



(An Exploration Stage Company)

MANAGEMENT DISCUSSION AND ANALYSIS

For the Three Month Period Ended October 31, 2008

Management Discussions & Analysis of Operating Results and Financial Condition for the Three Month Period Ended October 31, 2008

December 30, 2008

The following discussion and analysis should be read in conjunction with the management prepared financial statements of Yankee Hat Minerals Ltd. (the “Company”) for the three month period ended October 31, 2008 accompanying this report. All monetary amounts, unless otherwise indicated, are expressed in Canadian dollars. Additional information relating to the Company and other regulatory filings can be found on the SEDAR website at www.sedar.com.

Forward-Looking Statements

Certain statements contained in this document constitute “forward-looking statements”. When used in this document, the words “may”, “would”, “could”, “will”, “intend”, “plan”, “propose”, “anticipate”, “believe”, used by any of the Company’s management, are intended to identify forward-looking statements. Such statements reflect the Company’s “forecast”, “estimate”, “expectation” and similar expressions, as they relate to the Company’s current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company’s actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The Company does not intend, and does not assume any obligation, to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments.



OVERVIEW

Yankee Hat's goal is to combine its expertise in property evaluation and mineral exploration, with its financial acumen, to exploit undervalued resource properties.

Yankee Hat Minerals Ltd. is incorporated under the laws of British Columbia and its principal business is the acquisition, exploration and development of precious metal properties. The Company currently has mineral exploration projects in British Columbia and in the Yukon.

The Company is a reporting venture issuer in British Columbia and Alberta and is listed on the TSX Venture Exchange under the symbol "KHT".

Exploration Activities

Full particulars of all projects can be found in the Company's public disclosure documents on SEDAR, the electronic data base at www.sedar.com.

Fran Property, Omineca Mining District, British Columbia

By agreement dated March 21, 2004, the Company acquired an option from Mr. Richard Haslinger of British Columbia ("Haslinger") to earn an undivided 100% interest in and to certain mineral claims contained in a 4,000 hectare portion of the Omineca Mining Division in the central part of British Columbia, also known as the "Fran Property". To earn the Fran Property Option, the Company has committed to pay the amounts and issue common shares from its treasury to Haslinger as set out below:

- a) The sum of CAD\$30,000 (paid) and 50,000 shares (issued) within 10 days of Exchange approval of the Fran Property option;
- b) An additional CAD\$30,000 (paid) and 75,000 shares (issued) by the first anniversary of the execution of the Fran Property option;
- c) An additional CAD\$40,000 (paid) and 75,000 shares (issued) by the second anniversary of the execution of the Fran Property option;
- d) An additional CAD\$80,000 (paid) and 75,000 shares (issued) by the third anniversary of the execution of the Fran Property option;
- e) An additional CAD\$100,000 (paid) and 150,000 shares (issued) by the fourth anniversary of the execution of the Fran Property option; and
- f) An additional CAD\$30,000 by each subsequent anniversary of the execution of the option, each of which payments is to be considered an advance against future royalty payments provided by the option (see below).

The Company has earned 100% of its interest in the Fran Property by making the fourth anniversary payment and share issue in (e) above. Haslinger will also be paid a royalty of 2% of net smelter returns once commercial production on the Fran Property has commenced, which royalties shall be offset by the payments described in (f) above. The Company has the right to reduce this royalty by making a one time cash payment of \$2,000,000.

The Fran Property will be designated by the Company as its "Principal Property" under the policies of the Exchange, and the Company has filed a geological report in compliance with National Instrument 43-101.



2007 Exploration Program

On January 17, 2007 the Company announced its 2007 winter diamond drilling exploration program on the North Contact Zone of the Fran Property.

The Fran property is located 60 kilometres north of Fort St. James and is 30 kilometres southwest of Mount Milligan, one of British Columbia's largest undeveloped mineral deposits. More than 20 shallow holes were planned to further test the North Contact Zone over a 1 kilometre strike length to vertical depths of 150 metres.

In 2006, 14 holes tested the North Contact Zone over a strike length of 800 metres for a total of 2060 metres. This drilling concentrated on the east and west ends of this zone leaving a 250 metre gap in the central area. In 2007 several initial drill holes were planned to close this gap and test open areas to the east and west.

The continuity of the polymetallic vein-replacement style mineralization within the 2006 drilling area is excellent with true widths ranging from 2 to 50 metres. Average gold grades in trenches and drill holes are similar, commonly in the 3 to 9 gt range with individual samples up to 93 gt Au. Silver, copper and locally lead and zinc values are associated with the more significant gold intercepts. Highlights from the 2006 Phase 1 drilling on the North Contact Zone were as follows:

- FR-47 4.0 m of 7.91 gt Au, 12.78 gt Ag, 0.39% Cu
- FR-55 9.55m of 8.51 gt Au, 14.81 gt Ag, 0.25% Cu
- FR-58 57.44m of 0.82 gt Au, Incl. 8.47m of 3.04 gt Au, 1.57 gt Ag, 0.06% Cu
- FR-59 54.60m of 1.12 gt Au, Incl. 4.85m of 10.96 gt Au, 40.15 gt Ag, 1.48% Cu
- FR-61 17.12m of 1.2 gt Au, Incl. 2.85m of 2.42 gt Au, 7.0 gt Ag, 0.16% Cu

Importantly, some of the better intercepts occurred near either end of the 2006 drilling area, for example FR-55 at the far western end. The gold zone is open in all directions.

On March 12, 2007 the Company announced that the drills began operating on the Fran property.

The first five assay results from the winter drilling program were released **on April, 25, 2007**. All five holes intersected economically significant gold mineralization; highlighted by FR 07-64 with **17.30 g/t Au over 1.5 meters** within a larger intercept of **1.69 g/t Au over 16.90 meters**.

A table of drilling highlights is provided below for further reference:

Hole Number	From (m)	To (m)	Interval (m)	Interval (ft)	Au g/t	Ag ppm	Cu ppm	Zn ppm
FR 07-63	136.6	145.2	8.6	28.22	0.98	1.9	476	39
FR 07-64	62.2	79.1	16.9	55.45	1.69	2.1	380	86
incl	71.8	73.3	1.5	4.92	17.3	21.6	3650	664
FR 07-65	72.2	73.8	1.6	5.25	1.33	0.4	165	39
FR 07-66	72.5	108.4	35.9	117.78	0.34	1.1	374	176
incl	72.5	73.75	1.25	4.1	1.47	1.5	1571	61
incl	91.5	102	10.5	34.45	0.68	2.3	706	247
FR 07-67	66.8	70.75	3.95	12.96	0.51	2	41	18
	146.15	148.95	2.8	9.19	0.86	2.2	390	242
incl	148.45	148.95	0.5	1.64	1.71	3	457	524



On June 13, 2007 the Company announced that three additional drill holes from the North Contact Zone all intersected significant gold mineralization. The new results included **20.50 g/t gold over 0.50 meters within a larger intercept of 1.01 g/t over 30.60 meters** in hole FR 07-70 and **13.15 g/t gold over 0.50 meters within a larger intercept grading 0.75 g/t over 23.05 meters** in hole FR 07-68.

Complete drill results are summarized below:

Hole Number	From (m)	To (m)	Interval (m)	Interval (ft)	Au (g/t)	Ag ppm	Cu ppm	Zn ppm
FR 07-68	124.05	147.1	23.05	75.62	0.75	0.9	232	285
Incl	124.05	124.55	0.5	1.64	13.15	4.1	1381	791
Incl	124.05	132.25	8.2	26.9	1.2	1.1	280	106
Incl	145.3	147.1	1.8	5.91	3.34	4	762	2780
FR 07-69	142.4	185.45	43.05	141.24	0.34	18.1	260	81
Incl	146.8	147.6	0.8	2.62	2.59	1.6	778	68
Incl	156.7	158.2	1.5	4.92	1.65	1.4	1180	91
Incl	185.05	185.45	0.4	1.31	5.14	4.9	976	1220
FR07-70	131.05	161.65	30.6	100.39	1.01	1.1	350	147
Incl	146.75	148	1.25	4.1	3.04	2.5	597	1214
Incl	149.4	150.1	0.7	2.3	6.39	4.5	1260	169
Incl	160.15	160.65	0.5	1.64	20.5	29.7	4008	2844
	225.2	226.25	1.05	3.44	11.3	13.3	2756	71

Winter drilling at the Fran property was completed in early May. Altogether, 17 holes were drilled for more than 3,300 meters.

On July 17, 2007 the Company announced that five new holes completed on the North Contact Zone in May, bringing the total analyzed and reported on this date to 13 holes, had again provided favourable results. These latest five holes, all located within the central gap, combined with previously reported holes FR-07-68 through FR-07-70 had successfully infilled the central gap to depths of 140 meters below surface.

The result of the five holes confirmed that the North Contact Zone is continuously mineralized over 1,000 meters of strike length, with mineralization beginning near surface. The target remains open along strike in both directions.

A table of drilling highlights is provided below for further reference:

Hole Number	From (m)	To (m)	Interval (m)	Au (g/t)	Ag ppm	Cu ppm	Zn ppm
FR 07-71	34.0	73.7	39.7	2.10	2.2	959	216
Incl	34.0	41.0	7.0	3.14	3.4	1909	61
Incl	55.0	60.6	5.6	2.87	3.0	2370	322
Incl	67.7	73.7	7.4	5.99	5.9	1180	999
	104.5	107.4	2.9	1.04	1.3	734	34
	116.4	116.9	0.5	1.89	0.4	977	28
FR 07-72	78.9	79.9	1.0	5.18	4.9	747	70
	96.6	118.0	21.4	0.25	0.6	221	96
Incl	96.6	97.8	1.2	1.28	2.4	853	42
Incl	106.1	106.9	0.8	1.51	7.1	1361	118
Incl	116.7	118.0	1.3	1.00	1.0	727	77
	132.4	133.9	1.5	1.76	0.3	76	27
FR07-73	146.8	148.4	1.6	1.67	0.3	294	37
Incl	180.6	181.7	1.1	1.17	2.8	617	756
Incl	193.16	194.16	1.0	4.03	50.0	18400	656
FR07-74	69.4	70.8	1.4	3.20	5.1	1212	262
	111.9	139.5	27.6	3.84	3.9	813	432



Hole Number	From (m)	To (m)	Interval (m)	Au (g/t)	Ag ppm	Cu ppm	Zn ppm
Incl	117.7	126.0	8.3	10.62	10.9	2135	896
FR-07-75	49.0	49.6	0.6	27.86	1.8	980	72
	77.8	102.1	24.3	0.74	1.6	475	142
Incl	77.8	79.35	1.55	1.17	5.0	339	43
Incl	84.95	98.6	13.65	1.13	1.6	595	229
Incl	92.3	92.85	0.55	6.99	10.8	1786	2025
	115.95	126.5	10.55	0.98	2.4	733	198
Incl	123.3	124.5	1.2	3.86	7.3	1874	993

On **July 26, 2007**, the Company announced that it had received the results of the final four diamond drill holes from its 2007 winter drilling program at the North Contact Zone of its Fran gold project.

Drilling encountered gold mineralization that extends the strike length of the North Contact Zone 200 meters to the west of drill hole FR-06-55. With these results, the Company has proven that the North Contact Zone is continuously mineralized over a strike length of approximately 1200 meters and is wide open for expansion in both directions.

The 2007 winter diamond drilling program at the North Contact Zone was successful as the Company was able to achieve its two main objectives:

1. In-fill drilling closed the 250 meter central gap between the eastern and western sections of the North Contact Zone and showed excellent gold grades (please refer news release dated July, 17, 2007); and
2. The Company was able to prove that the North Contact Zone extends west beyond FR-06-55.

Some specific results include:

- Drill Hole FR-07-76 intersected **2.27 g/t gold over 10.8 meters** including higher grade cores of **15.47 grams per tonne gold over 0.6 meters** and **5.64 grams per tonne gold over 3.9 meters**. The hole was located approximately 175 meters west of hole FR-06-55 and encountered a strong silica altered monzodiorite dyke at a vertical depth of 105 meters below surface.
- Drilled from the same pad as hole FR-07-76, FR-07-77, encountered a zone of mineralization 25 meters west of FR-07-76 with 0.37 grams per tonne gold over 24.5 meters including higher grade cores of 1.44 grams per tonne gold over 3.2 meters, 1.22 grams per tonne gold over 1.5 meters, and 1.03 grams per tonne over 1.0 meter.
- Hole FR-07-78 was drilled north along the same section as FR-07-77 and had to be terminated before reaching the projected mineralized zone due to a strong fault zone.
- Hole FR-07-79 was an exploratory drill hole designed to test the Western Sump target located apart from and approximately 150 meters north of the North Contact Zone. Previous composite sampling indicated a strong quartz carbonate pyrite alteration with significant values including 5.22 g/t Au, 2.6 ppm Ag, 508 ppm Cu and 33 ppm Zn, however, the hole did not intersect a zone similar to the alteration or mineralization seen on surface.

A table of drilling highlights is provided below for further reference.

Hole Number	From (m)	To (m)	Interval (m)	Au (g/t)	Ag ppm	Cu ppm	Zn ppm
FR 07-76	133.2	144.0	10.8	2.27	3.6	878	354
Incl	139.0	143.0	3.9	5.64	8.8	2209	828
Incl	139.0	139.6	0.6	15.47	28.5	8907	1216
FR 07-77	169.6	194.2	24.5	0.37	1.7	263	332
Incl	170.0	173.0	3.2	1.44	6.2	427	1567
Incl	182.7	183.8	1.0	1.03	9.5	2142	1127
Incl	192.6	194.2	1.5	1.22	2.9	436	195
FR-07-78	102.7	103.0	0.3	0.04	260.0	544	72



The North Contact Zone is a structurally controlled vein system of low sulphidation with a mesothermal temperature regime. The dip of mineralized zones is variable but usually near vertical. True widths are estimated to be roughly 60-70% of those stated.

Wayne Murton, P. Eng. is the Qualified Person under National Instrument 43-101 who is supervising the Fran exploration program. All analytical work was completed by EcoTech Laboratories Ltd. of Kamloops B.C. using standard assay procedures for gold analysis; with any gold values greater than 1.00 g/t going to a metallics assay. 30 element I.C.P. has been completed on all samples.

During the year ended July 31, 2007, the Company staked an additional 12 mineral claims targeting areas where the Contact Zones may extend beyond current boundaries.

There was no drilling during the 2008 exploration season but an aggressive drilling program has been planned and will be implemented once funds become available. This program is intended to assist the company in providing a reserve calculation.

Union Property, Greenwood Mining District, British Columbia

By agreement dated September 11, 2006, the Company acquired an option to earn a 100% interest in 27 mineral claims located in the Greenwood Mining Division, Province of British Columbia. In consideration, the Company agreed to:

- a) pay \$30,000 (paid) and issue 175,000 common shares on the fifth business day after the granting of regulatory approval (issued);
- b) pay \$15,000 on or before September 11, 2007 (paid);
- c) pay \$15,000 on or before September 11, 2008;
- d) pay \$15,000 on or before September 11, 2009;
- e) pay \$15,000 on or before September 11, 2010; and
- f) incurring exploration expenditures of not less than \$100,000 on or before October 31, 2008.

In the event the exploration expenditures spent are less than \$100,000 the Company may pay the difference before October 31, 2008. The properties are subject to a NSR of 1.5%.

By agreement dated September 11, 2006, the Company acquired an undivided 100% interest in eleven mineral claims known as Al Claims and Crown Grants, located in the Greenwood Mining Division, British Columbia. In consideration, the Company agreed to issue 125,000 common shares (issued). The agreement is subject to a 1.5% net smelter return royalty to a maximum of \$250,000.

By agreement dated September 11, 2006, the Company acquired an undivided 100% interest in four mineral claims known as Cat Claims located in the Greenwood Mining Division, British Columbia. In consideration, the Company agreed to issue 50,000 common shares on the fifth business day after the granting of regulatory approval (issued).

By agreement dated September 8, 2006, the Company acquired an undivided 100% interest in one mineral claim known as Doe 2, located in the Greenwood Mining Division, Province of British Columbia. In consideration, the Company agreed to pay \$5,000 (paid) and issue 100,000 common shares (issued). This agreement is subject to a 1.5% net smelter royalty.

As of the writing of this report, the \$15,000 payment due on September 11, 2008 has not yet been paid. The Company intends to make this payment and is in contact with the property vendor to negotiate late payment so that the property option maintains good standing.

December 6, 2006, the Company staked an additional 900 hectares of high mineral potential land surrounding the existing 1,650 hectares it already controls bring the total land area to 2,550 hectares.



On **May 17, 2007** the Company announced that Aeroquest Limited completed a 347 line kilometre aerial geophysical survey on the Union Mine project.

The Union project contains the past-producing Union mine, one of the highest grade gold-silver deposits ever mined in British Columbia. A total of 122,555 tonnes of material was historically mined from the Union mine, returning an average grade of 14.1 g/t Au and 353.4 g/t Ag (Note: these figures are taken from historical information that is believed to be reliable and do not conform with current NI 43-101 standards).

A considerable amount of previous exploration has been done on the property and eight zones of mineralization, including the Union vein, are known. Known styles of mineralization on the property include Union Mine type silicified zones/fissure veins, Tertiary epithermal quartz veins and breccia zones, “Black lead” type Cu-PGE mineralization associated with the Averill Group alkalic intrusives, and shear zones or contact metasomatic copper mineralization in Franklin Group volcanics and sediments.

The interpretation of the aerial survey, in conjunction with previous exploration data, will be used to direct an exploration program. With the large area covered by the property there is excellent potential to discover additional high grade zones of mineralization along strike with and/or similar to the historic Union Mine deposit.

George’s Lake Gold Property, LaRonge, Saskatchewan

By a Letter of Intent dated November 9, 2007, the Company is prepared to enter into an option agreement to earn up to a 70% interest in eight mineral claims located in La Ronge, Saskatchewan.

In consideration, the Company agreed to incur a total of \$1,500,000 in expenditures on the mineral claims as follows:

- i) \$750,000 on or before December 31, 2008 to earn a 50% interest in the mineral claims;
- ii) an additional \$375,000 on or before December 31, 2009 to earn an additional 10% interest in the mineral claims; and
- iii) an additional \$375,000 on or before December 31, 2010 to earn an additional 10% interest in the mineral claims.

The Georges Lake gold property is subject to an existing 0.5% net smelter return royalty and a 10% carried interest owned by an unrelated party. The closing of the transaction is subject to the completion of a definitive agreement to be negotiated within 90 days of the effective date of the Letter of Intent, receipt of regulatory approval and other due diligence as deemed necessary by the Company.

This Letter of Intent was entered into with a related company. The Company is related by virtue of a common director.

As of July 31, 2008, the Company decided not to enter into a binding option agreement with the vendor of the George’s Lake gold property. As a result of this decision, the carrying value of the George’s Lake gold property of \$386,280 was written off during the year ended July 31, 2008.

Whitehorse Copper Property (Formerly Lobo Del Norte), Whitehorse, Yukon Territory

On December 21, 2007, the Company began negotiations to enter into a letter of intent to acquire a mineral property known as the Lobo Del Norte claims located in the Yukon territory. The Company has paid \$30,000 into a trust account held by legal counsel for the vendor as a commitment to negotiate in good faith. This money was released upon the execution of the LOI between the vendor and the Company.

On April 3, 2008, the Company announced that it has entered into a Letter of Intent to acquire up to a 100% interest (subject to a 2% net smelter return royalty) in the property. This property consists of 27 mineral claims and is located in the Whitehorse copper belt 20 kilometers southwest of Whitehorse, Yukon.

The terms of the letter of intent call for a total of \$1,050,000 in cash and 2,700,000 common shares to be paid according to the following schedule:



- i) \$30,000 upon execution of the letter of intent (paid);
- ii) \$170,000 and 700,000 shares (issued) upon receipt of regulatory approval for the transaction including completion of a NI 43-101 report on the property;
- iii) \$350,000 and 1,000,000 shares upon the first anniversary of the closing date of the transaction; and
- iv) \$500,000 and 1,000,000 shares upon the second anniversary of the closing date of the transaction.

The company will also have to complete a total of \$1,250,000 in exploration expenditures on the property in accordance with the following schedule:

- i) \$100,000 on or before the first anniversary of the closing date of the transaction;
- ii) An additional \$250,000 on or before the second anniversary of the closing date;
- iii) An additional \$400,000 on or before the third anniversary of the closing date; and
- iv) An additional \$500,000 on or before the fourth anniversary of the closing date.

Also, the Company, at its option, will issue 2,000,000 common shares or \$2,000,000 in cash in accordance with the following performance milestones:

- i) 1,000,000 common shares or \$1,000,000 cash upon completion of a feasibility study; and
- ii) 1,000,000 common shares or \$1,000,000 cash upon commencement of commercial production.

The Company will have earned a 50% interest in the property once the company has incurred a total of \$350,000 of exploration expenditures and a 100% interest after incurring an additional \$700,000 of expenditures on the property.

As of the writing of this report, the \$170,000 payment due upon regulatory approval has not been paid. The Company intends to make this payment and is in contact with the property vendors to negotiate late payment so that the property option maintains good standing.

Exploration

Mining within the Whitehorse Copper Belt dates back to the 1900s and with current high prices for copper, there has been renewed exploration activity in the belt. In 1971, two separate open pits were mined on the property while an additional underground operation was being prepared.

Mineralization is predominately skarn related. Skarn deposits have been a major source of copper worldwide and are typically high grade (1-2% Copper) and range in tonnage from 1 to 100 million tones (“Mt”); although some exceptional deposits exceed 300 Mt. The Craigmont skarn deposit, located in central British Columbia, for instance, produced 37 Mt grading 1.3% Copper.

The company carried out a 20 hole drill program in 2008 totalling over 2,000 meters, with the goal of verifying the historical economically viable targets on the property.

A table of drilling highlights for the first four holes received from the laboratory is provided below for further reference:

Hole Number	From (m)	To (m)	Interval (m)	Interval (ft)	Cu (%)	Mo (%)
CP-140-2008	32.18	35.18	3.00	9.84	0.53	-
	36.33	44.20	7.87	25.82	3.85	0.10
	55.03	56.03	1.00	3.28	2.65	0.40
	62.67	64.01	1.34	4.40	8.37	-
CP-142-2008	48.77	57.43	8.66	28.41	2.31	0.07
CP-143-2008	44.74	64.86	20.12	66.01	1.12	0.05
CP-144-2008	16.76	24.38	7.62	25.00	0.51	-
	32.28	74.05	41.77	137.04	1.62	0.04



The company is awaiting further results and evaluating any further drilling necessary on the property for a NI 43-101 report on the property reflecting the size of the resource.

REE/Lancer Property, Yukon Territory

On April 8, 2008, the Company announced that it has entered into a Letter of Intent to acquire up to a 100% interest (subject to a 2.5% net smelter return royalty) in two contiguous rare earth element properties located in south central Yukon. The Lancer Project is unique because it is one of only a couple rare earth element projects in North America that are road accessible and have an extensive history of previous exploration. The property is accessible via 90 kilometers of paved and all weather roads from the town of Ross River, and is just 18 kilometers by road from the modern Ketz gold mine mill which is in stand-by condition.

Under the terms of the agreement, the Company will issue a total of 6,666,666 common shares in three installments to earn the 100% interest. One third of these shares were issued on regulatory approval of the transaction, the first anniversary of the approval date and the second anniversary of the approval date. On May 7, 2008, the Company received final exchange approval on the transaction.

WAU Property, Yukon Territory

On April 10, 2008, the Company announced that it has entered into a Letter of Intent to acquire up to a 51% interest in a tungsten-polymetallic property located in central Yukon. The property is about 50 kilometers northeast of the Keno Hill silver camp and is comprised of 40 contiguous mineral claims totaling 800 hectares.

Under the terms of the agreement, the Company will issue a total of 6,666,666 common shares in three installments to earn the 50% interest. One third of these shares will be issued on regulatory approval of the transaction, the first anniversary of the approval date and the second anniversary of the approval date.

The company will also have to complete a total of \$2,000,000 in exploration expenditures on the property in accordance with the following schedule:

- i) \$500,000 on or before December 31, 2008;
- ii) An additional \$500,000 on or before December 31, 2009; and
- iii) An additional \$1,000,000 on or before December 31, 2010.

After the Company completes these obligations, it will then have the option to acquire an additional 1% interest in the Property for a total interest of 51% in exchange for a \$1,000,000 cash payment to the optionor. On May 13, 2008, the Company received exchange approval on the transaction.

Exploration

The WAU property hosts a number of tungsten-bearing skarn occurrences, as well as recently discovered zones with strongly elevated gold-arsenic and lead-zinc-silver soil geochemistry. Within the Yukon and neighbouring Northwest Territories, the largest and richest tungsten deposits are skarn related. The Cantung mine located on the southeast border of the Yukon, for example, is a skarn related deposit and is the western world's largest operating tungsten mine.

Exploration at WAU in 2007 by ATAC Resources Ltd. ("ATAC") consisted of extensive soil sampling, geological mapping, prospecting and property wide, helicopter-borne, VTEM and magnetic surveys. As a result of the work, several showings and geochemical and geophysical anomalies were identified as ready to be drill tested.

In the summer of 2008, a drill program was carried out by the operator of the property, ATAC, where 3 holes were drilled on the property. Results of these holes are pending.



Achtung and Birdtung Properties, Yukon Territory and British Columbia

On June 30, 2008, the Company entered into two separate option agreements to earn an undivided 100% interest in two mineral properties, one in northern British Columbia and the other in southern Yukon Territory. The property vendor will retain a 2% net smelter return royalty along with the right to collect surface gemstones and crystals.

The Achtung property is comprised of four mineral tenures covering 1,020 hectares. The Birdtung property is comprised of two mineral tenures.

In consideration, the company agreed to:

- i) pay \$5,000 (paid) upon signing of the agreements;
- ii) pay an additional \$5,000 and issue 66,666 common shares by November 1, 2008;
- iii) pay an additional \$10,000 and issue 66,666 common shares by November 1, 2009;
- iv) pay an additional \$20,000 and issue 133,334 common shares by November 1, 2010;
- v) pay an additional \$20,000 and issue 133,334 common shares by November 1, 2011;
- vi) pay an additional \$40,000 and issue 266,666 common shares by November 1, 2012; and
- vii) pay an additional \$100,000 and issue 266,666 common shares by November 1, 2013.

Upon satisfaction of these terms, the Company will receive full title to the property subject to the NSR.

As of the writing of this report, the \$5,000 payment and share issuance due on November 1, 2008 has not yet been paid. The Company intends to make this payment and is in contact with the property vendor to negotiate late payment so that the property option maintains good standing.

The company has not yet carried out substantial exploration activity on these properties.

Selwyn Properties, Yukon Territory

On July 18, 2008, the Company entered into an agreement to purchase a 40% interest in a group of 299 mineral claims for a total of \$44,823, net of reimbursements. These claims are located in several property groups throughout mid-central Yukon Territory. The claims include the Molly, Joey, Suki and Tommy claims, along with the Sydney and Winston claims that comprise the Kidlark property, staked in cooperation with a Japanese government corporation ("JOGMEC"), which purchased the remaining 60% interest.

The company has entered into an agreement dated August 1, 2008 and amended September 25, 2008 with JOGMEC to continue exploration of these properties for economic deposits of minerals with a focus on the discovery of Tungsten deposits. The Company is the operator of this exploration program, and expends funds on exploration activities. JOGMEC reimburses 60% of the monies expended to the Company plus a 10% operator fee on their share of the costs. At July 31, 2008, \$311,064 was receivable under this agreement, which was received subsequently.

Exploration was carried out on these properties throughout the summer of 2008, and consisted of soil and trench sampling.

After finding interesting showings on the Kidlark property, further staking was carried out that added 51 additional claims to the property in September 2008 and October 2008. Further sampling and trenching was also carried out at this time. Eighteen grab samples were taken from the Property and submitted to EcoTech Laboratories in Whitehorse for testing. Assay results for the samples ranged up to 7.68% WO₃ and averaged 1.463% WO₃ with visual estimations of scheelite content by UV fluorescence correlating well with WO₃ % content. The 18 samples were taken from 5 distinct showings over 13 kilometers along a single geological contact. Detailed information on these samples is available on the company website at www.yankeehatminerals.com.



Tungsten Properties, Yukon Territory

On July 31, 2008, the Company received TSX Venture exchange approval on an agreement to purchase 5 Tungsten properties located in the Yukon Territory including the Boot, Hidden, Track, Meloy and Obvious properties. Each of the properties is subject to a 1% net smelter return royalty, except for the Track property which is subject to a 2% royalty.

Under the terms of the agreement, to earn the 100% interest, the Company will issue a total of 10,000,000 common shares to the vendor according to the following schedule:

- i) issue 1,000,000 common shares upon regulatory approval of the agreement (issued);
- ii) issue 2,000,000 common shares by December 31, 2008;
- iii) issue 3,000,000 common shares by December 31, 2009; and
- iv) issue 4,000,000 common shares by December 31, 2010.

The agreement also specifies that in order to earn the 100% interest, the Company will undertake exploration expenditures of a total of \$5,000,000 according to the following schedule:

- i) \$1,000,000 by December 31, 2008;
- ii) \$1,500,000 by December 31, 2009; and
- iii) \$2,500,000 by December 31, 2010.

The Company has not yet undertaken a material exploration program on any of these properties.

Operating Results

The results of operations reflect the overhead costs incurred for mineral property acquisitions and expenses incurred by the Company to maintain good standing with the various regulatory authorities and to provide an administrative infrastructure to manage the acquisition, exploration, and financing activities of the Company. General and administrative costs can be expected to increase or decrease in relation to the changes in activity required as property acquisitions and exploration continues. As at October 31, 2008, the Company has not yet recorded any revenues from its exploration projects.

Revenues

Due to the Company's status as an exploration and development stage resource issuer, the Company does not have revenues to report from its current operations at this time. Future revenues may be obtained from mineral exploration projects currently contemplated for development in British Columbia or the Yukon Territory.



Operating Expenses

Comparative Overall Results

Net sales, net loss, diluted loss per common share, total assets and total long-term liabilities for the most recently completed fiscal years ended July 31, 2008, 2007, and 2006 are as follows:

	July 31, 2008	July 31, 2007	July 31, 2006
Net sales	Nil	Nil	Nil
Net loss before income tax provision	(1,996,381)	(1,065,411)	(709,965)
Net loss for year	(1,996,381)	(594,272)	(709,965)
Basic and diluted loss per share	(0.04)	(0.02)	(0.03)
Total Assets	5,927,908	3,809,879	2,368,300
Total Long-Term Liabilities	-	-	-

Management, Professional and Consulting Fees

Management fees, professional fees and consulting fees for the three month periods ended October 31, 2008 and October 31, 2007 were as follows:

	October 31, 2008	October 31, 2007
Management Fees	62,250	44,750
Professional Fees	3,718	29,597
Consulting Fees	30,000	4,000

Professional fees, management fees, and consulting fees have increased in total for the three month period ended October 31, 2008 in relation to the three month period ended October 31, 2007. This is in-step with the associated costs of managing the expanding suite of projects that the company has been developing over the past fiscal period, and the activity of researching new projects. A significant reduction in professional fees are a result of managing much of the reporting and compliance work in-house.

Investor Relations and Promotional Expenses

	October 31, 2008	October 31, 2007
Investor Relations & Promotion	28,570	43,786

As the Company is still in the early stages of creating an economically viable mining enterprise, shareholder communications and promotion have not represented a major expenditure until this past fiscal year and the current fiscal year when management initiated programs to promote market awareness of the company through various mediums. It is expected that these expenses will increase in the future as operations and promotional efforts continue to build.

Filing & Transfer Agent Fees

Filing and transfer agent fees relating to the three month period ended October 31, 2008 was \$4,911, slightly higher than the \$3,811 in same period in 2007. The company engaged in a share issuance for the acquisition of a project during the three months ended October 31, 2008, increasing transfer agent and filing fees.



Liquidity & Capital Resources

The Company's cash balance was \$22,994 (working capital deficit of \$1,214,506) at October 31, 2008 compared with a cash balance \$196,718 (working capital deficit of \$70,914) on October 31, 2007. Since the Company has become much more active over recent months acquiring working interests in mineral properties, it has experienced much greater demands on its cash and working capital resources. This demand has been addressed through the company's successful equity investment program of the past fiscal year, and continuing efforts to raise cash by way of a non-brokered flow through private placement.

Financing Activities

During the year ended July 31, 2008, the Company completed a private placement for 3,976,667 units at \$0.15 per unit for gross proceeds of \$596,500. Each unit consisted of one common share of the Company and one half of a share purchase warrant entitling the holder to purchase one common share at \$0.22 per share for up to one year from the date of closing. The Company paid finder's fees in cash in connection with this placement of \$40,985 and issued 262,033 finder's warrants. Each warrant enables the holder to purchase one common share at \$0.15 per share exercisable to December 31, 2008.

During the year ended July 31, 2008, the Company completed a flow-through private placement for 7,666,667 common shares at \$0.15 per share for gross proceeds of \$1,150,000, of which 443,333 common shares were issued to directors and officers of the Company and a company controlled by a director of the Company. The Company paid finders' fees of \$60,745 in cash in connection with this placement.

As a method of financing property acquisitions, during the year ended July 31, 2008 the Company issued 5,294,444 common shares with a fair value of \$636,722 for acquisition of resource properties.

The Company did not complete any financing during the three month period ended October 31, 2008.

The Company's ability to explore and, if warranted, develop further properties will be dependent upon its ability to obtain significant additional financing to ensure a future in mineral property exploration and development. Should the Company not be able to obtain such financing, its ability to participate in the development of further properties may be lost. The Company has limited financial resources, will have limited cash flow from operations, and will be dependent for funds based on its ability to sell its common shares and share purchase warrants, primarily on a private placement basis, pursuant to the policies of the TSX Venture Exchange.

There can be no assurance that the Company will be able to engage in such financings in light of factors such as the market demand for its securities, the general state of financial markets and other relevant factors. If such a method of financing is employed by the Company it will result in increased dilution to the existing shareholders each time a private placement is conducted.

The Company has no assurance that additional funding will be available to it for the exploration and development of future projects. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of any projects with the possible loss of such properties.

Cash Flow and Earnings

Yankee Hat Minerals Ltd. expects that until it receives substantial revenues from newly acquired mineral assets it may be subject to funding its operating activities from the sale and issuance of equity securities.



Related Party Transactions

During the three month period ended October 31, 2008, the Company entered into the following transactions with related parties:

	Three Months Ended October 31,	
	<u>2008</u>	<u>2007</u>
Management fees, to officers of the Company	\$ 54,000	\$ 32,000
Management fees, to companies controlled by directors or officers of the Company	-	6,000
Consulting fees, to companies controlled by directors or officers of the Company	15,000	-
Interest paid to an officer of the Company	3,300	-
Exploration fees, to a company with a common director and officer	369,526	-
Administrative fees, to a relative of a former director of the Company	-	6,000
Occupancy costs, to a company with a common director	<u>-</u>	<u>3,403</u>
	<u>\$ 441,826</u>	<u>\$ 47,403</u>

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

Accounts payable and accrued liabilities includes \$758,800 (2007 - \$Nil) due to companies with directors in common with the Company, and \$11,135 (2007 - \$43,246) due to directors and officers of the Company

Amounts due to related parties are unsecured, non-interest bearing and with no fixed terms of repayment and accordingly, the fair value cannot be readily determined.

Off Balance Sheet Arrangements

The Company is not a party to any off balance sheet arrangements or transactions.

Stock Based Compensation

As a result of the adoption of fair value accounting for stock options the Company recorded stock-based compensation expense of \$6,069 for the three month period ended October 31, 2008 (2007 - \$179,484). The fair value is determined using the Black-Scholes Option Pricing Model.



Shares Options & Warrants Outstanding

The undiluted total common shares without par value outstanding at October 31, 2008 is 66,038,650 and 66,038,650 at December 30, 2008.

The fully diluted total common shares outstanding are as follows:

Shares	Category	Expiry Date
1,393,501 ⁽¹⁾	Warrants priced at \$0.30 in year 1 and \$0.40 in year 2	December 5, 2008
2,250,367	Warrants priced at \$0.22	December 31, 2008
1,500,000	Options priced at \$0.14	July 27, 2009
100,000	Options priced at \$0.16	January 21, 2010
625,000	Options priced at \$0.15	March 16, 2010
375,000 ⁽²⁾	Options priced at \$0.15	July 1, 2010
330,000	Options priced at \$0.12	October 13, 2011
750,000	Options priced at \$0.10	June 21, 2012
550,000	Options priced at \$0.15	March 16, 2013
7,873,868	Total Warrants and Options outstanding, October 31, 2008	
6,480,367	Total Warrants and Options outstanding, December 30, 2008	
73,912,518	Fully diluted shares outstanding, October 31, 2008	
72,519,017	Fully diluted shares outstanding, December 30, 2008	

⁽¹⁾ Subsequent to October 31, 2008, these warrants have expired.

⁽²⁾ These options vest as to 1/4 every three months from the date granted.



Critical Accounting Policies

The Company's financial statements have been prepared in accordance with Canadian generally accepted accounting principals applicable to a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business for the Company's next fiscal year. The Company's ability to meet its obligations as they fall due and to continue to operate as a going concern is dependent on the continued financial support of the creditors and the shareholders and ultimately, the attainment of profitable operations. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

The audit committee of the Board of Directors has reviewed the corporate disclosures in this MD&A.

Mineral Properties

All costs related to the acquisition, exploration and development of resource property interests are capitalized on a property-by-property basis. If economically recoverable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit-of-production method. When a property is abandoned, all related costs are written-off to operations. If, after management review, it is determined that the carrying amount of a property is impaired, that property is written down to its estimated value. Resource properties are reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

The amounts shown for resource properties do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

Cost of Maintaining Mineral Properties

The Company does not accrue the estimated future costs of maintaining its mineral properties in good standing.

Environmental Protection and Rehabilitation Costs

Liabilities related to environmental protection and rehabilitation costs are accrued and charged to income when their likelihood of occurrence is established. This includes future removal and site restoration costs as required due to environmental law or contracts.

Provision for Site Restoration

Site restoration and cleanup costs for exploration projects are estimated and charged to operations when reasonably determinable. Upon commencement of production, estimated future costs for reclamation and closure of producing properties will be provided over the life of the ore body on a unit-of-production basis.



Quantitative and Qualitative Risks

Credit and Interest Rate Risk

The Company has no long-term debt, with accounts payable and accrued liabilities being short-term and non-interest bearing. The Company holds short-term loans payable that is unsecured, bearing interest at 12% per annum with no specified terms of repayment. The Company is exposed to the risk that the value of financial instruments will change due to movement in market interest rates. The Company does not hold interest-bearing debt with long-term maturities and therefore does not believe that interest rate risk is significant. The Company does not use derivative instruments to reduce its interest rate risk as the Company's management believes that the likely financial impact of interest rate changes does not justify using derivatives.

Hedging, Sales Contracts, Commodity and Derivative Instruments

The Company is not engaged in any commodity price hedging and has no sales contracts, commodity or derivative instruments in place.

Business Risk

Yankee Hat's financial results may be significantly influenced by its business environment. Business risks include, but are not limited to:

- Cost to find, develop, produce and deliver commodities;
- Relationships with any current or potential joint venture partners;
- Satisfactory title to property it has agreed to develop;
- Government regulations; and
- Cost of capital.

Joint Ventures

Some of the mineral properties in which Yankee Hat has an interest may be operated through joint ventures with other companies. Any failure of such other companies to meet their obligations to Yankee Hat, or to other third parties, could have a material adverse effect on the mineral exploration joint ventures. In addition, Yankee Hat may be unable to exert control over strategic decisions made in respect of these properties.

Uncertainty of Exploration and Development Programs

Mineral exploration involves a high degree of risk and there is no assurance that expenditures made on exploration by the Company will result in discoveries or production of minerals in commercial quantities. It is difficult to project the costs of implementing an exploratory drilling program due to the inherent uncertainties of drilling unknown formations and the costs associated with encountering various drilling conditions. The long-term success of the Company's mineral programs depends on its ability to find, acquire, develop and commercially produce mineral properties. There is no assurance that the Company will be able to locate satisfactory properties for acquisition or participation. Even if such acquisitions or participations are identified, the Company may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participations uneconomic. Future mineral exploration may involve unprofitable efforts, not only from unsuccessful exploration drilling, but also from deposits that do not produce sufficient net revenues to return a profit after mining, operating and other costs. In addition, mining hazards or environmental damage could greatly increase the costs of operations, and various field operating conditions, such as delays in obtaining any necessary governmental consent or approvals, extreme weather conditions or insufficient transportation capacity, may adversely affect the production from successful mines. Mineral exploration and development activities are also dependent on the availability of drilling and related equipment in the particular areas where such activities will be conducted. Demand for such limited equipment or access restrictions may affect the availability of such equipment to the Company and may delay exploration and development activities.



Future Acquisitions

Yankee Hat undertakes evaluations of potential opportunities to acquire additional mining assets from time to time. Any resultant acquisitions or joint ventures may be significant in size, may change the scale of Yankee Hat's business and may expose the Company to new geographic, political, operating, financial and geological risks. Yankee Hat's success in its growth strategies depends on its ability to identify suitable acquisitions, acquire them on acceptable terms and integrate them successfully into those already in existence. Any future acquisitions would be accompanied by risks, such as changes in commodity prices, reserves proving to be below expectations; the difficulty of assimilating the operations and personnel of any acquired companies; the potential disruption of Yankee Hat's ongoing business; the inability of management to maximize the financial and strategic position of Yankee Hat through the successful integrations of acquired assets; the maintenance of uniform standards, controls, procedures and policies; the potential unknown liabilities associated with acquired assets and businesses. In addition, Yankee Hat may need additional capital to finance new acquisitions of assets. Equity financing may expose the Company and its existing shareholders to dilution. There can be no assurance that Yankee Hat would be successful in overcoming these risks or any other problems encountered in connection with such acquisition of assets.

Regulatory Risk

The operations of all mineral explorers and producers are subject to extensive controls and regulations imposed by various levels of government. The Company monitors and adheres to all regulations which could affect its operations and has established standards of operating practice which are designed to minimize risk to our employees, the community and the environment. Changes to regulations could have an adverse effect on the Company's results of operations and financial condition.

Safety and Environmental Risks

The mineral exploration business is subject to extensive regulation pursuant to various state, national and international conventions and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on mine size, mill size and overburden and tailings management. Yankee Hat is committed to meeting its environmental and safety policy that is designed, at minimum to comply with current governmental regulations set for the mineral exploration industry. Changes to government regulations are monitored to ensure compliance. Environmental reviews are completed as part of the due diligence process when evaluating acquisitions and developments.



Summary of Quarterly Results

The following table sets out selected quarterly information for the most recent eight fiscal quarters:

Each Quarter Ended 2009	Q1 - October 31/08	Q2 - January 31/09	Q3 - April 30/09	Q4 - July 31/09
	\$	\$	\$	\$
Other income	51,379	-	-	-
Net Loss before income tax provision	(142,639)	-	-	-
Loss per common share (\$)	(0.002)	-	-	-
Each Quarter Ended 2008	Q1 - October 31/07	Q2 - January 31/08	Q3 - April 30/08	Q4 - July 31/08
	\$	\$	\$	\$
Other income	1,272	293	294	10,271
Net Loss before income tax provision	(334,877)	(313,450)	(269,497)	(1,078,557)
Loss per common share (\$)	(0.01)	(0.01)	(0.01)	(0.01)
Each Quarter Ended 2007	Q1 - October 31/06	Q2 - January 31/07	Q3 - April 30/07	Q4 - July 31/07
	\$	\$	\$	\$
Other income	4,716	8,916	13,814	-
Loss before recovery of future income tax	(108,403)	(179,976)	(423,494)	(353,538)
Loss per common share (\$)	(0.00)	(0.00)	(0.01)	(0.01)

Quarterly expenditures reflect the activity levels during the quarter. Stock based compensation is dependent on option grants which occur at various times. The decrease in first quarter losses are primarily a result of a reduction in the stock based compensation year-end adjustments including stock-based compensation expense for options granted. The other expenses have been held relatively constant although the Company implemented an aggressive acquisition and exploration program in 2008.

SUBSEQUENT EVENT

1. On November 6, 2008, the Company announced a non-brokered private placement of up to 10,000,000 flow through common shares in the capital of the Company at a price of \$0.05 per share for aggregate gross proceeds of up to \$500,000. In connection with the Offering, the Corporation has agreed to pay to a Finder's Fee of 7% to each of the Finders of the Offering.