

Yellowhead Mining Inc. Reports Comminution and Flotation Testwork Results

October 27, 2011

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is pleased to report the findings of its recently completed comminution and flotation testwork to support engineering design for the Feasibility Study on its 100%-owned Harper Creek copper-gold-silver project located in south-central BC.

Metallurgical and comminution testwork on the Harper Creek deposit has resulted in a 4% improvement in anticipated copper recovery and comminution testwork has indicated a much coarser primary grind resulting in a 13% reduction in the grinding circuit power requirements. Both results represent an improvement on the assumptions used in the Preliminary Economic Assessment ("PEA") filed on SEDAR on April 1, 2011.

The results are based on samples collected from four PQ (85mmØ) diamond drill holes located throughout the proposed pit limit targeting lithological types that will be mined in the first 10 years of the proposed project life. In all, six discrete lithologies were identified. A total of 6,670kg was sent to G&T Metallurgical Services Inc. ("G&T") laboratory in Kamloops, BC for comminution and flotation testwork. A further 752kg sample was separately packaged and shipped to FLSmidth's laboratory in Bethlehem, PA for comminution testwork only. For the flotation test work, G&T created a master composite based on the relative distribution of each of the lithologies throughout the proposed pit area. In all, three main lithological groups represent approximately 90% of the expected mill feed. In addition, ten composites representing individual lithologies and grades were created for variability testing.

Principal findings of this comprehensive testwork program were (averages in metric units):

- Crushing Work index: 6.59
- Abrasion Index (Bond): 0.2033
- Bond Rod Mill Work index: 11.8
- Bond Ball Mill Work index: 13.2
- Primary grind: 80% passing 180µm
- Rougher Concentrate re-grind: 80% passing 25µm.

The comminution results indicate that the material is soft to medium soft and only mildly abrasive. Based on these results the crusher and grinding circuits have been sized as follows:

- Crusher: 60 x 89 x 600kW
- SAG mill: 38' x 22' x 20 000 kW
- Ball mills: Two- 24' x 42' x 13 000kW

A pebble crusher, included in the PEA flowsheet, has been eliminated.

Flotation testwork by G&T has determined that excellent recoveries are obtainable at a coarser primary grind of 80% passing 180µm. A Cu recovery of 89.6% @ a 26.3% concentrate grade was achieved from the master composite. Variability testing to determine if the metallurgical performance is uniform across the lithologies is ongoing.

Recoveries and concentrate grades for gold and silver were determined to be 57.9% @ 1.3g/t and 66.8% @ 78g/t respectively. These recoveries were also an improvement on that determined for the PEA. Final concentrate grade/recovery determination will be made from economic analysis.

The comminution results were reviewed and approved by Mr. Ken Major, P.Eng, Consulting Metallurgist, and a Qualified Person under NI43-101.

Mr. John Fox, P.Eng, the Company's Consulting Metallurgist, and a Qualified Person under NI43-101 has approved this press release

Ian Smith, President & CEO, commented: "We are extremely pleased with the very significant increase in Cu recovery which will be reflected in more robust project cash flow. The reduction in total comminution power requirements will have positive capital and operating cost impacts."

The Feasibility Study, managed by Merit Consultants Inc., is on schedule for completion by March 31, 2012.

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, (132Mlb/y LOM), a life-of-mine stripping ratio 0.88:1, a pre-tax 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. Mineral resources are not mineral reserves and do not have demonstrated economic viability.

* (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.)

For more information, please contact:

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 re-sources, 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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News Releases item: Tue Oct 25, 2011, BC Environmental Assessment Office Approves Application Information Requirements for Harper Creek Project