

Beaufield Resources Inc.

Management's Discussion and Analysis

Nine-months ended May 31, 2009

The attached Management's Discussion and Analysis 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.

Management's Discussion and Analysis

For the nine-month period ended May 31, 2009

The following discussion and analysis (the "MD&A") of the financial condition and results of the operations of Beaufield Resources Inc. ("Beaufield" or "the Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the nine-month period ended May 31, 2009 ("Q3-09"). This MD&A should be read in conjunction with the Company's financial statements for the nine-month period ended May 31, 2009 and related notes and with the Company's MD&A included in the 2008 Annual Report. Beaufield's interim Financial Statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and reported in Canadian dollars unless otherwise noted.

Further information regarding the Company and its operations are filed electronically on the System for Electronic Document Analysis and Retrieval (SEDAR) in Canada and can be accessed at www.sedar.com.

Nature of activities

Beaufield is a mineral exploration and development company, which acquires, explores, joint ventures and develops mineral properties in Canada.

Operating activities

Administrative expenses for Q3-09 were \$364,125 compared to \$385,362 for the nine-month period ended May 31, 2008 ("Q3-08"). The change in expenses is due primarily to:

- stock-based compensation of \$52,000 in Q3-08 that did not repeat in Q3-09;
- professional fees that increased to \$106,174 in Q3-09 as compared to \$77,018 in Q3-08 due to increased activities in investments and exploration, mainly on its Troilus joint venture property with Melkior Resources Inc. ("Melkior").

Interest income for Q3-09, consisting of interest earned from cash balances with a financial institution and Government of Canada treasury bills was \$64,776 compared with \$217,493 in Q3-08. This reduction is due primarily to lower interest rates on the market and lower cash balances invested in fixed-income securities.

Due to the low rate of return being earned on the Company's cash reserves invested in treasury bills and with gold being the primary focus, the Company decided to replace approximately 30% of its cash and cash equivalents with an investment in one ounce gold maple leaf coins and securities in publicly traded companies in the resource sector.

During the nine-month period ended May 31, 2009, the disposal of publicly traded securities, at a cost of \$40,240, generated a realized gain of \$58,970. As of May 31, 2009, those securities generated an unrealized fair value appreciation of \$136,946 while gold coins generated an unrealized fair value depreciation of \$90,456 essentially due to the exchange rate between US dollars and Canadian dollars.

At May 31, 2009, the Company held 839 ounces of gold coins:

<u>Date</u>	<u>Fair market value per ounce US\$</u>	<u>Exchange rate</u>	<u>Fair market value per ounce CDN\$</u>	<u>Total CDN\$</u>
March 27, 2009 (acquisition date)	984.46	1.21	1,191.20	999,420
May 31, 2009	984.90	1.10	1,083.39	908,964
Total unrealized fair value depreciation				<u>(90,456)</u>

The Company earned project management fees on its Troilus joint venture with Melkior (\$59,706 in Q3-09 and nil in Q3-08).

Beaufield Resources Inc.

Management's Discussion and Analysis

For the nine-month period ended May 31, 2009

Operating activities (Cont'd)

The Company decided to take a write-off for a total amount of \$401,533 (nil in Q3-08) on the Mainstreet project, Launay Township, Lac Evans and Labrador Zinc properties. 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.

A \$220,000 future income taxes was recorded in Q3-08 (nil in Q3-09).

In conclusion, the Company reported a net loss of \$535,716 in Q3-09 compared to a net income of \$4,033 in Q3-08.

Investing activities

Mineral properties

During Q3-09, the additions of \$34,898 to the mineral properties consist of claim renewal cost.

Exploration expenses

During Q3-09, the Company invested \$704,119 (\$736,014 in Q3-08) in exploration expenses of which \$398,041 was spent on the Troilus joint venture and was recharged to Melkior.

The Company applies for refundable exploration tax credits to certain Quebec government bodies at each taxation year end and records the expected amounts as an amount receivable. An amount of \$39,411 in assistance was received in Q3-2009 relating to the year ended August 31, 2007. For the year ended August 31, 2008, the Company recorded \$573,475 in assistance. The Company applied for this in February 2009 and received \$481,498 related to this assistance in March 2009 and the balance is expected to be received later this year. The Company has accrued a further \$97,479 in refundable tax credits related to expenditures during the nine months ended May 31, 2009.

Following are the deferred exploration expenses incurred in Q3-09 and Q3-08.

Q3-09	Troilus	Opinaca	Urban	Raglan	Hemlo	Total
	\$	\$	\$	\$	\$	\$
Drilling	288,826	-	600	-	53	289,479
Geology	61,965	91,467	39,368	700	7,299	200,799
Geophysics & geochemistry	59,914	41,788	805	15,558	77,529	195,594
Line cutting	11,422	-	-	-	-	11,422
Depreciation	-	6,825	-	-	-	6,825
	<u>422,127</u>	<u>140,080</u>	<u>40,773</u>	<u>16,258</u>	<u>84,881</u>	<u>704,119</u>
Recharge - Melkior	(398,041)	-	-	-	-	(398,041)
	<u>24,086</u>	<u>140,080</u>	<u>40,773</u>	<u>16,258</u>	<u>84,881</u>	<u>306,078</u>

Q3-08	Troilus	Opinaca	Mata-gami	Hemlo	Urban	Total
	\$	\$	\$	\$	\$	\$
Drilling	453,072	(4,626)	-	-	300	448,746
Assays	19,897	1,763	-	10,985	-	32,645
Geology	15,010	3,988	33	6,890	964	26,885
Geophysics & geochemistry	46,696	900	-	8,251	300	56,147
Line cutting	50,130	-	-	9,000	-	59,130
Travelling	9,250	1,014	-	10,215	-	20,479
General field expenses	539	223	20	836	600	2,218
Payroll and benefits	43,870	11,491	-	27,578	-	82,939
Depreciation	-	6,825	-	-	-	6,825
	<u>638,464</u>	<u>21,578</u>	<u>53</u>	<u>73,755</u>	<u>2,164</u>	<u>736,014</u>

Beaufield Resources Inc.

Management's Discussion and Analysis

For the nine-month period ended May 31, 2009

Investing activities (Cont'd)

Troilus, Québec (Copper – Zinc – Gold)

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 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.

Drilling started on December 4, 2008 and was completed on January 20, 2009. The current grassroots program consisted of drilling 6 holes for 933 metres. The holes targeted specific airborne geophysical anomalies with coincident electromagnetics and magnetics. Prior to drilling these targets they have been confirmed by ground geophysics. The geophysical anomalies drilled are indicative of those typically caused by massive sulphides which in this environment can host copper-zinc sulphides with accompanying gold and silver. While massive sulphides were intersected in 3 or the 6 holes, no significant assays of gold or base metals were obtained.

At Tortigny, a copper-zinc-silver deposit, the eight holes drilled in the winter of 2008 were surveyed with downhole time domain electromagnetics. The survey detected off-hole anomalies which could represent an extension of the 12.55 metre intersections assaying 6.02% copper, 15.0% zinc and 145.5 g/t silver. The geophysical data will be modeled to be used for directing drilling. A geological program will begin in July 2009. The budget for this work is \$150,000 with a follow-up program anticipated.

Opinaca, Québec (Gold)

A 2008 summer program of geology and geochemistry succeeded in extending the surface expansion that previously discovered 300 metre long Vortex zone by another 4,700 metres for a total strike length of 5 kilometres. Samples of up to 5 g/t were collected.

A geochemical survey consisting of 971 soil samples were collected on a grid covering the Kessel and Ylesia gold-copper-molybdenum zone. In June 2009 a field geological and prospecting program was underway. The results are pending. The budget for this work is \$150,000.

Urban, Québec (Gold)

A geological prospecting and sampling program on the Lac Rouleau block has confirmed a number of historical gold occurrences. The Urban properties have been held by Beaufield since 1986 and represent significant gold exploration potential. Exploration is planned to evaluate Zone 18 (Lac Rouleau gold), the surrounding area and the other gold occurrences. The planned budget of \$300,000 is under review.

Raglan Ungava, Québec (Nickel – Copper)

The Raglan property is on the prolific nickel belt being mined by Xstrata. An airborne VTEM magnetic-electromagnetic survey was undertaken to define exploration targets on the Raglan horizon. The survey was successful, however, follow-up will await a more positive metal outlook. The survey permits Beaufield to be ready when this occurs. There is no amount budgeted for 2009.

Beaufield Resources Inc.

Management's Discussion and Analysis

For the nine-month period ended May 31, 2009

Investing activities (Cont'd)

Hemlo, Ontario (Gold)

A detailed VTEM airborne magnetic and electromagnetic survey covering 447 line kilometres has been completed on the Beaufield claim group during this quarter. The field report has been received. The survey has mapped the extent of the Hemlo shear on the property also the barite shear. Several conductors that could be representative of sulphide have been identified. Beaufield has obtained indications of interest from third parties.

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. The Jiminex file is still under review by the regulatory authorities. We anticipate work will start in the next financial year.

Financing activities

There was no financing activities in Q3-09.

Liquidity

The Company has no long term debt and a working capital (current assets less current liabilities) of \$7,462,640 as at May 31, 2009 as compared to \$7,865,511 on August 31, 2008. Management is of the opinion that it will be able to maintain the status of its current exploration obligations and to keep its properties in good standing for several years with the level of liquidity on hand.

Advanced exploration of some of the mineral properties would require substantially more financial resources. In the past, the Company has been able to rely on its ability to raise financing in public or privately negotiated equity offerings. There is no assurance that such financing will be available when required, or under terms that are favourable to the Company. The Company may also elect to advance the exploration and development of mineral properties through joint-venture participation. Management is not currently considering further financing at this time.

Summary of quarterly results

For the eight most recent quarters:

	<u>May 31, 2009</u>	<u>February 28, 2009</u>	<u>November 30, 2008</u>	<u>August 31, 2008</u>
Net loss for the period	(218,634)	(254,831)	(62,251)	(21,723)
Net loss per share	-	-	-	-
	<u>May 31, 2008</u>	<u>February 29, 2008</u>	<u>November 30, 2007</u>	<u>August 31, 2007</u>
Net income (loss) for the period	\$ (115,365)	\$ 95,497	\$ 23,901	\$ 30,095
Net income (loss) per share	-	-	-	-

Beaufield Resources Inc.

Management's Discussion and Analysis

For the nine-month period ended May 31, 2009

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 ⁽¹⁾	\$ -	\$ 650
Deferred exploration expenses ⁽¹⁾	30,095	27,155
Professional fees ⁽²⁾	89,676	64,492
Administrative services, fees, rent and office ⁽³⁾	70,350	67,575
Total	<u>190,121</u>	<u>159,872</u>

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, financial 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);

Effective January 1, 2009 the Company entered into a formal consulting agreement (the "Geotest Agreement") with Geotest pursuant to which Geotest has agreed to provide certain management, administrative and consulting services and office premises to the Company. Geotest has been providing management and consulting services and office premises to the Company on a month to month basis for a number of years.

As a condition of the Geotest Agreement, Jens E. Hansen, the President, a director and principal shareholder of Geotest has agreed to devote approximately 50% of his business time, energy and ability to the business and affairs of the Company and has agreed to act as the President and CEO of the Company during the term of the Geotest Agreement.

In addition, effective January 1, 2009 the Company also entered into a consulting agreement (the "Privateco Agreement") with Privateco pursuant to which Privateco has agreed to provide certain accounting, financial, administrative and secretarial services to the Company. Vatche Tchakmakian is the President, a director and sole shareholder of Privateco and has agreed to act as the CFO of the Company during the term of the Privateco Agreement. Privateco has been providing certain accounting, financial, administrative and secretarial services to the Company on a month to month basis for a number of years.

The Geotest and Privateco Agreements, which are filed on Sedar, have been approved by the independent directors of the Company.

Subsequent Event

There are no subsequent events to report.

Disclosure of outstanding share data (as of July 21, 2009)

	Number
Common shares	83,349,519
Options	5,400,000
Warrants	-
Total on a fully-diluted basis	<u>88,749,519</u>

Beaufield Resources Inc.

Management's Discussion and Analysis

For the nine-month period ended May 31, 2009

Off-balance sheet arrangements

The Company does not have any off-balance sheet arrangements.

Contractual obligation and contingencies

The Company does not have any contractual obligation and contingencies.

Management's responsibility for financial information and critical accounting estimates

Beaufield financial statements are the responsibility of the Company's management. The interim financial statements were prepared by the Company's management in accordance with Canadian generally accepted accounting principles. A description of the Company's significant accounting policies can be found in Note 3 of the Company's 2008 annual financial statements. The interim financial statements include certain amounts based on the use of estimates and assumptions. Management has established these amounts in a reasonable manner, in order to ensure that the interim financial statements are presented fairly in all material respects. Significant estimates include the carrying amount of mineral properties and stock-based compensations. The estimates mentioned above involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control and are described in the Company's 2008 MD&A and in Note 9 of this quarterly financial statements.

Change in accounting policies including initial adoption

Accounting changes

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 of the Financial Statements.
- 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 of the Financial Statements.

IFRS Convergence

In February 2008, the Canadian Accounting Standards Board confirmed January 1, 2011 as the changeover date to move financial reporting for Canadian publicly accountable enterprises to the International Financial Reporting Standards ("IFRS"). The changeover date for Beaufield will be September 1, 2011, to be in line with its August year end.

Team:

Due to the size of the Company, the CFO, who is a Chartered Accountant, will be performing the IFRS convergence and will report to the president and to the Audit Committee on the progress accomplished.

Training:

In the fall 2008, the CFO participated in a 3 days training session given by the IFRS Task Force of RCGT, the auditor of Beaufield. The objective of that training was to compare Canadian GAAP to IFRS. As IFRS is expected to change prior to 2011, any changes impacting the Company will have to be monitored.

Beaufield Resources Inc.

Management's Discussion and Analysis

For the nine-month period ended May 31, 2009

IFRS Convergence (Cont'd)

Accounting Policies impacted:

The detailed analysis of the accounting policies impacted by the IFRS convergence is expected to be completed throughout 2009. Overall, a lot of effort will be put in the financial statements presentation as IFRS requires more disclosure. Based on the analysis of expected accounting differences conducted so far, following is a non-exhaustive list of the IFRS accounting policies that could have a potential impact on the financial statements of the Company:

First Time adoption (IFRS 1)

IFRS 1 provides guidance to entities on the general approach to be taken when first adopting IFRS. The underlying principle of IFRS 1 is retrospective application of IFRS standards in force at the date an entity first reports using IFRS. IFRS 1 acknowledges that full retrospective application may not be practical or appropriate in all situations and prescribes:

- optional exemptions from specific aspects of certain IFRS standards in the preparation of the Company's opening balance sheet; and
- mandatory exceptions to retrospective application of certain IFRS standards.

Additionally, to ensure financial statements contain high-quality information that is transparent to users, IFRS 1 contains disclosure requirements to highlight changes made to financial statement items due to the transition to IFRS.

Mineral property interests, exploration and evaluation costs (IFRS 6)

Under IFRS, the Company would be required to develop an accounting policy to specifically and consistently identify which expenditures on exploration and evaluation activities will be recorded as assets. Unlike IFRS, Canadian GAAP indicates that exploration costs may initially be capitalized if the Company considers that such costs have the characteristics of property, plant and equipment. Exploration and evaluation assets shall be classified as either tangible or intangible according to the nature of the assets acquired.

Impairment (IAS 36)

IFRS requires the use of a one-step impairment test (impairment testing is performed using discounted cash flows) rather than the two-step test under Canadian GAAP (using undiscounted cash flow as a trigger to identify potential impairment loss). IFRS requires reversal of impairment losses (excluding goodwill) where previous adverse circumstances have changed; this is prohibited under Canadian GAAP. Impairment testing should be performed at the asset level for long-lived assets and intangible assets. Where the recoverable amount cannot be estimated for individual assets, it should be estimated as part of a Cash Generating Unit ("CGU").

Share-based payments (IFRS 2)

Per IFRS, the forfeiture rate, with respect to share options, needs to be estimated by the Company at the grant date instead of recognizing the entire compensation expense and only record actual forfeitures as they occur. For graded-vesting features, IFRS requires each instalment to be treated as a separate share option grant, because each instalment has a different vesting period and hence the fair value of each instalment will differ.

Information systems:

The accounting processes of the Company are simple since it is still at the exploration stage and no major challenges are expected at this point to operate the accounting system under the IFRS. Nevertheless, some excel spreadsheets will probably have to be adapted to support the change made in accounting policies. The Company has yet to establish if historical data will have to be regenerated to comply with some of the choices to be made under IFRS 1. As the Company will perform its accounting under Canadian GAAP fiscal 2011, it has yet to determine how it will generate in parallel the accounting under IFRS so that in fiscal 2012 it has the comparative available. Once the extent of the adjustments needed to convert to IFRS will be established, processes will be put in place effective September 2010 to generate the dual accounting.

Beaufield Resources Inc.

Management's Discussion and Analysis

For the nine-month period ended May 31, 2009

IFRS Convergence (Cont'd)

Internal Controls:

Since Beaufield is a TSX Venture issuer, management does not make representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in National 52-109.

Management is responsible for ensuring that processes are in place to provide them with sufficient knowledge to support their certification of the financial statements and MD&A, more specifically assessing that the SEDAR filings are presenting fairly the results of the Company. Management will make sure that once the convergence process is completed, it can still certify its filings.

Impact on the business:

The business processes of the Company are simple and no major challenges are expected at this point to operate under IFRS. The Company has limited foreign currency transactions, no hedging activities, no debt and no capital obligations. The Company doesn't expect that IFRS will have an impact on the requirements or business processes when it enters in flow-through financing. The Company has no compensation arrangements that will be affected by the IFRS implementation. The Company's Stock Option Plan is not affected by ratios or financial targets.

Business process will be monitored through 2009 to detect unsuspected impact.

Financial Instruments

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.

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.

Beaufield Resources Inc.
Management's Discussion and Analysis
For the nine-month period ended May 31, 2009

Financial Instruments (Cont'd)

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.

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.

Beaufield Resources Inc.

Management's Discussion and Analysis

For the nine-month period ended May 31, 2009

Financial Instruments (Cont'd)

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.

Risk factors

Details of risk factors are outlined in the Company's MD&A included in the 2008 annual report.

Additional risk factors were added during this nine month period ended May 31, 2009 following the Company's investment in publicly traded companies in the resource sector and in gold coins.

Beaufield's investments in securities of publicly traded companies in the resource sector are subject to volatility in the share prices of the companies. There can be no assurance that an active trading market for any of the subject shares is sustainable. The trading prices of the subject shares could be subject to wide fluctuations in response to various factors beyond the control of Beaufield, including, the high degree of risk associated to the business of exploration for minerals, quarterly variations in the subject companies' results of operations, changes in earnings (if any), estimates by analysts, conditions in the industry of the subject companies and general market or economic conditions. Such market fluctuations could adversely affect the market price of the Company's investments.

The Company may participate in a limited number of investments and, as a consequence, the Company's financial results may be adversely affected by the unfavourable performance of such investments.

Beaufield's investment in gold coins is subject to volatility in the gold price and also to the exchange rate between the US dollars and the Canadian Dollar. Commodity price fluctuate widely and are affected by numerous factors beyond the control of the Company. The Company's gold coins are stored in the vault of its bank.

Qualified Person

Jens E. Hansen, P.Eng. is the Qualified Person under National Instrument 43-101 who has reviewed the scientific and technical information in this document.

Special note regarding forward-looking statements

This Report contains forward-looking statements that are based on beliefs of its management as well as assumptions made by and information currently available to management of the Company. When used in this Report, the words "estimate", "believe", "anticipate", "intend", "expect", "plan", "may", "should", "will", and the negative thereof or other variations thereon or comparable terminology are intended to identify forward-looking statements. Such statements reflect the current views of the Company with respect to future events based on currently available information and are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in those statements. The statements contained in this Report speak only as of the date hereof. The Company undertakes to inform shareholders and to update forward-looking statements if circumstances or management's estimates or opinions should change.

July 21, 2009

(S) Jens E. Hansen
Jens E. Hansen
President

(S) Vatché Tchakmakian
Vatché Tchakmakian, CA
Chief Financial Officer and Secretary