

# **Beaufield Resources Inc.**

Interim Financial Statements

Nine-months ended May 31, 2009

*The attached financial statements have been prepared by Management of  
Beaufield Resources Inc. and have not been reviewed by an auditor.*

**Beaufield Resources Inc.**  
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# Beaufield Resources Inc.

## Balance Sheets

	<b>May 31, 2009</b> (unaudited)	<b>August 31, 2008</b> (audited)
	\$	\$
<b>Assets</b>		
Current assets		
Cash and cash equivalents (Note 3)	6,136,872	7,203,196
Sales taxes recoverable	1,686	55,564
Due from a partner, without interest, on demand (Note 6)	28,117	-
Exploration taxes credits receivable	189,456	654,902
Prepaid expenses	2,636	21,481
Investments at fair value (Note 4)	1,136,170	-
	<u>7,494,937</u>	<u>7,935,143</u>
 Equipment (Note 5)	 9,106	 15,931
 Mineral Properties (Note 6)		
Acquisition cost	2,348,838	2,576,620
Deferred exploration expenses	5,162,514	5,060,752
	<u>15,015,395</u>	<u>15,588,446</u>
 <b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	<u>32,297</u>	<u>69,632</u>
 <b>Shareholders' equity</b>		
Capital stock (Note 7)	31,324,120	31,324,120
Compensation options (Note 7a)	893,000	893,000
Contributed surplus (Note 7b)	89,760	89,760
Deficit	(17,323,782)	(16,788,066)
	<u>14,983,098</u>	<u>15,518,814</u>
	<u>15,015,395</u>	<u>15,588,446</u>

The accompanying notes are an integral part of the financial statements.

# Beaufield Resources Inc.

## Statement of Operations, Comprehensive Income (Loss) and Deficit (unaudited)

	Three-month period ended May 31,		Nine-month period ended May 31,	
	2009	2008	2009	2008
	\$	\$	\$	\$
Administrative expenses				
Professional fees	28,635	17,686	106,174	77,018
Administrative services, fees, rent and office	47,056	36,473	117,781	117,138
Shareholders' information, trustee and registration fees	8,403	1,164	32,975	30,848
Stock-based compensation	-	52,000	-	52,000
Investors relations	13,341	10,345	24,983	26,404
Insurance	6,281	6,858	21,526	20,574
Travelling and promotion	3,125	7,773	8,185	9,156
Telecommunications	2,554	1,669	6,045	5,020
Director's fees	23,228	23,864	46,456	47,204
	<u>132,623</u>	<u>157,832</u>	<u>364,125</u>	<u>385,362</u>
Interest income	4,598	54,565	64,776	217,493
Gain on disposal of investments	-	-	58,970	-
Unrealized fair value variation on investments	(92,250)	-	46,490	-
Project management fees	1,641	-	59,706	-
Write-off of mineral properties	-	(48,098)	(401,533)	(48,098)
Loss before income taxes	(218,634)	(151,365)	(535,716)	(215,967)
Future income taxes	-	36,000	-	220,000
<b>Net income (loss) and comprehensive income (loss)</b>	<b><u>(218,634)</u></b>	<b><u>(115,365)</u></b>	<b><u>(535,716)</u></b>	<b><u>4,033</u></b>
<b>Basic and diluted net income (loss) per share</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>(0.01)</u></b>	<b><u>-</u></b>
<b>Weighted average number of outstanding common shares</b>	<b><u>83,349,519</u></b>	<b><u>83,349,519</u></b>	<b><u>83,349,519</u></b>	<b><u>83,349,519</u></b>
Deficit, beginning of period	(17,105,148)	(16,650,978)	(16,788,066)	(16,770,376)
Net income (loss)	(218,634)	(115,365)	(535,716)	4,033
<b>Deficit, end of period</b>	<b><u>(17,323,782)</u></b>	<b><u>(16,766,343)</u></b>	<b><u>(17,323,782)</u></b>	<b><u>(16,766,343)</u></b>

The accompanying notes are an integral part of the financial statements.

# Beaufield Resources Inc.

## Statement of cash flows

(unaudited)

	Three-month ended		Nine-month ended	
	period May 31,		period May 31,	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>Operating activities</b>				
Net income (loss)	(218,634)	(115,365)	(535,716)	4,033
Non-cash items:				
Stock-based compensation	-	52,000	-	52,000
Interest accrual on interest income	-	(4,199)	-	76,919
Write-off of mineral properties	-	48,098	401,533	48,098
Gain on disposal of investments	-	-	(58,970)	-
Unrealized fair value variation on investments	92,250	-	(46,490)	-
Future income taxes	-	(36,000)	-	(220,000)
	<u>(126,384)</u>	<u>(55,466)</u>	<u>(239,643)</u>	<u>(38,950)</u>
Changes in non-cash working capital items:				
Accounts receivable	-	(6,593)	-	(6,593)
Sales taxes recoverable	9,105	(12,989)	53,878	(34,154)
Due from a partner	21,216	-	(10,804)	-
Prepaid expenses	6,855	6,858	18,845	8,342
Accounts payable and accrued liabilities	(28,588)	(57,089)	(6,502)	(12,602)
	<u>8,588</u>	<u>(69,813)</u>	<u>55,417</u>	<u>(45,007)</u>
Cash flows from operating activities	<u>(117,796)</u>	<u>(125,279)</u>	<u>(184,226)</u>	<u>(83,957)</u>
<b>Investing activities</b>				
Temporary investments proceeds	-	-	-	2,836,292
Purchase of investments	(999,420)	-	(1,129,920)	-
Disposal of investments	-	-	99,210	-
Additions to mineral properties	(9,972)	(44,763)	(32,038)	(821,092)
Disposal of mineral properties	10,000	-	10,000	-
Exploration taxes credit received	523,514	773,039	562,929	1,085,379
Deferred exploration expenses	(29,529)	(176,875)	(392,275)	(727,656)
Cash flows from investing activities	<u>(505,407)</u>	<u>551,401</u>	<u>(882,098)</u>	<u>2,372,923</u>
<b>Net change in cash and cash equivalents</b>	<b>(623,203)</b>	<b>426,122</b>	<b>(1,066,324)</b>	<b>2,288,966</b>
Cash, beginning of period	<u>6,760,075</u>	<u>7,405,357</u>	<u>7,203,196</u>	<u>5,542,513</u>
Cash and cash equivalents, end of period	<u><u>6,136,872</u></u>	<u><u>7,831,479</u></u>	<u><u>6,136,872</u></u>	<u><u>7,831,479</u></u>
<b>Additional information – non cash transactions:</b>				
Exploration taxes receivable credited to mineral properties	15,315	87,983	97,479	305,227
Depreciation included in deferred exploration expenses	2,275	2,275	6,825	6,825
Due from a partner included in deferred exploration expenses	17,313	-	17,313	-
Accounts payable and accrued liabilities related to exploration expenses and mineral properties	7,736	32,762	7,736	32,762

The accompanying notes are an integral part of the financial statements.

# Beaufield Resources Inc.

## Notes to Financial Statements

For the nine-month period ended May 31, 2009

(unaudited)

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### 1. Basis of presentation

The financial statements of the Company have been prepared by management in accordance with generally accepted accounting principles in Canada for interim financial statements. The interim financial statements have, in management's opinion, been properly prepared using judgement within reasonable limits of materiality. These interim financial statements do not include all the note disclosures required for annual financial statements and therefore they should be read in conjunction with the Company's audited financial statements for the year ended August 31, 2008. The significant accounting policies follow that of the most recently reported audited annual financial statements, except for the new accounting standards as disclosed in Note 2.

### 2. Accounting estimates, adoption of new accounting policies and standards

#### *Use of estimates*

The preparation of interim financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the carrying amount of mineral properties and the exploration tax credits receivable. Management reviews these estimates periodically and, as adjustments become necessary, they are reported in the period in which they become known.

#### *Cash and cash equivalents*

Cash and cash equivalents are comprised of cash on hand and investments in Government of Canada treasury bills with original term to maturity of less than 90 days. These investments are stated at fair value, which approximates cost plus accrued interest.

#### *Investments*

Investment in gold coins is measured at fair value determined by reference to published price quotations, with realized and unrealized gains and losses recorded in the statement of operations.

Investments in publicly traded shares on a recognized securities exchange are recorded at fair values based on quoted closing bid prices at the balance sheet date or the closing bid price on the last day the security traded if there were no trades at the balance sheet date.

#### *Investment revenue recognition*

Investment transactions are accounted for on a settlement date basis. Gains or losses on the sale of investments are determined using the average cost basis. Upon disposal of an investment, previously recognized unrealized gains or losses are reversed, so as to recognize the full realized gain or loss in the period of disposition. Interest income is accounted for on an accrual basis.

#### *New accounting standards*

Taking effect in fiscal 2009, the CICA issued the following new sections:

- a) Section 1400, "General Standards of Financial Statement Presentation". The CICA modified this section in order to require that management make an assessment of the Company's ability to continue as a going concern over a period which is at least, but is not limited to, twelve months from the balance sheet date.
- b) Section 1535, "Capital Disclosures". This new standard requires disclosure of the Company's objectives, policies, and processes for managing capital; quantitative data about what the Company regards as capital; whether the Company has complied with any capital requirements; and, if the Company has not complied, the consequences of such non-compliance. The required disclosure is contained in Note 7c.

# Beaufield Resources Inc.

## Notes to Financial Statements

For the nine-month period ended May 31, 2009

(unaudited)

### 2. Accounting estimates and accounting changes (Cont'd)

- c) Section 3862, "Financial Instruments – Disclosures" and Section 3863, "Financial Instruments – Presentation". These new standards replace Section 3861, Financial Instruments - Disclosure and Presentation. Presentation requirements have not changed. Enhanced disclosure is required to assist users of the financial statements in evaluating the significance of financial instruments on the Company's financial position and performance, including qualitative and quantitative information about the Company's exposure to risks arising from financial instruments. The required disclosure is contained in Note 9.

#### Financial instruments – recognition and measurement

All financial instruments are required to be measured at fair value on initial recognition, except for certain related party transactions. Measurement in subsequent periods depends on whether the financial instrument has been classified as held-for-trading, available-for-sale, held-to-maturity, loans and receivables, or other liabilities.

- Financial assets and liabilities classified as held-for-trading are required to be measured at fair value, with gains and losses recognized in the statement of operations.
- Financial assets classified as held-to-maturity, loans and receivables and financial liabilities (other than those held-for-trading) are required to be measured at amortized cost using the effective interest method of amortization.
- Available-for-sale financial assets are required to be measured at fair value, with unrealized gains and losses recognized in Other Comprehensive Income (loss). Investments in equity instruments classified as available-for-sale that do not have a quoted market price in an active market should be measured at cost.

The Company has implemented the following classification:

- Cash and cash equivalents and investments are classified as held-for-trading.
- Due from a partner is classified as loans and receivables.
- Accounts payable and accrued liabilities is classified as other liabilities.

### 3. Cash and cash equivalents

	<u>May 31, 2009</u>	<u>August 31, 2008</u>
Cash	\$ 637,581	7,203,196
Government of Canada treasury bill which approximate market value, bearing interest at annual rates of 0.05%, maturing on August 6, 2009	5,499,291	-
	<u>6,136,872</u>	<u>7,203,196</u>

### 4. Investments

	<u>May 31, 2009</u>	
	<u>Cost</u>	<u>Fair value</u>
Gold coins (839 ounces)	\$ 999,420	\$ 908,964
Publicly traded shares	90,260	227,206
	<u>1,089,680</u>	<u>1,136,170</u>

## Beaufield Resources Inc.

### Notes to Financial Statements

For the nine-month period ended May 31, 2009

(unaudited)

#### 5. Equipment

	<u>May 31, 2009</u>		
	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Net value</u>
	\$	\$	\$
Exploration equipment	<u>27,306</u>	<u>(18,200)</u>	<u>9,106</u>

#### 6. Mineral Properties

Acquisition cost	<u>August 31, 2008</u>	<u>Addition</u>	<u>Option Payment</u>	<u>Write-Off</u>	<u>May 31, 2009</u>
	\$	\$		\$	\$
<b>Québec</b>					
Mainstreet project	19,392	-	-	(19,392)	-
Urban project	523,774	10,297	-	-	534,071
Launay Township	312	-	-	(312)	-
Lac Evans	218,895	-	-	(218,895)	-
Raglan Ungava	15,016	5,244	-	-	20,260
Troilus	885,774	8,739	-	-	894,513
Opinaca	569,878	9,510	-	-	579,388
Matagami	11,400	25	-	-	11,425
Labrador Zinc	14,081	-	-	(14,081)	-
<b>Ontario</b>					
Hemlo properties	318,098	1,083	(10,000)	-	309,181
	<u>2,576,620</u>	<u>34,898</u>	<u>(10,000)</u>	<u>(252,680)</u>	<u>2,348,838</u>

#### *Troilus property*

Beaufield has decided to divide the Troilus area claim blocks into two main groups. The one which is 100% owned by Beaufield contains the Tortigny, Moleon, Crab Lake and Inco Boulder areas. The other group consists mostly of newly staked claims. These are referred to as the New groups.

On October 20, 2008, Beaufield entered into an option agreement to advance exploration of the New groups, whereby Melkior Resources Inc ("Melkior") will earn a 50% interest on the New groups by spending \$500,000 on exploration over a three year period. Of the above amount \$250,000 must be spent before June 30, 2009. Beaufield is the operator and the Company incurred an aggregate amount of \$387,103 for exploration cost on the New groups as at May 31, 2009. An amount of \$28,117 due by the partner as at May 31, 2009 was paid by Melkior in June 2009. The President of the Company is also the President of Melkior. The Boards of Directors of both companies have approved this transaction.

#### *Mainstreet, Launay, Lac Evans and Labrador Zinc*

The Company does not anticipate any exploration expenditures of its own on those properties in the near future owing to the depressed base metal market and the difficulty to bring in a joint venture partner with whom to share investment risk. Accordingly, the Company decided to take a write-off on its mineral properties on the Mainstreet project, Launay Township, Lac Evans and Labrador Zinc properties.

# Beaufield Resources Inc.

## Notes to Financial Statements

For the nine-month period ended May 31, 2009

(unaudited)

### 6. Mineral Properties (Cont'd)

#### *Hemlo*

In April 2009, the Company signed a letter of intent agreement ("LOI") whereby Jiminex Inc. ("Jiminex"), a Capital Pool Corporation ("CPC"), have an option (the "Option") to acquire an undivided 50% of Beaufield's undivided 100% interest in the Northern Eagle gold property (the "Property"), earlier referred to as the Hemlo Highway 17 property by paying a non refundable cash deposit of \$10,000 on signing the LOI and a further \$90,000 cash or Jiminex common share equivalent after approval of the Option by the TSX Venture Exchange. Pending regulatory approval, this acquisition will be the qualifying transaction through which Jiminex will evolve from a CPC into a junior natural resource exploration company.

In addition, Jiminex must make exploration expenditures of \$1,300,000 over a three year period all subject to an up to 2 % net smelter royalty to outside non-related parties. Jiminex will be operator during the Option earn-in period. When Jiminex fulfills the preceding terms, earning its 50% interest, exploration will proceed pursuant to a joint venture with Beaufield acting as operator.

Deferred exploration expenses	August 31, 2008	Expendi- tures	Taxes credits	Write-off	May 31, 2009
	\$	\$	\$	\$	\$
<b>Québec</b>					
Mainstreet project	41,262	-	-	(41,262)	-
Urban project	1,257,423	40,773	(17,450)	-	1,280,746
Launay Township	7,572	-	-	(7,572)	-
Lac Evans	100,019	-	-	(100,019)	-
Raglan Ungava	73,651	16,258	(7,495)	-	82,414
Troilus	1,685,762	24,086	24,403	-	1,734,251
Opinaca	1,584,549	140,080	(54,921)	-	1,669,708
Matagami	200	-	-	-	200
<b>Ontario</b>					
Hemlo properties	310,314	84,881	-	-	395,195
	<u>5,060,752</u>	<u>306,078</u>	<u>(55,463)</u>	<u>(148,853)</u>	<u>5,162,514</u>

### 7. Capital-stock

#### Authorized

An unlimited number of common shares without par value.

#### Issued:

	Nine-month period ended May 31, 2009	
	Number	\$
Balance at beginning and end of period	<u>83,349,519</u>	<u>31,324,120</u>

# Beaufield Resources Inc.

## Notes to Financial Statements

For the nine-month period ended May 31, 2009  
(unaudited)

### 7. Capital-stock (Cont'd)

#### a) Compensation options

A summary of changes of the Company's common share purchase options is presented below:

	<b>Nine-month period ended May 31, 2009</b>	
	<b>Number of option</b>	<b>Weighted average exercise price</b>
Options exercisable at beginning and end of period	<u>5,400,000</u>	<u>\$ 0.27</u>

Option outstanding and exercisable as at May 31, 2009 are as follows:

<b>Number of options</b>	<b>Exercise price</b>	<b>Expiry date</b>
800,000	\$0.25	August 31, 2009
200,000	\$0.25	October 5, 2009
400,000	\$0.25	February 21, 2010
1,900,000	\$0.35	December 13, 2010
400,000	\$0.40	November 1, 2011
400,000	\$0.25	April 1, 2013
<u>1,300,000</u>	<u>\$0.12</u>	<u>August 29, 2013</u>
<u>5,400,000</u>		

A summary of changes of the Company's compensation options is presented below:

	<b>Nine-month period ended May 31, 2009</b>
Balance, beginning and end of period	<u>\$ 893,000</u>

#### b) Contributed surplus

Net change in contributed surplus is as follows:

	<b>Nine-month period ended May 31, 2009</b>
Balance, beginning and end of period	<u>\$ 89,760</u>

# Beaufield Resources Inc.

## Notes to Financial Statements

For the nine-month period ended May 31, 2009

(unaudited)

### 7. Capital-stock (Cont'd)

#### c) Policies and processes for managing capital

The capital of the Company consists of the items included in shareholders' equity.

The Company's objectives when managing its capital are to safeguard its ability to continue its operations as a going concern, in order to develop and realize the full potential of its mining assets and to maintain a flexible capital structure that optimizes the costs of capital at an acceptable risk.

To reach its objectives, the Company raises funds mainly through the issuance of share capital. Considering the nature of its activities, the Company does not expect to have access to long term debt since it does not generate operating revenues. At this stage of its development, it is the policy of the Company to preserve cash to fund its operations and not to pay dividends.

The Company is not subject to any externally imposed capital requirements.

The Company's main investment policy is to hold cash in a financial institution variable interest rate cash account or to invest the majority of its cash in highly liquid short-term interest bearing investments, selected with regards to the expected timing of expenditures from continuing operations. In addition, the Company decided to invest up to \$1,000,000 in shares of publicly traded companies in the resource sector and up to \$1,000,000 in gold coins.

### 8. Related party transactions

The principal transactions concluded with companies controlled by officers are as follows:

	Nine-month period ended May 31,	
	2009	2008
Mineral properties <sup>(1)</sup>	\$ -	\$ 650
Deferred exploration expenses <sup>(1)</sup>	30,095	27,155
Professional fees <sup>(2)</sup>	89,676	64,492
Administrative services, fees, rent and office <sup>(3)</sup>	70,350	67,575
Total	190,121	159,872

These transactions were concluded in normal course of operations and were measured at the exchange amount that is the amount established and accepted by the parties.

(1) Fees paid to a Geotest Corporation, a private corporation controlled by the president of Beaufield ("Geotest") for geological services rendered by the president of Beaufield who is also a director;

(2) Professional fees paid to a private company ("Privateco") controlled by the Chief Financial Officer of Beaufield for bookkeeping, accounting and administrative services;

(3) Fees paid to Geotest for administrative services (\$47,850 in Q3-09, \$45,075 in Q3-08) and rental office spaces (\$22,500 in Q3-09 and \$22,500 in Q3-08);

There were accounts payable or accrued liabilities at May 31, 2009 to companies controlled by officers in the amount of \$23,121 (\$4,177 on May 31, 2008).

# Beaufield Resources Inc.

## Notes to Financial Statements

For the nine-month period ended May 31, 2009

(unaudited)

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### 9. Financial instruments

The Company is exposed to various financial risks resulting from both its operations and its investments activities. The Company's management manages financial risks.

The Company does not enter into financial instrument agreements including derivative financial instruments for speculative purposes.

#### Financial risks

The Company's main financial risk exposure and its financial risks management policies are as follows:

#### *Fair Value*

The fair value of its investment in Government of Canada treasury bills approximates its carrying values due to the relatively short period to maturity of the instrument. The fair value of shares in publicly traded companies held for trading is measured based on the quoted closing bid prices on the stock market at the balance sheet date. The fair value of gold coins is determined by reference to published price quotations at the balance sheet date. The fair value of cash, due from a partner, and accounts payable and accrued liabilities is comparable to their carrying value due to the relatively short period to maturity of the instruments.

#### *Credit risk*

Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents as at May 31, 2009. During the nine-month period ended May 31, 2009, the Company has minimized its credit risk by holding the majority of its cash with a Canadian chartered bank and its cash equivalents in Government of Canada Treasury Bills. When not invested in Government of Canada Treasury Bills, the Company is subject to concentration of credit risk through its cash that is held substantially in one Canadian Chartered bank. Management believes that the credit risk concentration with respect to these financial instruments is remote.

#### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet the obligations associated with its financial liabilities. Liquidity risk management serves to maintain a sufficient amount of cash and cash equivalents and to ensure that the Company has at his disposal sufficient sources of financing such as private placement. The Company's policies and processes for managing capital are set out in Note 7c). As the Company currently has no debt, Beaufield establishes cash estimates to ensure that there are adequate funds to fulfill its obligations and to meet its commitments, for the next year, as they become due under normal operating conditions.

#### *Interest rate risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

Government of Canada Treasury Bills bear interest at a fixed rate and the Company is, therefore, exposed to the risk of changes in fair value resulting from interest rate fluctuations. Interest rates 1% higher would have decreased the fair value of these by \$9,973 as of May 31, 2009. Cash bear interest at a variable rate and the Company is, therefore, not exposed to the risk of changes in fair value resulting from interest rate fluctuations. The Company's other financial assets and liabilities do not comprise any interest rate risk since they do not bear interest. The Company does not use financial derivatives to decrease its exposure to interest risk.

## Beaufield Resources Inc.

### Notes to Financial Statements

For the nine-month period ended May 31, 2009  
(unaudited)

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#### 9. Financial instruments (Cont'd)

##### *Foreign exchange risk*

Foreign exchange risk arises from the possibility that changes in the price of foreign currencies will result in changes in carrying value. The Company holds gold coins denominated in U.S. dollars and is therefore exposed to currency risk, as the value of its gold coins will fluctuate due to changes in exchange rates. The Company does not enter into currency hedging transactions.

As at May 31, 2009, \$908,964 (US\$826,331) was invested in gold coins. Had the exchange rate between the U.S. dollar and the Canadian dollar increased or decreased by 10%, with all other variables held constant and net of tax, the increase or decrease, respectively, in net income would have amounted to \$90,896.

##### *Market risk*

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate because of changes in market prices. The Company is exposed to market risk in trading its investments and unfavourable market conditions could result in the disposal of investments at less than favourable prices.

As at March 31, 2009, a 10% decrease in the closing bid prices on its publicly traded companies in and gold coins would result in an estimated increase in net after-tax loss of approximately \$114,000.