, construction, operation and closure of Harper Creek, a conceptual final reclamation plan for the closure of mining operations and any other relevant information required by the British Columbia Ministry for Energy, Mines and Natural Gas. The Harper Creek EA certificate will also be a pre-requisite for the Company's Mine Permit.

Infrastructure – Rail Load-out

On November 7, 2011, the Company purchased the former Weyerhaeuser Company Ltd. sawmill property about 2.5km west of the town Vavenby. The property comprises approximately 79.3 hectares and has an approximately 1,880 metre rail siding, connecting to the Canadian National Railway's transcontinental main line that passes through Vavenby. The rail load-out will be located approximately 25 km from the Harper Creek Project mill site using existing roads and infrastructure. The existing rail siding will not require any additional permitting and in order to complete a rail load-out facility the Company will only be required to put in switches at both ends of the rail siding and pour a concrete pad for the load-out area.

In addition to the rail siding the property also contains an administration building which the Company plans to use during operations as well as a few old warehouses which could potentially be used as staging areas during the construction phase.

Infrastructure – BC Hydro

The Company will need to build a 12km power line to connect the Harper Creek Project to the sub-station in the town of Vavenby. There is sufficient power available on the line for the Company's needs during the construction phase, however, an upgrade to the North Thompson Valley grid will be required before the start of operations at Harper Creek. The upgraded transmission line will also provide improved reliability of power to existing customers within the North Thompson Valley and provide capacity for expansion to the existing industrial base.

The Company has been in discussions with BC Hydro since early 2011 about the upgrade to the North Thompson Valley. The Company continues to work with BC Hydro and other stakeholders including local community leaders and other industrial groups to ensure that adequate and more reliable power is brought to the North Thompson Valley in a timely manner before the start of operations at the Harper Creek Project.

(In Canadian dollars unless otherwise stated)

9. FINANCIAL INSTRUMENTS

Designation and valuation of financial instruments

The Company has designated its cash and cash equivalents and accounts receivable as loans-and-receivables; and accounts payable and accrued liabilities and due to related parties as other-financial-liabilities.

GST/HST receivable and mineral exploration tax credits receivable 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 receivable, 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 tables 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.

The Company does not have any financial instruments included in Level 1, 2 and 3.

The Company's financial instruments as at December 31, 2013 are as follows:

	As at December 31, 2013
Financial assets	
Loans-and-receivables	
Cash and cash equivalents	**$ 9,995,701**
Accounts receivable	**9,148**
Total financial assets	**$ 10,004,849**
Financial liabilities	
Other-financial-liabilities	
Accounts payable and accrued liabilities	**$ 349,610**
Due to related parties	**22,844**
Total financial liabilities	**$ 372,454**

9. FINANCIAL INSTRUMENTS (Continued)

The financial risk arising from the Company's operations are credit risk, liquidity risk and market risk. These risks arise from the normal course of operations and all transactions undertaken are to support the Company's ability to continue as a going concern. The risks associated with these financial instruments and how the Company minimizes these risks are set out below. The Company manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

(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 as determined 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. This is achieved by ensuring that no liabilities are incurred that the Company does not have the ability to discharge in 30 days or less. The Company also has policies in place that establish minimum working capital levels below which expenditures of the Company are reduced until the minimum working capital level is re-established. On December 31, 2013, the Company had cash and cash equivalents of $9,996K available to settle current liabilities of $372K. 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 Company's cash and cash equivalent balance is held in savings accounts and money market instruments which pays interest of approximately 1% and 1.45% respectively. The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and liabilities.

Foreign currency risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. All of the Company's financial assets and the majority of the Company's financial liabilities are denominated in Canadian Dollars and therefore the Company is not exposed to foreign currency risk.

Other price risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate due to changes in market prices other than from interest rate and foreign currency risk. The Company is not exposed to other price risk.

10. LIQUIDITY AND CAPITAL RESOURCES

The Company's working capital as at December 31, 2013 was $9,700K as compared to working capital of $7,750K at December 31, 2012, representing an increase in working capital of $1,950K. Included in working capital were cash and cash equivalents of $9,996K (December 31, 2012 - $7,060K).

(a) Financing

The Company's cash provided by financing activities for the twelve months ended December 31, 2013 was $7,921K. In November 2013, the Company issued a convertible debenture for gross proceeds of $8,000K, which was fully converted in December 2013 to 35,555,556 common shares of the Company. For the fourteen months ended December 31, 2012, the Company's cash provided by financing activity was $6,703K. Of this amount $6,333K was as a result of a private placement completed in December 2012. The remaining $370K was as a result of the exercise of 505,500 stock options and 8,992 share purchase warrants.

The two most recent financing completed by the Company are set out below:

(i) Private Placement – December 2012

Placement
On October 31, 2012, the Company announced plans to complete a non-brokered private placement of up to a maximum of 13,000,000 common shares of the Company. On December 27, 2012, the Company issued 8,032,307 common shares at a price of $0.65 per share for gross cash proceeds of $5,221K and paid finder's fees associated with this placement of $261K. The Company also issued 2,141,403 flow-through common shares at a price of $0.70 per share for gross cash proceeds of $1,499K. Share capital was reduced by the premium attributed to the flow-through shares of $0.05 per share or $107K and the Company paid finder's fees associated with this flow-through placement of $83K. The Company also incurred legal costs of $43K with relation to the private placement of the common shares and flow-through shares which was treated as share issue costs.

Use of Proceeds
The Company planned to use the net proceeds from the financings above to carry out the following activities:

- An in-fill drilling program of up to 11,000m of drilling. Pursuant to a side-letter signed with a major investor in this placement the Company was required to spend approximately $3,000K on an in-fill drilling program (As at December 31, 2013 the Company has completed all required work as specified in the side-letter).
- Working capital, general and administrative expenses and other general corporate purposes

The Company's actual use of such proceeds did not vary from the anticipated use of proceeds set out above.

10. LIQUIDITY AND CAPITAL RESOURCES (Continued)

(ii) Convertible Debenture – November 2013

Convertible Debenture
On November 19, 2013, the Company issued a convertible debenture to Matco for $8,000K. The debenture matured on January 31, 2014 and bore interest at a rate of 9% per annum, calculated and payable monthly in arrears. The debenture was secured by a first ranking security interest on all of the Company's property and assets. All security was to be released and discharged on the earlier of: 1) the automatic conversion of the convertible debenture, and 2) repayment of the convertible debenture together with accrued interest. The full conversion of the convertible debenture into 35,555,556 common shares of the Company at a price of $0.225 per share was subject to shareholder approval.

On December 30, 2013, the Company's shareholders approved the full automatic conversion of the convertible debenture into 35,555,556 common shares of the Company at a conversion price of $0.225 per share. Costs of $79K related to the issuance and conversion of the convertible debenture have been capitalized as share issues costs in share capital.

Use of Proceeds
The Company plans to use the net proceeds from the financing above to carry out the following activities:

- Complete the environmental assessment process for the Harper Creek Project
- Working capital, general and administrative expenses and other general corporate purposes

To date, the Company's actual use of such proceeds has not varied from the anticipated use of proceeds set out above.

(b) Capital Resources

The Company's focus for the current fiscal year and going forward is the advancement and development of the Harper Creek Project. The major expenses that will be incurred by the Company in the next twelve months will be costs associated with the EA Application and general and administrative activities. Following the completion of the financing completed by the Company in the fourth quarter of 2013, the Company believes its current working capital is sufficient for the next twelve months of general and administrative activities and to complete the EA Application, however, additional funding will be required by the Company to undertake the mine permitting process, undertake detailed engineering, place deposits on long lead equipment items, and arrange project financing for the construction of the Harper Creek Project.

If adequate funds are not available when required, the Company may, based on the Company's cash position, delay, scale back or eliminate various programs. In the future the Company may receive additional funds through the exercise of stock options. The Company may also seek to raise additional funds in the future through the sale of additional common shares either as a private placement or via a common share offering, seeking a strategic partnership or through the debt markets.

Although the Company has successfully raised capital in the past, there can be no assurance that the Company will have sufficient financing to meet its future capital requirements or that future additional financing will be available to the Company at terms it finds acceptable or at all.

(In Canadian dollars unless otherwise stated)

10. LIQUIDITY AND CAPITAL RESOURCES (Continued)

(c) Commitments

As at December 31, 2013, the Company had the following contractual commitments:

Rental Commitments
The Company has commitments related to the minimum rental and operating expenses payments for the Company's office space in downtown Vancouver. The lease was effective September 1, 2011 and concludes on August 31, 2016. These commitments in each of the next three years to the conclusion of the lease period are approximately as follows:

Year Incurred	Amount
2014	$ 124,200
2015	127,300
2016	86,200
Total commitments	**$ 337,700**

Capital Expenditure Commitments
The Company does not currently have any capital expenditure commitments.

(d) Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet arrangements.

(e) Proposed Transactions

The Company has no proposed transactions.

11. RELATED PARTY TRANSACTIONS

Transactions with related parties for the twelve months ended December 31, 2013 are detailed below:

- During the twelve months ended December 31, 2013, the Company paid and accrued project management fees, exploration expenses and rental costs of $626K (December 31, 2012 - $1,046K) to CME Consultants Inc. ("CME"), a contractor company whose president is a director of the Company's 100% owned subsidiary Harper Creek Mining Corp. The majority of costs paid to CME during the twelve months ended December 31, 2013 were related to the management of the infill drilling program announced in November 2012. As at December 31, 2013, the balance owing to CME was $nil.
- During the twelve months ended December 31, 2013, the Company paid and accrued management fees of $177K (December 31, 2012 - $119K) to Twinstone Ventures Inc. ("Twinstone"), a company related to the Chairman of the Board of Directors of the Company. During the twelve months ended December 31, 2013, the Company paid Twinstone for services performed as the interim CEO of the Company from January to July 2013 and management fees for August to December 2013. As at December 31, 2013, the balance owing to Twinstone was $nil.

(In Canadian dollars unless otherwise stated)

11. RELATED PARTY TRANSACTIONS (Continued)

- During the twelve months ended December 31, 2013, the Company paid interest expense of $82K and accrued financing costs of $23K (December 31, 2012 - $nil) to Matco, a company whose president and CEO is a director of the Company. The interest relates to the $8,000K convertible debenture issued to Matco on November 19, 2013. On December 30, 2013 the debenture was converted into 35,555,556 common shares of the Company at a conversion price of $0.225 per share. Matco currently owns approximately 35.91% of the Company. As at December 31, 2013, the balance owing to that company was $23K.

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

12. OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares without par value. As at March 28, 2014, the Company had 99,005,726 common shares issued and outstanding.

The Company has the following stock options that are outstanding and exercisable as at March 28, 2014:

	Outstanding		Exercisable	
Exercise price	**Number outstanding**	**Weighted average remaining life (years)**	**Number exercisable**	**Weighted average remaining life (years)**
$0.24	1,600,000	3.43	672,664	2.80
$0.26	500,000	4.26	-	-
$0.60	90,000	1.31	60,000	1.31
$0.62	100,000	3.73	41,665	3.73
$1.08	750,000	1.30	750,000	1.30
$1.25	2,782,500	2.03	2,261,432	1.93
	5,822,500	**2.53**	**3,785,761**	**1.97**

13. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The Company's management is required to make judgements in the process of applying the Company's accounting policies in the preparation of its consolidated financial statements. The Company's significant accounting policies are presented in Note 3 of the audited annual consolidated financial statements for the year ended December 31, 2013. In addition, the preparation of consolidated financial statements in accordance with IFRS requires that the Company's management make assumptions and estimates of effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. While management believes the estimates are reasonable, actual results could differ from these estimates and could impact future results of operations and cash flows. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

(a) Critical Judgements in Applying Accounting Policies

Impairment of property, plant and equipment and mineral interests
Assets or cash generating units are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's property plant and equipment and mineral interests. External sources of information considered are changes in the Company's economic, legal and regulatory environment which it does not control but affect the recoverability of its mining assets. Internal sources of information the Company considers include the manner in which mining properties and plant and equipment are being used or are expected to be used and indications of economic performance of the assets.

If any indication of impairment exists, a formal estimate of recoverable amount is performed and an impairment loss recognized to the extent that carrying amount exceeds recoverable amount. The recoverable amount of an asset or cash generating group of assets is measured at the higher of fair value less costs to sell and value in use.

As at December 31, 2013, the Company believes there are no indications of impairment for the carrying value of its property plant and equipment and mineral interests.

Taxation
The provision for income taxes and composition of income tax assets and liabilities requires management's judgment as to the types of arrangements considered to be a tax on income in contrast to an operating cost. Judgment is also required in assessing whether deferred tax assets and certain deferred tax liabilities are recognized in the statement of financial position.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volumes, commodity prices, reserves, operating costs, and other capital management transactions. The application of income tax legislation also requires judgments. These judgments and assumptions are subject to risk and uncertainty, therefore there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognized on the

13. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

statement of financial position and the amount of other tax losses and temporary differences not yet recognized.

Mining exploration tax credits
The Company is entitled to refundable tax credits on qualified mining exploration expenses incurred in the province of British Columbia. Management's judgment is applied in determining whether the mining exploration expenses are eligible for claiming such credits. Those benefits are recognized when the Company estimates that it has reasonable assurance that the tax credits will be realized. Upon review of the mining exploration tax credit claim by the Canada Revenue Agency, any adjustments to the estimate made by the Company are recorded in the period of the tax assessment.

(b) Critical Estimates in Applying Accounting Policies

Estimated reserves, resources and exploration potential
Reserves are estimates of the amount of product that can be extracted from the Company's properties, considering both economic and legal factors. Calculating reserves and estimates requires decisions on assumptions about geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, prices and exchange rates. Estimating the quantity and/or grade of reserves require the analysis of drilling samples and other geological data. Estimates of reserves may change from period to period as the economic assumptions used to estimate reserves change from period to period, and because additional geological data is generated during the course of operations. Changes in reported reserves may affect the Company financial position.

Fair value of share-based compensation
The Company grants share-based awards to certain officers, employees, directors and other eligible persons. For equity settled awards, the fair value is charged to the consolidated statement of comprehensive income and credited to the related reserve account, on a straight-line basis over the vesting period, after adjusting for the estimated number of awards that are expected to vest. The fair value of the equity-settled awards is determined at the date of the grant using the Black-Scholes option pricing model. Option pricing models require the input of highly subjective assumptions, including the expected price, expected volatility and expected life of the options. Changes in these assumptions can materially affect the fair value estimate and, therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options.

Amortization rates for PPE
Property, plant and equipment is recorded at cost less accumulated amortization and accumulated impairment losses. Amortization is provided at rates calculated to write off the cost of PPE, less their estimated residual value, using the straight-line method or unit-of-production method over their expected useful lives. Estimates of residual values and useful lives are reassessed annually and any change in estimate is taken into account in the determination of remaining amortization charges. Amortization commences on the date when the asset is available for use.

13. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Decommissioning, restoration and similar liabilities
Decommissioning and restoration obligation provisions represents management's best estimate of the present value of the future costs. Significant estimates and assumptions are made in determining the amount of obligations provisions. Those estimates and assumptions deal with uncertainties such as: requirements of the relevant legal and regulatory framework; the magnitude of possible disturbance; and the timing, extent and costs of required restoration and rehabilitation activity. These uncertainties may result in future actual expenditures differing from the amounts currently provided.

Initial measurement of convertible debenture
The Company was required to estimate a discount rate when determining the initial measurement of the convertible debenture and the subsequent amortization. The discount rate was estimated taking into account similar debt instruments that did not have a conversion feature.

14. DISCLOSURE AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. Management is also responsible for the design of the Company's internal control over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The Company's internal controls over financial reporting include policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail accurately and fairly reflect the transactions and disposition of assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with IFRS and that receipts and expenditures are being made only in accordance with authorization of management and directors of the Company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on the financial statements.

The Company's management, under the supervision of the Chief Executive Officer and the Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures and internal controls over financial reporting using the framework and criteria established in *Internal Control – Integrated Framework (COSO Framework) published by The Committee of Sponsoring Organizations of the Treadway Commission (COSO 1992)*. Based on its evaluation, management has concluded that disclosure controls and procedures and internal controls over financial reporting were effective as at December 31, 2013, and provided a reasonable assurance of the reliability of the Company's financial reporting and preparation of the consolidated financial statements. On January 1, 2014, the Company adopted the Committee of Sponsoring Organizations new internal control framework ("COSO 2013"), which is not expected to have a material impact on the Company's disclosure controls and procedures and internal controls over financial reporting.

14. DISCLOSURE AND INTERNAL CONTROLS OVER FINANCIAL REPORTING (Continued)

Because of their inherent limitations, internal controls over financial reporting can provide only reasonable assurance and may not prevent or detect misstatements. Furthermore, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

15. 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. For a detailed discussion of the risk factors associated with the Company please consult the risk factors section of the Company's most recent Annual Information Form filed on SEDAR at www.sedar.com.

16. FORWARD-LOOKING STATEMENTS

This MD&A may contain "forward-looking statements" which reflect the Company's current expectations regarding the future results of operations, performance and achievements of the Company including but not limited to statements with respect to the Company's plans or future financial or operating performance; the estimation of mineral reserves and resources; the realization of mineral reserve estimates; conclusions of economic assessments of projects; the timing and amount of estimated future production; future capital expenditures; costs and timing of the development of deposits; success of exploration activities; permitting time lines; requirements for additional capital; sources and timing of additional financing; realization of unused tax benefits; and the future price of gold, silver and copper. The Company has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as "plan", "project", "intend", "anticipate," "believe," "estimate," "expect", "budget", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved".

Forward-looking statements reflect the current beliefs of the management of the Company, and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of Yellowhead Mining Inc. to differ materially from those expressed in, or implied by, these statements. These uncertainties are factors that include but are not limited to risks related to the current global financial condition; the inherent risks involved in the exploration and development of mineral properties; the uncertainties involved in interpreting drilling results and other geological data; uncertainties related to completion results of planned exploration and development programs on the Company's material properties; metal price volatility; economic and political events affecting metal supply and demand; fluctuation in ore grade or recovery rates; fluctuations in tonnes of ore milled; possible variations in mineral resources; the possibility of project cost overruns or unanticipated costs and expenses; issuance of licenses and permits; the availability of and costs of financing needed in the future; increases in market prices of mining consumables and capital equipment; accidents; labour disputes; title disputes; claims and limitations on insurance coverage; delays in obtaining governmental approvals; changes in national and local government regulation of mining operations; and changes in tax rules and regulations. Although Yellowhead Mining Inc. has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking, there may be other factors that cause actual results to differ materially from those anticipated in such statements. Accordingly, the reader is cautioned not to place undue reliance on forward-looking statements.

Forward-looking statements are made as of the date hereof and accordingly are subject to change after such date. Forward-looking statements are provided for the purpose of providing information about management's current expectations and plans. Yellowhead Mining Inc. does not undertake to update any forward-looking statements that are included in this document if circumstances, management's estimates or management's expectations change, expect in accordance with applicable securities laws.