Beaufield Resources Inc.

Interim Financial Statements

Nine-month period ended May 31, 2011

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

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Beaufield Resources Inc.

Balance Sheets

	May 31, 2011	August 31, 2010
	$	$
Assets		
Current assets		
Cash	3,268,823	4,173,522
Gold coins (Note 3)	999,420	999,420
Marketable securities (Note 3)	1,466,808	822,939
Sales taxes recoverable	138,276	66,330
Exploration taxes credits receivable	905,663	501,669
Prepaid expenses	2,958	11,948
	6,781,948	6,575,828
Exploration funds	1,644,382	-
Mineral Properties (Note 4)		
Acquisition cost	2,384,677	2,307,431
Deferred exploration expenses	7,628,567	5,858,465
	18,439,574	14,741,724
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	407,474	453,484
Shareholders' equity		
Capital stock (Note 5)	34,925,370	31,324,120
Compensation options (Note 5b)	1,303,187	719,000
Contributed surplus (Note 5c)	536,760	365,760
Deficit	(18,733,217)	(18,120,640)
	18,032,100	14,288,240
	18,439,574	14,741,724

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

Beaufield Resources Inc.

Statements of Operations and Comprehensive Loss and Deficit
(unaudited)

Statement of Operations and Comprehensive Loss

	Three-month period ended May 31,		Nine-month period ended May 31,	
	2011	**2010**	**2011**	**2010**
	$	**$**	**$**	**$**
Administrative expenses				
Professional fees	55,092	20,407	150,088	80,876
Salaries, benefits and management fees	37,928	36,034	101,159	155,449
Rent and office expenses	18,253	21,089	50,165	52,704
Shareholders' information, trustee and registration fees	8,555	8,332	38,570	36,485
Stock-based compensation (Note 5b)	205,000	-	755,000	100,000
Investors relations	31,062	6,675	78,322	19,051
Insurance	6,941	6,595	20,822	19,784
Travelling and promotion	7,310	2,770	21,234	4,771
Director's fees	-	23,214	-	46,442
	370,141	125,116	1,215,360	515,562
Project management fees	7,260	7,576	20,055	75,223
Investment income (Note 6)	(314,191)	106,753	877,634	139,894
	(306,931)	114,329	897,689	215,117
Net loss before income taxes	(677,072)	(10,787)	(317,671)	(300,445)
Recovery of future income taxes	-	-	(502,000)	-
Net income (loss) and comprehensive income (loss)	(677,072)	(10,787)	184,329	(300,445)
Basic and diluted net income (loss) per share	(0.01)	-	-	-
Weighted average number of outstanding common shares	90,005,063	83,349,519	88,573,744	83,349,519

Statement of Deficit

	Three-month period ended May 31,		Nine-month period ended May 31,	
	2011	**2010**	**2011**	**2010**
	$	**$**	**$**	**$**
Deficit, beginning of period	(18,056,145)	(17,700,883)	(18,120,640)	(17,411,225)
Net income (loss)	(677,072)	(10,787)	184,329	(300,445)
Share issue expenses	-	-	(796,906)	-
Deficit, end of period	(18,733,217)	(17,711,670)	(18,733,217)	(17,711,670)

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

Beaufield Resources Inc.
Statement of Cash Flows
(unaudited)

	Three-month period ended May 31,		Nine-month period ended May 31,	
	2011	2010	2011	2010
	$	$	$	$
Operating activities				
Net income (loss)	(677,072)	(10,787)	184,329	(300,445)
Non-cash items:				
Stock-based compensation	205,000	-	755,000	100,000
Gain on disposal of marketable securities (Note 6)	(162,813)	(565)	(328,348)	(58,811)
Unrealized fair value variation of marketable securities (Note 6)	488,514	(102,558)	(513,850)	(70,164)
Recovery of future income taxes	-	-	(502,000)	-
	(146,371)	(113,910)	(404,869)	(329,420)
Changes in non-cash working capital items:				
Accounts receivable	-	17,840	-	-
Sales taxes recoverable	38,228	34,184	(71,946)	(5,437)
Due from partners	-	-	-	596
Prepaid expenses	6,941	6,595	8,990	9,336
Accounts payable and accrued liabilities	(19,860)	(1,657)	(4,580)	(33,681)
	25,309	56,962	(67,536)	(29,186)
Cash flows from operating activities	(121,062)	(56,948)	(472,405)	(358,606)
Financing activities				
Issuance of shares	31,500	-	3,389,250	-
Share issue expenses	-	-	(232,719)	-
Cash flow form financing activities	31,500	-	3,156,531	-
Investing activities				
Purchase of marketable securities	(1,220,649)	(263,645)	(2,237,359)	(686,682)
Disposal of marketable securities	1,018,110	20,715	2,447,351	525,905
Acquisition of mineral properties	(19,022)	(114,188)	(93,621)	(209,021)
Exploration taxes credit received	373,392	236,344	373,392	236,344
Deferred exploration expenses	(1,040,451)	(403,784)	(2,434,206)	(532,303)
Cash flows from investing activities	(888,620)	(524,558)	(1,944,443)	(665,757)
Net change in cash	(978,182)	(581,506)	739,683	(1,024,363)
Cash, beginning of period	5,891,387	5,212,716	4,173,522	5,655,573
Cash, end of period	4,913,205	4,631,210	4,913,205	4,631,210
Less: Exploration funds	(1,644,382)	-	(1,644,382)	-
Cash as per balance sheet	3,268,823	4,631,210	3,268,823	4,631,210
Additional information – non cash transactions:				
Exploration taxes receivable credited to mineral properties	379,085	51,105	777,386	244,587
Depreciation included in deferred exploration expenses	-	2,281	-	6,831
Due from a partner received in marketable securities	-	-	-	90,000
Accounts payable and accrued liabilities related to deferred exploration expenses	343,498	29,421	343,498	29,421
Option payment for a mineral property included in marketable securities		125,000	11,663	125,000
Stock-based compensation included in deferred exploration expenses	-	-	150,000	-
Future income taxes accounted for in share issue expenses	-	-	502,000	-

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

1. Basis of presentation

The financial statements of the Company have been prepared by management in accordance with Canadian generally accepted accounting principles ("GAAP") 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, 2010. The significant accounting policies and future changes in accounting standards follow that of the most recently reported audited annual financial statements.

2. Accounting estimates and summary of new accounting policies

Use of estimates
The preparation of interim financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to the financial statements. These estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future. Significant estimates include the carrying amount of mineral properties and stock-based compensations. Actual results could differ from those estimates and such differences could be material.

Exploration funds
These funds are restricted in use for exploration expenses pursuant to flow-through financing agreements.

Flow-through shares
When the Corporation commits the proceeds from the issuance of flow-through shares to exploration expenses recognized as mineral properties, the future income tax cost related to the resulting temporary difference is recorded as a share issue expense in favour of investors when the renunciation forms are filed with the tax authorities.

3. Gold coins and marketable securities

a) *Gold coins*
At May 31, 2011, gold coins of 839 ounces at an acquisition cost of $999,420 have a market value of $1,243,744 based on a gold spot price of $1,482 (US$1,530) per ounce.

b) *Marketable securities*

	May 31, 2011		
	Acquisition cost	Unrealized gain	Fair value
	$	$	$
Securities of publicly traded companies	1,125,265	341,543	1,466,808

4. Mineral properties

Acquisition cost	August 31, 2010	Addition	Option Payment	May 31, 2011
	$	$	$	$
Québec				
Opinaca	615,491	335	-	615,826
Tortigny	738,421	31,358	-	769,779
Frotet	184,604	1,573	-	186,177
Raglan Ungava	26,784	-	-	26,784
Urban project	418,980	1,762	-	420,742
Schefferville	103,146	7,704	-	110,850
Casa Berardi	-	10,331	(10,331)	-
Ontario				
Hemlo properties	220,005	31,594	-	251,599
Nova Scotia				
Cape Breton	-	2,920	-	2,920
	2,307,431	87,577	(10,331)	2,384,677

Deferred exploration expenses	August 31, 2010	Expendi-tures	Taxes credits	Option payment	May 31, 2011
	$	$	$	$	$
Québec					
Opinaca	1,859,722	13,238	(3,530)	-	1,869,430
Tortigny	2,170,578	2,212,625	(652,811)	-	3,730,392
Raglan Ungava	83,168	284	-	-	83,452
Urban project	1,294,270	6,714	(1,184)	-	1,299,800
Schefferville	50,770	304,868	(118,449)	-	237,189
Frotet	-	869	-	-	869
Casa Berardi	-	3,916	(1,412)	(1,332)	1,172
Ontario					
Hemlo properties	399,957	3,453	-	-	403,410
Nova Scotia					
Cape Breton	-	2,853	-	-	2,853
	5,858,465	2,548,820	(777,386)	(1,332)	7,628,567

Casa Berardi, Quebec
In December 2010, the Company entered into an option agreement with Actus Minerals Corp. ("Actus"), a corporation listed on the TSX Venture Exchange, on its Casa Berardi property (the “Option Property”). Actus has an option (the “Option”) to acquire an undivided 50% of the Company’s 100% interest in the property by performing a total of $650,000 of exploration work on the Option Property over a three year period ending February 14, 2014. The claims are subject to a 2% net smelter royalty (“NSR”) upon production, payable to the Company. Half of said NSR can be bought back by Actus for a payment of $1,000,000 at any time. In addition, Actus has issued 300,000 of its common shares to the Company (valued at $24,000, being the fair market value) and will issue an additional 950,000 of its common shares to the Company over the next three years.

Actus will be the operator during the earn-in period. Once Actus has earned its 50% interest, the Company could elect at its option to become the operator unless its participation in the project becomes less than 50% in which case Actus will resume acting as operator.

5. Capital-stock

Authorized
An unlimited number of common shares without par value.

Issued and fully paid:

	Nine-month period ended May 31, 2011	
	Number	**$**
Balance at beginning of period	83,349,519	31,324,120
Issued for cash on private placement	5,455,000	3,000,250
Issued for cash on exercise of options	1,300,000	389,000
Transferred from contributed surplus upon exercise of options	-	212,000
Balance at end of period	90,104,519	34,925,370

As at May 31, 2011, 129,750 shares (129,750 as at August 31, 2010) are under escrow.

a) *Private placement*
On October 20, 2010 the Company closed a private placement financing consisting of 5,455,000 flow-through common shares (the “Flow-Through Common Shares”) at a price of $0.55 per Flow-Through Common Share, for gross proceeds of $3,000,250. The agent received a cash commission equal to 6% of the gross proceeds raised and compensation options ("Agent Compensation Options") equal to 6% of the number of Flow-Through Common Shares sold. Accordingly, a total of 327,300 Agent Compensation Options were issued, each of which is exercisable to purchase one common share of the Company at $0.55 per share until April 20, 2012.

A fair value of $62,187 was calculated for those compensation options using the Black-Scholes option pricing model based on the following assumptions: average interest rate without risk of 1.37%, an estimated average volatility of 123%, an expected dividend yield of nil and an average expected life of the compensation options of 18 months resulting in an average fair value of $0.19 per each compensation option granted. The total amount of $62,187 was expensed in the statement of deficit.

b) *Stock option plan and Agent Compensation Options*
<u>*Stock option plan*</u>

During the nine-month period ended May 31, 2011, the total stock option compensation fair value for the 3,000,000 options granted amounts to $895,000 including $150,000 capitalized to deferred exploration expenses on the basis that options were granted to employees involved in the exploration program. The balance of $745,000 was expensed in the statements of operations and comprehensive loss, in addition to a $10,000 relating to options vested this period and granted in fiscal 2010.

For options granted, the weighted exercise price of the options compared to the weighted market price on grant date and their estimated weighted fair values were as follows:

	Nine-month period ended May 31, 2011		
	Weighted fair value	**Weighted exercise price**	**Weighted market price**
3,000,000 options granted which exercise price equals the market price	$0.30	$0.40	$0.40

5. Capital-stock (Cont'd)

b) Stock option plan and Agent Compensation Options (Suite)

Stock option plan (Suite)

The weighted average of the fair value was estimated using the Black-Scholes model based on the following weighted average assumptions:

	Nine-month period ended May 31, 2011
Dividend yield	-%
Average projected volatility	96%
Risk-free interest rate	2.60%
Expected life of options	5 years

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

	Nine-month period ended May 31, 2011	
	Number of option	Weighted average exercise price
		$
Balance, beginning of period	5,200,000	0.24
Granted	3,000,000	0.40
Exercised	(1,300,000)	0.30
Expired	(900,000)	0.35
Balance, end of period - outstanding	6,000,000	0.29
Balance, end of period - exercisable	5,950,000	0.29

During the nine-month period ended May 31, 2011, 1,300,000 options were exercised for cash consideration of $389,000 and a fair value of $212,000 from these options has been reclassified from contributed surplus to share capital.

Option outstanding and exercisable as at May 31, 2011 are as follows:

	Number of options	Exercise price	Expiry date
	400,000	$0.40	November 1, 2011
	400,000	$0.25	April 1, 2013
	1,100,000	$0.12	August 29, 2013
	1,000,000	$0.15	October 22, 2014
	50,000	$0.15	July 1, 2012
	2,100,000	$0.40	December 15, 2015
	200,000	$0.41	January 13, 2016
	400,000	$0.38	March 28, 2016
	300,000	$0.42	April 21, 2016
Exercisable	5,950,000		
	50,000	$0.15	July 1, 2012
Outstanding	6,000,000		

5. Capital-stock (Cont'd)

b) Stock option plan and Agent Compensation Options (Suite)
Agent Compensation Options

A summary of the Company's Agent Compensation Options is presented below:

	Nine-month period ended May 31, 2011		
	Number of option	**Exercise price**	**Expiry date**
		$	
Balance, beginning of period	-	-	-
Granted	327,300	0.55	April 20, 2012
Balance, end of period	327,300		

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

	Nine-month period ended May 31, 2011
	$
Balance, beginning of period	719,000
Stock-based compensation cost when vested	905,000
Agent Compensation Options cost (Note 5a)	62,187
Stock-based compensation cost when exercised	(212,000)
Stock-based compensation cost credited to contributed surplus when expired	(171,000)
Balance, end of period	1,303,187

c) Contributed surplus
Net change in contributed surplus is as follows:

	Nine-month period ended May 31, 2011
	$
Balance, beginning of period	365,760
Stock-based compensation cost credited to contributed surplus when expired	171,000
Balance, end of period	536,760

d) 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 unless the Company closes a flow-through private placement where the funds are restricted in use for exploration expenses.

5. Capital-stock (Cont'd)

d) Policies and processes for managing capital (Cont'd)

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.

6. Investment income

	Nine-month period ended May 31,	
	2011	2010
	$	$
Interest on income	35,436	10,919
Gain on disposal of marketable securities	328,348	58,811
Unrealized fair value variation of marketable securities	513,850	70,164
	877,634	139,894

7. Related party transactions

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

	Nine-month period ended May 31,	
	2011	2010
	$	$
Deferred exploration expenses [1)]	38,690	17,175
Professional fees [2)]	100,968	68,185
Management fees [3)]	45,200	54,825
Rent [3)]	22,500	22,500
	207,358	162,685

1) Fees paid to a private company controlled by the President of Beaufield, for geological services rendered by the president of Beaufield who is also a director;
2) Professional fees paid to a private company controlled by the Chief Financial Officer of Beaufield for bookkeeping, accounting and administrative services;
3) Management fees and rental office spaces paid to a private company controlled by the President of Beaufield.

There were accounts payable or accrued liabilities as at May 31, 2011 to companies controlled by officers in the amount of $28,165 ($19,726 as at May 31, 2010).

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.

8. 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 Company defines the fair value hierarchy under which its financial instruments are valued as follows: Level 1 includes unadjusted quoted prices in active markets for identical assets or liabilities. Level 2 includes inputs other than quoted prices in level 1 that are observable for assets or liability, either directly or indirectly and level 3 includes inputs for the asset or liability that are not based on observable market data. Cash and marketable securities are considered a level 1.

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 or the closing bid price on the last day the security traded if there were no trades at the balance sheet date. The fair value and cost of the marketable securities is reflected on Note 3.

The fair value of cash 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
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Financial instruments that potentially subject the Company to credit risk consist of cash as at May 31, 2011. During the quarter ended May 31, 2011, the Company has minimized its credit risk by holding the majority of its cash with a Canadian chartered bank. Management believes that the credit risk concentration with respect to these financial instruments is remote.

The Company aims at signing partnership agreements with established companies and follows closely their cash position to reduce its credit risk on due from its partners, if any.

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 5d). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms As the Company currently has no debt, the Company 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.

8. Financial instruments (Cont'd)

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.

Cash bear interest at a variable rate (1% as at May 31, 2011 and August 31, 2010) and the Company is, therefore, exposed to the risk of changes in future cash flows resulting from interest rate fluctuations but the risk is not significant. The Company's other financial assets and liabilities do not comprise any interest rate risk. The Company does not use financial derivatives to decrease its exposure to interest risk.

Currency risk
As at May 31, 2011, the Company is exposed to currency risk as a result of marketable securities denominated in U.S. dollars totalling $76,742 ($135,600 as at August 31, 2010). As at May 31, 2011, a 10% increase or decrease in the U.S. dollar exchange as compared to the Canadian currency would result in an estimated increase or decrease in net after-tax income of approximately $7,600. The Company does not enter into any agreements to hedge its currency risk exposure.

Other risk
Other 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 other risk in trading its investments and unfavourable market conditions could result in the disposal of investments at less than favourable prices.

As at May 31, 2011, a 10% increase or decrease in the closing bid prices on its publicly traded companies would result in an estimated increase or decrease in net after-tax income of approximately $147,000.