



**YELLOWHEAD
MINING INC.**

**TSX-V:YMI
NEWS RELEASE**

January 25, 2012

Yellowhead Mining Inc. Reports Financial and Operating Results to October 31, 2011

Vancouver, BC - Yellowhead Mining Inc. ("Yellowhead" or the "Company") (TSX.V: YMI) is pleased to report its results of operations for the year ended October 31, 2011.

For the full annual Financial Statements and Management Discussion and Analysis, please visit SEDAR at www.sedar.com or the Company's web site, www.yellowheadmining.com.

Highlights and Outlook:

- Completed a reverse takeover of Four Points Capital Corp. and became a Tier 1 listed company on the TSX Venture exchange;
- The Feasibility Study for a 70,000 tpd copper mine is on target for completion by the end of March 2012;
- In support of the Feasibility Study and to expand the resource, the Company has completed a total of 15,148 metres of drilling for the year including:
 - Resource confirmation: 33 holes for a total of 8,191m
 - Condemnation: 8 holes for a total of 1,791m
 - Resource expansion: 11 holes for a total of 4,725m
 - Metallurgical sampling: 4 holes for a total of 441m;
- Completed a comprehensive program of crushing and grinding test work as the basis for a crusher and SAG/ball mill design;
- Completed flotation test work on expected mill feed for the first 10 years of mine operation. Variability testing is expected to be completed by the end of January 2012;
- The Environmental Assessment study at Harper Creek was significantly advanced with an ongoing comprehensive baseline study program. The Environmental Assessment application is scheduled for submission in early June 2012;
- The Application Information Requirements (Terms of Reference) was approved in October 2011. The Application Information Requirements specify the information that must be contained in the application for an Environmental Assessment Certificate;
- Completed a bought deal private placement for gross proceeds of \$24,888,716;
- In order to finance the development of its 100%-owned Harper Creek project, the Company is exploring financing options, including but not limited to: strategic investors and/or partnerships, project and equipment financing and off-take agreements.



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Summary of Key Financial Highlights

Yellowhead has no revenue from operations. Results can fluctuate significantly from period to period due to the level of engineering and environmental study effort and resource drilling.

	Year ended October 31,	
	2011	2010
Resource Property Expenditures	\$9,708,247	\$970,696

These sums, as noted above, have been capitalized as Resource property interests.

The Company's operating costs increased significantly during the year ended October 31, 2011 compared to the same periods a year earlier. This increase is directly related to the increase in the project development expenses of the Company.

The Company was able to resume the development of its Harper Creek project with the completion of the Preliminary Economic Assessment in March, followed by the initiation of the Feasibility Study in April, 2011 with a targeted completion date by March 31, 2012. As a consequence of the significantly expanded project development programs, the Company's expenditures for General & Administrative costs, drilling, engineering, consulting fees and expenses, and investor relations activities, have increased significantly.

The funding of the resource property interests and the expanded operating expenditures was made possible by the success of two Private Placements, one which concluded in November, 2010 (the "November Private Placement") and the second which concluded in April, 2011 (the "April Private Placement"). These private placements, and the amalgamation with the Capital Pool Company, Four Points Capital Corporation, accounted for a significant increase in expenses for professional fees.

To attract and retain good people in management and executive roles as well as on the board of directors and its advisors, the granting of new stock options resulted in a significant increase in the non-cash expense for stock based compensation.

	Year ended October 31,	
	2011	2010
Comprehensive loss for the year	\$4,643,798	\$1,549,566
Non-Cash charges included		
Stock based compensation	\$1,876,638	\$1,087,330
Amortization	\$80,006	\$74,508
Future income tax recovery	\$-	\$(403,051)
Net operating cash loss for the year	\$2,687,154	\$790,779



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Cash and Cash Equivalents

The Company had cash and cash equivalents of \$15,668,987 as at October 31, 2011 compared to cash and cash equivalents of \$4,734,825 as at October 31, 2010.

The Company's focus going forward is expediting the development of the Harper Creek project. Major activities include completion of the Feasibility Study, submittal of the Environmental Assessment report, and project financing.

The Company believes that it has sufficient funds on hand to complete the definitive Feasibility Study and to advance through the permitting process.

International Financial Reporting Standards ("IFRS")

The Company will complete its transition to IFRS with the fiscal quarter beginning November 1, 2011. The Company's transition will require restatement for comparative purposes of amounts reported by the Company for interim periods and for the year ended October 31, 2011. On transition to IFRS the Company intends to change its accounting policy for the treatment of exploration expenses to a policy of expensing all exploration expenses, so as to align itself with policies applied by comparable companies at a similar stage in the mining industry. This change will result in a reduction of Resource property interest by approximately \$19.7 million as at October 31, 2011 (\$10.1 million as at October 31, 2010) and an increase in the net loss for the year ended October 31, 2011 of approximately \$9.6 million. The Company is in the process of quantifying other IFRS related adjustments.

About Yellowhead Mining Inc. and the Harper Creek Project

The Harper Creek Project is a copper-gold-silver volcanogenic sulphide deposit with a measured and indicated resource of 563.2 million tonnes grading 0.31% Cu (3.6 billion pounds of copper) plus 0.032 g/t gold and 1.08 g/t silver, plus an inferred resource of 117 million tonnes grading 0.29% Cu (0.7 billion pounds of copper). The Harper Creek Project is located in south-central British Columbia, approximately 150 kilometers by highway north of Kamloops.

Yellowhead has a 100% interest in the Harper Creek development project*. A Preliminary Economic Assessment Report ("PEA"), which demonstrated the technical and economic viability of the Harper Creek Project, was completed at the end of March and filed on SEDAR on April 1, 2011 and can be viewed on www.sedar.com. The PEA demonstrated a 22 year project life at a milling rate of 70,000 tonnes per day, a planned production of 149 million lbs. copper in concentrate per annum for years one to eight, a life-of-mine stripping ratio 0.88:1, an IRR of 19.8% with a base case copper price of US\$2.66/lb., an NPV₈ of US\$598 million and a capital cost of C\$759 million in Q4 2010 dollars, including contingency with a 4 year payback.

* (Subject to the payment of a 3% NSR royalty capped at \$2.5 million, adjusted for inflation and an additional 2.5% NSR royalty on an estimated 3.3 million tonnes of ore which is expected to be mined beginning in year nine within the NI 43-101 resource.)



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FORWARD-LOOKING STATEMENTS AND CAUTIONARY DISCLAIMER

Except for statements of historical fact, this news release contains certain "forward-looking information" within the meaning of applicable securities laws. Forward-looking information is frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the forward-looking statements, including, among others, the accuracy of mineral grades and related assumptions, inherent operating risks, planned expenditures, proposed exploration and development at the Harper Creek Project, operating and economic aspects of the Harper Creek Project, as well as those risk factors identified in the Company's Annual Information Form filed under the Company's SEDAR profile. Yellowhead undertakes no obligation to update forward-looking information if circumstances or management's estimates or opinions should change except as required by law. The reader is cautioned not to place undue reliance on forward-looking statements. More detailed information about potential factors that could affect financial results is included in the documents filed from time to time with the Canadian securities regulatory authorities by Yellowhead.

This news release includes disclosure of scientific and technical information, as well as information in relation to the calculation of resources, with respect to the Harper Creek Project. Yellowhead's disclosure of mineral resource information is governed by National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101") under the guidelines set out in the Canadian Institute of Mining, Metallurgy and Petroleum (the "CIM") Standards on Mineral Resources and Mineral Reserves, adopted by the CIM Council, as may be amended from time to time by the CIM ("CIM Standards"). There can be no assurance that mineral resources will ultimately be converted into mineral reserves. Mineral resources are not mineral reserves and do not have demonstrated economic viability. This news release uses the terms "measured", "indicated" and "inferred" resources. U.S. persons are advised that while such terms are recognized and required by Canadian regulations, the U.S. Securities and Exchange Commission does not recognize them. "Inferred Resources" have a great amount of uncertainty as to their existence and as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred resources will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred resources may not form the basis of feasibility or other economic studies. U.S. persons are cautioned not to assume that all or any part of measured or indicated resources will ever be converted into reserves. U.S. persons are also cautioned not to assume that all or any part of an inferred mineral resource exists, or is economically or legally mineable.

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