



**YELLOWHEAD
MINING INC.**

YELLOWHEAD MINING INC.
Condensed Consolidated Interim Financial Statements
March 31, 2012
(Unaudited)
(Expressed in Canadian Dollars)

YELLOWHEAD MINING INC.
Condensed Consolidated Interim Statement of Financial Position
(Unaudited)
(In Canadian dollars)

	NOTES	As at	
		March 31, 2012	October 31, 2011
ASSETS			
Current assets			
Cash and cash equivalents	8	\$ 8,282,887	\$ 15,668,987
Mineral exploration tax credit receivable		2,363,380	2,559,183
HST receivable		531,606	1,530,825
Prepaid expenses and deposits		37,831	345,099
		11,215,704	20,104,094
Non-current assets			
Property, plant and equipment	9	2,388,742	203,362
Mineral interests	10	885,235	834,026
Reclamation bond		85,000	75,000
Long-term deposits		50,000	50,000
		3,408,977	1,162,388
TOTAL ASSETS		\$14,624,681	\$ 21,266,482
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		\$ 445,097	\$ 1,804,138
Due to related parties	12	14,984	362,988
		460,081	2,167,126
EQUITY			
Share capital	11	44,543,799	43,875,032
Share subscriptions received		-	-
Equity reserves		4,262,016	4,476,095
Accumulated deficit		(34,641,215)	(29,251,771)
		14,164,600	19,099,356
TOTAL LIABILITY AND EQUITY		\$14,624,681	\$ 21,266,482

Commitments (note 14)
Subsequent events (note 17)

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

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:

"Andy Graetz"

DIRECTOR

"David J.H. Dickens"

DIRECTOR

YELLOWHEAD MINING INC.

Condensed Consolidated Interim Statement of Comprehensive Income

(Unaudited)

(In Canadian dollars)

	NOTES	Three months ended March 31, 2012	Three months ended April 30, 2011	Five months ended March 31, 2012	Six months ended April 30, 2011
Administrative expenses					
Amortization		\$ 24,037	\$ 18,232	\$ 40,015	\$ 36,464
Consulting fees	11	39,286	37,987	216,741	68,397
Filing fees		13,117	66,446	13,588	98,871
Insurance		8,860	6,461	14,637	12,922
Investor relations		204,448	203,430	370,517	346,011
Office supplies and services		27,336	13,803	36,723	34,384
Professional fees		99,777	68,602	110,915	197,330
Rent		31,196	6,885	62,572	8,595
Share-based compensation		59,327	1,271,237	84,942	1,443,253
Wages and benefits		486,838	123,120	734,445	248,500
		994,222	1,816,203	1,685,095	2,494,727
Evaluation and exploration expenses	7	1,520,236	1,367,497	3,742,250	2,729,853
Other expenses/(income)					
Share issue costs on reverse take over	4	-	-	-	1,190,813
Interest income		(33,767)	(21,766)	(65,540)	(35,772)
Other expenses		20,762	500	27,639	575
Net loss and comprehensive loss		\$ 2,501,453	3,162,434	\$ 5,389,444	6,380,196
Loss per share					
Basic and diluted		\$ 0.05	\$ 0.09	\$ 0.10	\$ 0.19
Weighted average number of shares outstanding					
Basic and diluted		53,046,265	36,248,647	52,958,464	34,386,723

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

YELLOWHEAD MINING INC.

Condensed Consolidated Interim Statement of Changes in Equity

(Unaudited)

(In Canadian dollars)

	NOTES	Number of shares	Common shares	Share subscription received	Equity reserves	Accumulated deficit	Total
Balances as at November 1, 2010		31,598,382	\$ 17,338,694	\$ 475,250	\$ 1,874,205	\$ (13,774,956)	\$ 5,913,193
Shares issued for:							
Private placements, for cash		19,602,495	27,521,608	-	-	-	27,521,608
Share issue costs		-	(2,498,277)	-	838,546	-	(1,659,731)
Conversion of Four Points shares	4	1,110,000	1,359,720	-	96,630	-	1,456,350
Exercise of stock options		174,000	86,286	-	(14,286)	-	72,000
Exercise of warrants		23,024	25,012	-	-	-	25,012
Share-based compensation		-	-	-	1,443,253	-	1,443,253
Adjustment for subscriptions receivable		-	-	(475,250)	-	-	(475,250)
Net loss and comprehensive loss for the period		-	-	-	-	(6,380,196)	(6,380,196)
Balances as at April 30, 2011		52,507,901	\$ 43,833,043	\$ -	\$ 4,238,348	\$ (20,155,152)	\$ 27,916,239
Balances as at November 1, 2011		52,761,969	\$ 43,875,032	\$ -	\$ 4,476,095	\$ (29,251,771)	\$ 19,099,356
Shares issued for:							
Exercise of stock options		505,500	658,336	-	(293,086)	-	365,250
Exercise of warrants		8,992	10,431	-	(5,935)	-	4,496
Share-based compensation		-	-	-	84,942	-	84,942
Net loss and comprehensive loss for the period		-	-	-	-	(5,389,444)	(5,389,444)
Balances as at March 31, 2012		53,276,461	\$ 44,543,799	\$ -	\$ 4,262,016	\$ (34,641,215)	\$ 14,164,600

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

YELLOWHEAD MINING INC.

Condensed Consolidated Interim Statement of Cash Flows

(Unaudited)

(In Canadian dollars)

	NOTES	Five months ended March 31, 2012	Six months ended April 30, 2011
Operating activities			
Net Loss for the period		\$ (5,389,444)	\$ (6,380,196)
Items not involving cash:			
Share issue costs on reverse take over	4	-	1,190,813
Share-based compensation		84,942	1,443,253
Amortization		40,015	36,464
Changes in non-cash working capital			
Mineral exploration tax credit receivable		195,803	-
HST receivable		999,219	(207,320)
Prepaid expenses and deposits		307,268	89,878
Accounts payable and accrued liabilities		(1,359,041)	104,495
Due to related parties		(348,004)	(15,996)
Cash used in operating activities		(5,469,242)	(3,738,609)
Investing activities			
Acquisition of property, plant and equipment	9	(2,225,395)	-
Acquisition of mineral interests	10	(51,209)	(66,042)
Payment of reclamation bond		(10,000)	-
Cash received upon acquisition of Four Points	4	-	261,292
Cash used in investing activities		(2,286,604)	195,250
Financing activities			
Proceeds from issuance of capital stock, net of share issue costs		369,746	25,483,639
Cash provided by financing activities		369,746	25,483,639
Net (decrease)/increase in cash and cash equivalents		(7,386,100)	21,940,280
Cash and cash equivalents, beginning of period		15,668,987	4,734,825
Cash and cash equivalents, end of period		\$ 8,282,887	\$ 26,675,105

Supplemental cash flow information (Note 13)

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

YELLOWHEAD MINING INC.

Notes to the Condensed Consolidated Interim Financial Statements

Five months ended March 31, 2012

(Unaudited)

(In Canadian dollars)

1. NATURE OF OPERATIONS

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

The head office, principal address and registered and records office of the Company are located at 800 West Pender Street, Suite 730, Vancouver, British Columbia, V6C 2V6.

On November 10, 2010, the Company completed a reverse acquisition as further described in Note 4.

These financial statements have been prepared on a going-concern basis, which contemplates the Company will continue in operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The Company will require additional financing or outside participation to undertake further exploration and subsequent development of its mineral property interests. Future operations of the Company are dependent on its ability to raise additional financing and the attainment of profitable operations.

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

2. BASIS OF PRESENTATION

(a) Statement of compliance

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard ("IAS") 34 - *Interim Financial Reporting* using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These are the Company's second consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") and, accordingly, IFRS 1 - *First-time Adoption of International Financial Reporting Standards* has been applied.

(b) Basis of presentation

These condensed consolidated interim financial statements should be read together with the Company's condensed consolidated interim financial statements for the two months ended December 31, 2011 and the Company's annual consolidated financial statements for the year ended October 31, 2011.

YELLOWHEAD MINING INC.

Notes to the Condensed Consolidated Interim Financial Statements

Five months ended March 31, 2012

(Unaudited)

(In Canadian dollars)

2. BASIS OF PRESENTATION (Continued)

The financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value. These condensed consolidated interim financial statements follow the same accounting policies and methods of application as disclosed in the Company's condensed consolidated interim financial statements for the two months ended December 31, 2011. The policies applied in these interim condensed consolidated interim financial statements are based on IFRS standards that are effective for annual periods beginning on or after October 31, 2011. Any subsequent changes to IFRS that are given effect in the Corporation's annual consolidated financial statements for the fourteen months ending December 31, 2012 could result in restatement of these interim consolidated financial statements, including the transition adjustments recognized on transition to IFRS. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The preparation of the interim financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumption are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both and current and future periods. The interim financial statements do not include all of the required disclosures which would be included in the annual financial statements.

On February 20, 2012, the Company announced that it was prospectively changing its fiscal year end date from October 31st to December 31st. In accordance with relevant legislation the Company will prepare condensed consolidated interim financial statements for the periods ending and as at December 31, 2011, March 31, 2012, June 30, 2012 and September 30, 2012 for the current fiscal year. The Company's next annual financial statements will be for the fourteen months ended December 31, 2012.

(c) Adoption of IFRS

These are the Company's second IFRS condensed consolidated interim financial statements for part of the period covered by the Company's first IFRS consolidated annual financial statements to be presented in accordance with IFRS for the fourteen months ending December 31, 2012. Previously, the Company prepared its consolidated annual and consolidated interim financial statements in accordance with Canadian Generally Accepted Accounting Principles ("GAAP").

The preparation of these condensed consolidated interim financial statements resulted in changes to the accounting policies used in the most recent annual financial statements prepared under Canadian GAAP. The accounting policies used have been applied to all periods presented in these condensed consolidated interim financial statements. They have also been applied in preparing an opening Statement of Financial Position as at November 1, 2010 as required by IFRS 1 - *First Time Adoption of International Financial Reporting Standards*. Detailed disclosures of the effects of transition to IFRS from Canadian GAAP can be found in Note 15.

YELLOWHEAD MINING INC.

Notes to the Condensed Consolidated Interim Financial Statements

Five months ended March 31, 2012

(Unaudited)

(In Canadian dollars)

3. FUTURE ACCOUNTING POLICIES

The following new standards, amendments to standards and interpretations have been issued but are not effective for the fourteen months ended December 31, 2012:

IFRS 9 – *Financial Instruments (2011)* – This standard incorporates revised requirements for the classification and measurement of financial liabilities and carrying over the existing de-recognition requirements from and replaces IAS 39 - *Financial Instruments: Recognition and Measurement*. Effective for annual periods beginning on or after January 1, 2015

IFRS 10 – *Consolidated Financial Statements* - This standard introduces a single consolidation model for all entities based on control, irrespective of the nature of the investee (i.e., whether an entity is controlled through voting rights of investors or through other contractual arrangements as is common in “special purpose entities”). Under IFRS 10, control is based on whether an investor has power over the investee, exposure, or rights, to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of the returns. Effective for annual periods beginning on or after January 1, 2013.

IFRS 11 – *Joint Arrangements* – This standard replaces IAS 31 - *Interests in Joint Ventures* and requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and then account for those rights and obligations in accordance with that type of joint arrangement. Effective for annual periods beginning on or after January 1, 2013.

IFRS 13 – *Fair Value Measurement* – This standard replaces the guidance on fair value measurement in existing IFRS accounting literature with a single standard. Effective for annual periods beginning on or after January 1, 2013.

IAS 28 – *Investment in Associates and Joint Ventures (2011)* - This standard supersedes IAS 28 (2003) and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. Effective for annual periods beginning on or after January 1, 2013.

IFRIC 20 – *Stripping Costs in the Production Phase of a Surface Mine* – This interpretation clarifies the requirement for accounting for stripping costs associated with waste removal in surface mining, including when production stripping costs should be recognized as an asset, how the asset is initially recognized and subsequent measurement. Effective for annual periods beginning on or after January 1, 2013.

YELLOWHEAD MINING INC.

Notes to the Condensed Consolidated Interim Financial Statements

Five months ended March 31, 2012

(Unaudited)

(In Canadian dollars)

4. REVERSE TAKE-OVER

On November 10, 2010, Four Points Capital Corp. ("Four Points") completed the amalgamation (the "Amalgamation") of its wholly owned subsidiary, 0887988 B.C. Ltd., with Yellowhead Mining Inc. ("Former Yellowhead"). The resulting amalgamated entity will continue operations as Harper Creek Mining Corporation. Under the agreement, the shareholders of Former Yellowhead exchanged all their issued and outstanding shares on a one-for-one basis for shares of Four Points. Upon completion, Four Points changed its name to Yellowhead Mining Inc. ("New Yellowhead").

As a result of the transaction, the former shareholders of Former Yellowhead owned in excess of 50% of the outstanding shares of New Yellowhead. The transaction will be accounted for as a continuity of interests with the continuing company a continuation of Former Yellowhead, including the presentation of Former Yellowhead's comparative figures. New Yellowhead is the resulting legal parent and accounting subsidiary and Harper Creek is the accounting parent and 100% owned legal subsidiary.

On November 17, 2010, pursuant to the closing of the Amalgamation, the Company's common shares were listed for trading on the TSX-V under the symbol "YMI", under the name Yellowhead Mining Inc. Upon conversion the 1,110,000 Four Points shares were converted into shares of the Company. In addition 111,000 stock options and 40,000 share purchase warrants were issued with an exercise price of \$0.50 respectively.

As consideration for the acquisition, a total of 1,110,000 common shares of Yellowhead were issued at a fair value of \$1,199,493 and 111,000 stock options and 40,000 share purchase warrants were issued at a fair value of \$96,630 calculated using the Black-Scholes option pricing model. The Company incurred legal fees of \$160,227 in conjunction with the transaction. The total consideration was allocated to share capital as follows, with amounts allocated to the tangible net assets of Four Points first and the remainder treated as a share issue cost. The fair value of the stock options and share purchase warrants issue was calculated using Black-Scholes with the following weighted average assumptions: risk-free interest rate 1.74%, expected volatility 77%, expected dividend yield 0% and expected life of 1.0 years for the stock options and 1.5 years for the share purchase warrants.

	<u>Amount</u>
Consideration	
Fair value of shares issued	\$ 1,199,493
Fair value of stock options and warrants issued	96,630
Transaction costs	160,227
Total Consideration	\$ 1,456,350
Assets acquired	
Cash	\$ 261,292
HST receivable	4,245
Net assets acquired	\$ 265,537
Amount allocated as share issue costs on reverse take-over	\$ 1,190,813

YELLOWHEAD MINING INC.

Notes to the Condensed Consolidated Interim Financial Statements

Five months ended March 31, 2012

(Unaudited)

(In Canadian dollars)

5. FINANCIAL INSTRUMENTS

Designation and valuation of financial instruments

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

HST receivable 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 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.

	As at	
	March 31, 2012	October 31, 2011
Financial assets		
Loans-and-receivables		
Cash and cash equivalents	\$ 8,282,887	\$ 15,668,987
Total financial assets	\$ 8,282,887	\$ 15,668,987
Financial liabilities		
Other-financial-liabilities		
Accounts payable and accrued liabilities	\$ 445,097	\$ 1,804,138
Due to related parties	14,984	362,988
Total financial liabilities	\$ 460,081	\$ 2,167,126

YELLOWHEAD MINING INC.

Notes to the Condensed Consolidated Interim Financial Statements

Five months ended March 31, 2012

(Unaudited)

(In Canadian dollars)

5. FINANCIAL INSTRUMENTS (CONTINUED)

Financial Risk

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

(a) Credit risk

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

The Company is exposed to credit risk with respect to its cash and cash equivalents; 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. On March 31, 2012, the Company had cash and cash equivalents of \$8,282,887 (October 31, 2011 - \$15,668,987) available to settle current liabilities of \$460,081 (October 31, 2011 - \$2,167,126). 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 is not exposed to foreign currency risk or other price risks.

Interest rate risk

The Company's cash balance is held in a savings account which pays interest of approximately 1%.

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

YELLOWHEAD MINING INC.

Notes to the Condensed Consolidated Interim Financial Statements

Five months ended March 31, 2012

(Unaudited)

(In Canadian dollars)

6. CAPITAL MANAGEMENT

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

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

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

7. EVALUATION AND EXPLORATION EXPENSES

	Three months ended March 31, 2012	Three months ended April 30, 2011	Five months ended March 31, 2012	Six months ended April 30, 2011
Assaying	\$ 100,606	\$ 225,738	\$ 305,029	\$ 354,992
Camp and field supplies	36,031	72,363	298,913	187,882
Contract wages	166,002	262,063	484,321	545,520
Drilling	-	356,918	394,841	692,060
Engineering	603,482	27,461	924,475	27,461
Environmental assessment	559,043	29,702	695,218	61,887
Equipment rental	10,221	150,998	59,402	240,587
Geological consulting	3,270	54,535	11,250	295,303
Geophysical consulting	-	176,380	508,417	305,585
Reports, drafting and maps	24,026	8,427	30,641	10,341
Travel and accommodation	41	2,912	867	8,235
Other	17,514	-	28,876	-
Total evaluation and exploration expenses	\$ 1,520,236	\$ 1,367,497	\$ 3,742,250	\$ 2,729,853

YELLOWHEAD MINING INC.

Notes to the Condensed Consolidated Interim Financial Statements

Five months ended March 31, 2012

(Unaudited)

(In Canadian dollars)

8. CASH AND CASH EQUIVALENTS

	As at	
	March 31, 2012	October 31, 2011
Cash	\$ 8,282,887	\$ 15,668,987
Money market instruments and bankers acceptances	-	-
Total cash and cash equivalents	\$ 8,282,887	\$ 15,668,987

9. PROPERTY, PLANT AND EQUIPMENT

	Computer equipment and software	Furniture and fixtures	Field camp equipment	Land	Total
Cost					
As at October 31, 2011	\$ 35,586	\$ 30,480	\$ 437,158	\$ -	\$ 503,224
Additions	1,282	1,384	-	2,222,729	2,225,395
Disposals	-	-	-	-	-
As at March 31, 2012	36,868	31,864	437,158	2,222,729	2,728,619
Accumulated depreciation					
As at October 31, 2011	2,411	1,451	296,000	-	299,862
Charge for the period	5,014	2,655	32,346	-	40,015
As at March 31, 2012	7,425	4,106	328,346	-	339,877
Net book value as at March 31, 2012	\$ 29,443	\$ 27,758	\$ 108,812	\$ 2,222,729	\$ 2,388,742

	Computer equipment and software	Furniture and fixtures	Field camp equipment	Land	Total
Cost					
As at November 1, 2010	\$ 8,931	\$ -	\$ 364,634	\$ -	\$ 373,565
Additions	35,586	30,480	72,524	-	138,590
Disposals	(8,931)	-	-	-	(8,931)
As at October 31, 2011	35,586	30,480	437,158	-	503,224
Accumulated depreciation					
As at November 1, 2010	8,931	-	219,856	-	228,787
Charge for the year	(6,520)	1,451	76,144	-	71,075
As at October 31, 2011	2,411	1,451	296,000	-	299,862
Net book value as at October 31, 2011	\$ 33,175	\$ 29,029	\$ 141,158	\$ -	\$ 203,362

YELLOWHEAD MINING INC.

Notes to the Condensed Consolidated Interim Financial Statements

Five months ended March 31, 2012

(Unaudited)

(In Canadian dollars)

10. MINERAL INTERESTS

	<u>Amount</u>
Cost	
Balance as at November 1, 2010	\$ 767,984
Additions	66,042
Disposals	-
Balance as at October 31, 2011	834,026
Additions	51,209
Disposals	-
Balance as at March 31, 2012	\$ 885,235

During the five months ended March 31, 2012 the Company had the following additions to the mineral interests:

- 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.

YELLOWHEAD MINING INC.

Notes to the Condensed Consolidated Interim Financial Statements

Five months ended March 31, 2012

(Unaudited)

(In Canadian dollars)

11. SHARE CAPITAL

(a) Authorized

Unlimited Class A common shares without par value

(b) Issued and outstanding

As at March 31, 2012, the Company had 53,276,461 common shares issued and outstanding (October 31, 2011 – 52,761,969). During the five months ended March 31, 2012, the Company issues 514,492 shares for gross cash proceeds of \$369,746 from the exercise of stock options and share purchase warrants.

(c) Stock options

The Company implemented a new stock option plan on April 11, 2011, whereby the Board of Directors of the Company may grant directors, officers, employees, directors and consultants stock options to acquire common shares of the Company. Under the stock option plan, options granted are non-assignable and may be granted for a term not exceeding ten years. The plan is administered by the Board of Directors, which determines individual eligibility under the plan, the number of shares reserved underlying the options granted to each individual (not exceeding 5% of issued and outstanding shares to any insider; not exceeding 2% of the issued and outstanding shares to any consultant or persons employed to provide investor relations services) and any vesting period which, pursuant to the stock option plan can be determined and imposed by the Board of Directors. Options awarded to consultants performing investor relations activities must vest in stages over 12 months with no more than one quarter vesting in any three month period. The plan provides for a rolling maximum and allows the Company to issue stock options up to a maximum of 10% of the Company's issued and outstanding common shares.

The movement in the Company's stock options for the five months ended March 31, 2012 was as follows:

	Number of options	Weighted average exercise price
Outstanding, November 1, 2010	2,725,000	\$ 0.90
Granted	2,232,500	1.23
Granted on acquisition of Four Points (Note 4)	111,000	0.50
Exercised	(405,500)	1.41
Forfeited or expired	(308,750)	0.98
Outstanding, October 31, 2011	4,354,250	1.10
Granted	520,000	1.25
Exercised	(505,500)	0.72
Forfeited or expired	(206,250)	1.01
Outstanding, March 31, 2012	4,162,500	\$ 1.17

YELLOWHEAD MINING INC.

Notes to the Condensed Consolidated Interim Financial Statements

Five months ended March 31, 2012

(Unaudited)

(In Canadian dollars)

11. SHARE CAPITAL (Continued)

The Company's outstanding and exercisable stock options as at March 31, 2012 are as follows:

Exercise price	Outstanding		Exercisable	
	Number outstanding	Weighted average remaining life (years)	Number exercisable	Weighted average remaining life (years)
\$1.00	725,000	2.15	725,000	2.15
\$1.08	950,000	3.55	950,000	3.55
\$1.25	2,477,500	4.10	1,953,125	4.07
\$1.30	10,000	4.07	10,000	4.07
	4,162,500	3.63	3,638,125	3.55

(d) Share-based compensation

During the five months ended March 31, 2012, the Company granted 520,000 stock options (April 30, 2011: 1,831,000) at a weighted average exercise price of \$1.25 (April 30, 2011: \$1.19). The weighted average fair value for the options granted in the five months ended March 31, 2012 was \$0.55 (April 30, 2011: \$0.87) which was estimated at the date of the grants using the Black-Scholes option pricing model using the following assumptions:

	Five months ended March 31, 2012	Six months ended April 30, 2011
Risk-free interest rate	1.27%	2.95%
Expected dividend yield	-	-
Expected stock price volatility	85%	105%
Expected option life	4.4 years	5.0 years

During the five months ended March 31, 2012, the Company recorded share-based compensation of \$84,942 (April 30, 2011: \$1,443,253). Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

YELLOWHEAD MINING INC.

Notes to the Condensed Consolidated Interim Financial Statements

Five months ended March 31, 2012

(Unaudited)

(In Canadian dollars)

11. SHARE CAPITAL (Continued)

(e) Share purchase warrants

During the five months ended March 31, 2012, the Company did not issue any share purchase warrants.

During the six months ended April 30, 2011, the Company granted the following warrants:

- 1,218,933 share purchase warrants with an exercise price of \$1.40 and expiring on November 3, 2012. These were granted as part of a private placement and were assigned no value on the grant date.
- 118,931 agent's warrants with an exercise price of \$1.08 and expiring on November 3, 2012. The fair value of these warrants was \$54,227 calculated using Black-Scholes with the following weighted average assumptions: risk-free interest rate 1.42%, expected volatility 77%, expected life 2 years and expected dividend yield 0%.
- 40,000 share purchase warrants were granted as part of the reverse take-over (Note 4) with an exercise price of \$0.50 and expiring on March 29, 2012. The fair value of these warrants was \$26,558 calculated using Black-Scholes with the following weighted average assumptions: risk-free interest rate 1.74%, expected volatility 77%, expected life 1.5 years and expected dividend yield 0%.
- 8,582,316 share purchase warrants with an exercise price of \$2.00 and expiring on April 5, 2013. These were granted as part of a private placement and were assigned no value on the grant date.
- 952,200 agent's warrants with an exercise price of \$1.45 and expiring on April 5, 2013. The fair value of these warrants was \$613,975 calculated using Black-Scholes with the following weighted average assumptions: risk-free interest rate 1.86%, expected volatility 77%, expected life 2 years and expected dividend yield 0%.

The movement in the Company's share purchase warrants for the five months ended March 31, 2012 was as follows:

	Number of warrants	Weighted average exercise price
Outstanding, November 1, 2010	2,518,004	\$ 1.40
Issued	10,872,380	1.87
Granted on acquisition of Four Points (Note 4)	40,000	0.50
Exercised	(45,592)	0.80
Outstanding, October 31, 2011	13,384,792	1.78
Issued	-	-
Exercised	(8,992)	0.50
Expired	(416)	0.50
Outstanding, March 31, 2012	13,375,384	\$ 0.86

YELLOWHEAD MINING INC.

Notes to the Condensed Consolidated Interim Financial Statements

Five months ended March 31, 2012

(Unaudited)

(In Canadian dollars)

11. SHARE CAPITAL (Continued)

The Company's outstanding share purchase warrants as at March 31, 2012 are as follows:

<u>Exercise price</u>	<u>Number of warrants</u>	<u>Weighted average remaining life (years)</u>
Share purchase warrants		
\$1.40	3,721,937	0.49
\$2.00	8,582,316	1.01
Agents warrants		
\$1.08	118,931	0.59
\$1.45	952,200	1.01
	13,375,384	0.86

12. RELATED PARTY TRANSACTIONS

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

- During the five months ended March 31, 2012, the Company paid and accrued management fees of \$nil (April 30, 2011 - \$78,300) to Andreas Consulting Inc., a company controlled by an officer and director of the Company. As at March 31, 2012, the balance owing to that company was \$nil.
- During the five months ended March 31, 2012, the Company paid and accrued management fees of \$nil (April 30, 2011 - \$63,600) to Handford Management Ltd., a company controlled by an officer of the Company. As at March 31, 2012, the balance owing to that company was \$nil.
- During the five months ended March 31, 2012, the Company paid and accrued project management fees, exploration expenses and office costs of \$753,739 (April 30, 2011 - \$1,136,566) to CME Consultants Inc., a contractor company whose president is a director of the Company. As at March 31, 2012, the balance owing to that company was \$6,584.
- During the five months ended March 31, 2012, the Company paid and accrued management fees of \$37,500 (April 30, 2011 - \$45,000) to Twinstone Ventures Inc., a company related to a director of the Company. As at March 31, 2012, the balance owing to that company was \$8,400.

These transactions, occurring in the normal course of operations, are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

YELLOWHEAD MINING INC.

Notes to the Condensed Consolidated Interim Financial Statements

Five months ended March 31, 2012

(Unaudited)

(In Canadian dollars)

13. SUPPLEMENTAL CASH FLOW INFORMATION

	Five months ended March 31, 2012	Six months ended April 30, 2011
Supplementary Information		
Interest received	\$ 65,540	\$ 35,772
Income taxes paid	-	-

The Company did not have any non-cash financing or investing activities for the five months ended March 31, 2012 or the six months ended April 30, 2011.

14. COMMITMENTS

The Company is committed to minimum rental and operating expenses payments for office premises aggregating approximately \$522,100 over the terms of a lease expiring in 2016.

Commitments in each of the next five years are approximately as follows:

Year Incurred	Amount
2012	\$ 84,500
2013	115,400
2014	118,400
2015	121,500
2016	82,300
Total commitments	\$ 522,100

YELLOWHEAD MINING INC.

Notes to the Condensed Consolidated Interim Financial Statements

Five months ended March 31, 2012

(Unaudited)

(In Canadian dollars)

15. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Canadian Accounting Standards Board has mandated the adoption of IFRS effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011 for Canadian publicly accountable profit-orientated enterprises.

The accounting policies described in Note 3 of the Company's condensed consolidated interim financial statements as at and for the two months ended December 31, 2011 have been applied in preparing the condensed consolidated interim financial statements for the five months ended March 31, 2012 and all comparative information provided, including the Company's opening IFRS consolidated statement of financial position on the Transition Date, November 1, 2010.

IFRS 1 - *First-time Adoption of International Financial Reporting Standards* sets forth guidance for the initial adoption of IFRS. Under IFRS 1, the standards are applied retrospectively at the transitional statement of financial position date with all adjustments to assets and liabilities charged or credited to retained earnings unless certain exemptions are applied. The Company has applied the following exemptions to its opening statement of financial position dated November 1, 2010:

- *Share-based payments* - The Company has elected not to apply IFRS 2 - *Share-based payments* to awards that vested prior to November 1, 2010, which has been accounted for in accordance with Canadian GAAP.

Estimates

In accordance with IFRS 1, an entity's estimate under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous GAAP, unless there is objective evidence that those estimates were erroneous. The Company applied estimates that are consistent with the estimates made for its Canadian GAAP reporting.

Explanation of differences between Canadian GAAP and IFRS giving rise to the adjustments in the reconciliations provided:

(a) Exploration and evaluation

On transition to IFRS, the Company elected to change its accounting policy for treatment of evaluation and exploration expenses to expensing all evaluation and exploration expenditures as incurred. This change was made to align the Company with policies applied by other comparable companies at a similar stage in the mining industry. Previously, the Company's Canadian GAAP policy was to capitalize exploration and evaluation expenditures as incurred. The result of this change is that previously capitalized evaluation and exploration costs have been re-classified to retained earnings on the statement of financial position and the evaluation and exploration costs incurred in the reconciled periods have been recorded on the statement of comprehensive income.

YELLOWHEAD MINING INC.

Notes to the Condensed Consolidated Interim Financial Statements

Five months ended March 31, 2012

(Unaudited)

(In Canadian dollars)

15. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

(b) Reverse take-over

IFRS requires that a transaction that does not constitute a business combination under IFRS 3, be recognized as a share based payment under IFRS 2. Under IFRS, identifiable, intangible assets are recorded at their fair value and tangible assets are recognized as an expense, calculated as the difference between the fair value of the share-based payments and the fair value of the identifiable goods received. Previously, under Canadian GAAP, the tangible net assets of Four Points were recapitalized to share capital. The result of this change is that under IFRS an additional \$1,094,183 was added to share capital and a corresponding amount was charged to the statement of comprehensive income as share issue costs on reverse take-over. Furthermore \$96,630 was recorded to the statement of comprehensive income, which is the fair value of the Four Points stock options and share purchase warrants that were converted into stock options and share purchase warrants of the Company, and a corresponding amount was added to equity reserves.

(c) Share based payments

Under IFRS, an entity is required to estimate the number of equity-settled instruments that are expected to vest and then make adjustments to the actual number that vest unless forfeitures are due to market based conditions. The Company reviewed the application of a forfeiture rate, however due to the lack of historical information as the Company was listed on the TSX-V on November 10, 2010, management sustained a forfeiture rate of zero and will be required to do an adjustment for the actual forfeiture rate versus the initial estimate of zero when the options vest. Under Canadian GAAP, the Company elected to accrue compensation cost as if all instruments granted were expected to vest. This difference has had no impact on the Company's previously reported financial position or profit and loss.

(d) Reclassifications

The Company has reclassified certain balances on its statement of financial position, statement of comprehensive income and statement of cash flows to conform with the Company's adjusted note disclosures resulting from the transition to IFRS.

(e) Reconciliations

The Company has prepared the following Canadian GAAP to IFRS reconciliations in association with the Company's transition to IFRS with each adjustment referenced to notes (a) to (d) above:

YELLOWHEAD MINING INC.**Notes to the Condensed Consolidated Interim Financial Statements****Five months ended March 31, 2012***(Unaudited)**(In Canadian dollars)***15. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS
(Continued)****Statement of Financial Position as at November 1, 2010**

	<u>NOTES</u>	<u>Canadian GAAP</u>	<u>IFRS adjustments</u>	<u>IFRS</u>
ASSETS				
Current assets				
Cash and cash equivalents		\$ 4,734,825	\$ -	\$ 4,734,825
Mineral exploration tax credit receivable		195,846	-	195,846
HST receivable		87,778	-	87,778
Prepaid expenses and deposits		326,141	-	326,141
		5,344,590	-	5,344,590
Non-current assets				
Property, plant and equipment		144,778	-	144,778
Mineral interests	(a)	10,830,163	(10,062,179)	767,984
Reclamation Bond		75,000	-	75,000
Long-term deposits		-	-	-
		11,049,941	(10,062,179)	987,762
TOTAL ASSETS		\$ 16,394,531	\$ (10,062,179)	\$ 6,332,352
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities		\$ 87,853	\$ -	\$ 87,853
Due to related parties		331,306	-	331,306
		419,159	-	419,159
EQUITY				
Share capital		17,338,694	-	17,338,694
Share subscriptions received		475,250	-	475,250
Equity reserves		1,874,205	-	1,874,205
Accumulated deficit	(a)	(3,712,777)	(10,062,179)	(13,774,956)
		15,975,372	(10,062,179)	5,913,193
TOTAL LIABILITY AND EQUITY		\$ 16,394,531	\$ (10,062,179)	\$ 6,332,352

YELLOWHEAD MINING INC.**Notes to the Condensed Consolidated Interim Financial Statements****Five months ended March 31, 2012***(Unaudited)**(In Canadian dollars)***15. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS
(Continued)****Statement of Financial Position as at April 30, 2011**

	<u>NOTES</u>	<u>Canadian GAAP</u>	<u>IFRS adjustments</u>	<u>IFRS</u>
ASSETS				
Current assets				
Cash and cash equivalents		\$ 26,675,105	\$ -	\$ 26,675,105
Mineral exploration tax credit receivable		195,846	-	195,846
HST receivable		299,344	-	299,344
Prepaid expenses and deposits		236,263	-	236,263
		27,406,558	-	27,406,558
Non-current assets				
Property, plant and equipment		108,314	-	108,314
Mineral interests	(a)	13,626,057	(12,792,031)	834,026
Reclamation Bond		75,000	-	75,000
Long-term deposits		-	-	-
		13,809,371	(12,792,031)	1,017,340
TOTAL ASSETS		\$ 41,215,929	\$(12,792,031)	\$ 28,423,898
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities		\$ 192,350	\$ -	\$ 192,350
Due to related parties		315,308	-	315,308
		507,658	-	507,658
EQUITY				
Share capital	(b)	42,738,860	1,094,183	43,833,043
Share subscriptions received		-	-	-
Equity reserves	(b)	4,141,718	96,630	4,238,348
Accumulated deficit	(a)(b)	(6,172,307)	(13,982,844)	(20,155,151)
		40,708,271	(12,792,031)	27,916,240
TOTAL LIABILITY AND EQUITY		\$ 41,215,929	\$(12,792,031)	\$ 28,423,898

YELLOWHEAD MINING INC.**Notes to the Condensed Consolidated Interim Financial Statements****Five months ended March 31, 2012***(Unaudited)**(In Canadian dollars)***15. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS
(Continued)****Statement of Financial Position as at October 31, 2011**

	<u>NOTES</u>	<u>Canadian GAAP</u>	<u>IFRS adjustments</u>	<u>IFRS</u>
ASSETS				
Current assets				
Cash and cash equivalents		\$ 15,668,987	\$ -	\$ 15,668,987
Mineral exploration tax credit receivable		2,559,183	-	2,559,183
HST receivable		1,530,825	-	1,530,825
Prepaid expenses and deposits		345,099	-	345,099
		20,104,094	-	20,104,094
Non-current assets				
Property, plant and equipment		203,362	-	203,362
Mineral interests	(a)	20,538,409	(19,704,383)	834,026
Reclamation Bond		75,000	-	75,000
Long-term deposits		50,000	-	50,000
		20,866,771	(19,704,383)	1,162,388
TOTAL ASSETS		\$ 40,970,865	\$(19,704,383)	\$ 21,266,482
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities		\$ 1,804,138	\$ -	\$ 1,804,138
Due to related parties		362,988	-	362,988
		2,167,126	-	2,167,126
EQUITY				
Share capital	(b)	42,780,849	1,094,183	43,875,032
Share subscriptions received		-	-	-
Equity reserves	(b)	4,379,465	96,630	4,476,095
Accumulated deficit	(a)(b)	(8,356,575)	(20,895,196)	(29,251,771)
		38,803,739	(19,704,383)	19,099,356
TOTAL LIABILITY AND EQUITY		\$ 40,970,865	\$(19,704,383)	\$ 21,266,482

YELLOWHEAD MINING INC.**Notes to the Condensed Consolidated Interim Financial Statements****Five months ended March 31, 2012***(Unaudited)**(In Canadian dollars)***15. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS
(Continued)****Statement of Comprehensive Income for the three months ended April 30, 2011**

	NOTES	Canadian GAAP	IFRS adjustments	IFRS
Administrative expenses				
Wages and benefits		\$ 123,120	\$ -	\$ 123,120
Share-based compensation		1,271,237	-	1,271,237
Investor relations		203,430	-	203,430
Consulting fees		37,987	-	37,987
Professional Fees		68,602	-	68,602
Filing fees		66,446	-	66,446
Office supplies and services		13,803	-	13,803
Amortization		18,232	-	18,232
Rent		6,885	-	6,885
Insurance		6,461	-	6,461
		1,816,203	-	1,816,203
Evaluation and exploration expenses	(a)	-	1,367,497	1,367,497
Other expenses/(income)				
Share issue costs on reverse take over	(b)	-	-	-
Interest income		(21,766)	-	(21,766)
Other expenses		500	-	500
Net loss and comprehensive loss		\$ 1,794,937	\$ 1,367,497	\$ 3,162,434
Loss per share				
Basic and diluted		\$ 0.05		\$ 0.09
Weighted average number of shares outstanding				
Basic and diluted		36,248,647		36,248,647

YELLOWHEAD MINING INC.**Notes to the Condensed Consolidated Interim Financial Statements****Five months ended March 31, 2012***(Unaudited)**(In Canadian dollars)***15. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS
(Continued)****Statement of Comprehensive Income for the six months ended April 30, 2011**

	NOTES	Canadian GAAP	IFRS adjustments	IFRS
Administrative expenses				
Wages and benefits		\$ 248,500	\$ -	\$ 248,500
Share-based compensation		1,443,253	-	1,443,253
Investor relations		346,011	-	346,011
Consulting fees		68,397	-	68,397
Professional Fees		197,330	-	197,330
Filing fees		98,871	-	98,871
Office supplies and services		34,384	-	34,384
Amortization		36,464	-	36,464
Rent		8,595	-	8,595
Insurance		12,922	-	12,922
		<u>2,494,727</u>	<u>-</u>	<u>2,494,727</u>
Evaluation and exploration expenses	(a)	-	2,729,853	2,729,853
Other expenses/(income)				
Share issue costs on reverse take over	(b)	-	1,190,813	1,190,813
Interest income		(35,772)	-	(35,772)
Other expenses		575	-	575
Net loss and comprehensive loss		\$ 2,459,530	\$ 3,920,666	\$ 6,380,196
Loss per share				
Basic and diluted		\$ 0.07		\$ 0.19
Weighted average number of shares outstanding				
Basic and diluted		34,386,723		34,386,723

YELLOWHEAD MINING INC.**Notes to the Condensed Consolidated Interim Financial Statements****Five months ended March 31, 2012***(Unaudited)**(In Canadian dollars)***15. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS
(Continued)****Statement of Comprehensive Income for the year ended October 31, 2011**

	NOTES	Canadian GAAP	IFRS adjustments	IFRS
Administrative expenses				
Wages and benefits		\$ 861,102	\$ -	\$ 861,102
Share-based compensation		1,876,638	-	1,876,638
Investor relations		879,140	-	879,140
Consulting fees		460,741	-	460,741
Professional Fees		366,762	-	366,762
Filing fees		104,011	-	104,011
Office supplies and services		98,624	-	98,624
Amortization		80,006	-	80,006
Rent		44,480	-	44,480
Insurance		24,133	-	24,133
		<u>4,795,637</u>	<u>-</u>	<u>4,795,637</u>
Evaluation and exploration expenses	(a)	-	9,642,205	9,642,205
Other expenses/(income)				
Share issue costs on reverse take over	(b)	-	1,190,813	1,190,813
Interest income		(156,463)	-	(156,463)
Other expenses		4,624	-	4,624
Net loss and comprehensive loss		\$ 4,643,798	\$ 10,833,018	\$ 15,476,816
Loss per share				
Basic and diluted		\$ 0.10		\$ 0.34
Weighted average number of shares outstanding				
Basic and diluted		44,974,574		44,974,574

YELLOWHEAD MINING INC.

Notes to the Condensed Consolidated Interim Financial Statements

Five months ended March 31, 2012

(Unaudited)

(In Canadian dollars)

15. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

Statement of Cash Flows for the six months ended April 30, 2011

	NOTES	Canadian GAAP	IFRS adjustments	IFRS
Operating activities				
Net Loss for the period	(a)(b)	\$ (2,459,530)	\$ (3,920,666)	\$ (6,380,196)
Items not involving cash:				
Share issue costs on reverse take over	(b)	-	1,190,813	1,190,813
Share-based compensation		1,443,253	-	1,443,253
Amortization		36,464	-	36,464
Changes in non-cash working capital				
Mineral exploration tax credit receivable		-	-	-
HST receivable		(207,320)	-	(207,320)
Prepaid expenses and deposits		89,878	-	89,878
Accounts payable and accrued liabilities	(a)	51,850	52,645	104,495
Due to related parties	(a)	(26,783)	10,787	(15,996)
Cash used in operating activities		(1,072,188)	(2,666,421)	(3,738,609)
Investing activities				
Acquisition of property, plant and equipment		-	-	-
Acquisition of mineral interests	(a)	(2,732,463)	2,666,421	(66,042)
Cash received upon acquisition of Four Points		261,292	-	261,292
Cash used in investing activities		(2,471,171)	2,666,421	195,250
Financing activities				
Proceeds from issuance of capital stock, net of share issue costs		25,483,639	-	25,483,639
Cash provided by financing activities		25,483,639	-	25,483,639
Net increase/(decrease) in cash and cash equivalents		21,940,280	-	21,940,280
Cash and cash equivalents, beginning of period		4,734,825	-	4,734,825
Cash and cash equivalents, end of period		\$ 26,675,105	\$ -	\$ 26,675,105

YELLOWHEAD MINING INC.

Notes to the Condensed Consolidated Interim Financial Statements

Five months ended March 31, 2012

(Unaudited)

(In Canadian dollars)

15. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

Statement of Cash Flows for the year ended October 31, 2011

	NOTES	Canadian GAAP	IFRS adjustments	IFRS
Operating activities				
Net Loss for the period	(a)(b)	\$ (4,643,798)	\$(10,833,018)	\$(15,476,816)
Items not involving cash:				
Share issue costs on reverse take over		-	1,190,813	1,190,813
Share-based compensation		1,876,638	-	1,876,638
Amortization		80,006	-	80,006
Changes in non-cash working capital				
Mineral exploration tax credit receivable	(a)	-	(2,363,337)	(2,363,337)
HST receivable		(1,438,802)	-	(1,438,802)
Prepaid expenses and deposits		(18,958)	-	(18,958)
Accounts payable and accrued liabilities	(a)	282,675	1,433,610	1,716,285
Due to related parties	(a)	(36,299)	67,981	31,682
Cash used in operating activities		(3,898,538)	(10,503,951)	(14,402,489)
Investing activities				
Acquisition of property, plant and equipment		(138,589)	-	(138,589)
Acquisition of mineral interests	(a)	(10,569,993)	10,503,951	(66,042)
Deposit paid		(50,000)	-	(50,000)
Cash received upon acquisition of Four Points		101,065	-	101,065
Cash used in investing activities		(10,657,517)	10,503,951	(153,566)
Financing activities				
Proceeds from issuance of capital stock, net of share issue costs		25,490,217	-	25,490,217
Cash provided by financing activities		25,490,217	-	25,490,217
Net increase/(decrease) in cash and cash equivalents		10,934,162	-	10,934,162
Cash and cash equivalents, beginning of year		4,734,825	-	4,734,825
Cash and cash equivalents, end of year		\$ 15,668,987	\$ -	\$ 15,668,987

YELLOWHEAD MINING INC.

Notes to the Condensed Consolidated Interim Financial Statements

Five months ended March 31, 2012

(Unaudited)

(In Canadian dollars)

16. CONTINGENCIES

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

17. SUBSEQUENT EVENTS

The Company had no material subsequent events between the end of the period as at March 31, 2012, and the release of these condensed consolidated interim financial statements.