

Beaufield Resources Inc.

Interim Financial Statements

Nine-months ended May 31, 2010

*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

	May 31, 2010 (unaudited) \$	August 31, 2009 (audited) \$
Assets		
Current assets		
Cash	4,631,210	5,655,573
Gold coins (Note 3)	999,420	999,420
Marketable securities (Note 3)	950,501	445,749
Sales taxes recoverable	9,416	3,979
Due from a partner, without interest, on demand	-	92,596
Exploration taxes credits receivable	271,962	263,719
Prepaid expenses	2,612	11,948
	<u>6,865,121</u>	<u>7,472,984</u>
 Equipment (Note 4)	 -	 6,831
 Mineral Properties (Note 5)		
Acquisition cost	2,332,565	2,248,544
Deferred exploration expenses	5,553,117	5,252,544
	<u>14,750,803</u>	<u>14,980,903</u>
 Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	55,593	85,248
 Shareholders' equity		
Capital stock (Note 6)	31,324,120	31,324,120
Compensation options (Note 6a)	717,000	713,000
Contributed surplus (Note 6b)	365,760	269,760
Deficit	(17,711,670)	(17,411,225)
	<u>14,695,210</u>	<u>14,895,655</u>
	<u>14,750,803</u>	<u>14,980,903</u>

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

Beaufield Resources Inc.Statement of Operations and Comprehensive Loss and Deficit
(unaudited)

	Three-month period ended May 31,		Nine-month period ended May 31,	
	2010	2009	2010	2009
	\$	\$	\$	\$
Administrative expenses				
Professional fees	20,407	28,635	80,876	106,174
Salaries, benefits and management fees	36,034	54,824	155,449	111,380
Rent and office expenses	21,089	18,761	52,704	43,521
Shareholders' information, trustee and registration fees	8,332	8,403	36,485	32,975
Stock-based compensation (Note 6a)	-	-	100,000	-
Investors relations	6,675	13,341	19,051	24,983
Insurance	6,595	6,281	19,784	21,526
Travelling and promotion	2,770	3,125	4,771	8,185
Director's fees	23,214	23,228	46,442	46,456
	<u>125,116</u>	<u>156,598</u>	<u>515,562</u>	<u>395,200</u>
Project management fees	7,576	25,616	75,223	90,781
Investment income (Note 7)	106,753	(87,652)	139,894	170,236
Write-off of mineral properties	-	-	-	(401,533)
	<u>114,329</u>	<u>(62,036)</u>	<u>215,117</u>	<u>(140,516)</u>
Net loss and comprehensive loss	<u>(10,787)</u>	<u>(218,634)</u>	<u>(300,445)</u>	<u>(535,716)</u>
Basic and diluted net loss per share	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Weighted average number of outstanding common shares	<u>83,349,519</u>	<u>83,349,519</u>	<u>83,349,519</u>	<u>83,349,519</u>
Deficit, beginning of period	(17,700,883)	(17,105,148)	(17,411,225)	(16,788,066)
Net loss	<u>(10,787)</u>	<u>(218,634)</u>	<u>(300,445)</u>	<u>(535,716)</u>
Deficit, end of period	<u>(17,711,670)</u>	<u>(17,323,782)</u>	<u>(17,711,670)</u>	<u>(17,323,782)</u>

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,	
	2010	2009	2010	2009
	\$	\$	\$	\$
Operating activities				
Net loss	(10,787)	(218,634)	(300,445)	(535,716)
Non-cash items:				
Stock-based compensation	-	-	100,000	-
Write-off of mineral properties	-	-	-	401,533
Gain on disposal of marketable securities (note 7)	(565)	-	(58,811)	(58,970)
Unrealized fair value variation on investments (Note 7)	(102,558)	92,250	(70,164)	(46,490)
	<u>(113,910)</u>	<u>(126,384)</u>	<u>(329,420)</u>	<u>(239,643)</u>
Changes in non-cash working capital items:				
Accounts receivable	17,840	-	-	-
Sales taxes recoverable	34,184	9,105	(5,437)	53,878
Due from a partner	-	21,216	596	(10,804)
Prepaid expenses	6,595	6,855	9,336	18,845
Accounts payable and accrued liabilities	(1,657)	(28,588)	(33,681)	(6,502)
	<u>56,962</u>	<u>8,588</u>	<u>(29,186)</u>	<u>55,417</u>
Cash flows from operating activities	<u>(56,948)</u>	<u>(117,796)</u>	<u>(358,606)</u>	<u>(184,226)</u>
Investing activities				
Purchase of marketable securities	(263,645)	(999,420)	(686,682)	(1,129,920)
Disposal of marketable securities	20,715	-	525,905	99,210
Additions to mineral properties	(114,188)	(9,972)	(209,021)	(32,038)
Disposal of mineral properties	-	10,000	-	10,000
Exploration taxes credit received	236,344	523,514	236,344	562,929
Deferred exploration expenses	(403,784)	(29,529)	(532,303)	(392,279)
Cash flows from investing activities	<u>(524,558)</u>	<u>(505,407)</u>	<u>(665,757)</u>	<u>(882,098)</u>
Net change in cash and cash equivalents	(581,506)	(623,203)	(1,024,363)	(1,066,324)
Cash, beginning of period	<u>5,212,716</u>	<u>6,760,075</u>	<u>5,655,573</u>	<u>7,203,196</u>
Cash and cash equivalents, end of period	<u>4,631,210</u>	<u>6,136,872</u>	<u>4,631,210</u>	<u>6,136,872</u>
Additional information – non cash transactions:				
Exploration taxes receivable credited to mineral properties	51,105	15,315	244,587	97,479
Depreciation included in deferred exploration expenses	2,281	2,275	6,831	6,825
Due from a partner received as marketable securities	-	-	90,000	-
Due from a partner included in deferred exploration expenses	-	17,313	-	17,313
Accounts payable and accrued liabilities related to exploration expenses	29,421	7,736	29,421	7,736
Option payment for a mineral property included in marketable securities	125,000	-	125,000	-

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, 2010

(unaudited)

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, 2009. 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 changes in accounting policies

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.

Changes in accounting policies

Taking effect September 1, 2009, according to the transition dispositions, the Company adopted the following new accounting policy published by the Canadian Institute of Chartered Accountants ("CICA"):

Financial Instrument: In June 2009, the CICA amended Section 3862, "Financial instrument – disclosure". This section has been amended to introduce new financial disclosure requirements, particularly with respect to fair value measurement of financial instruments (three hierarchy levels) and entity exposure to liquidity risk. The amendments to this section apply to annual financial statements for years ending after September 2009. Disclosure and presentation requirements pertaining to this section are contained in Note 9 and have no impact on the Company's financial results.

3. Gold coins and marketable securities

At May 31, 2010, gold coins (839 ounces) at an acquisition cost of \$999,420 would have had a market value of \$1,068,251 based on a gold spot price of \$1,273 (US\$1,220) per ounce.

	May 31, 2010		
	Acquisition cost	Unrealized gain	Fair value
Publicly traded shares	\$ 872,678	\$ 77,823	\$ 950,501

4. Equipment

	May 31, 2010		
	Cost	Accumulated depreciation	Net value
Exploration equipment	\$ 27,306	\$ 27,306	\$ -

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5. Mineral Properties

Acquisition cost	August 31, 2009	Addition	Option payment	May 31, 2010
	\$	\$	\$	\$
Québec				
Opinaca	579,388	36,103	-	615,491
Troilus	894,688	23,899	-	918,587
Raglan Ungava	20,260	480	-	20,740
Urban	535,026	8,954	(125,000)	418,980
Schefferville	-	103,146	-	103,146
Eastmain Lithium	-	35,616	-	35,616
Ontario				
Hemlo properties	219,182	823	-	220,005
	<u>2,248,544</u>	<u>209,021</u>	<u>(125,000)</u>	<u>2,332,565</u>

Urban

In March 2010, the Company entered into an option to purchase agreement with Amseco Exploration Ltd. ("Amseco"), a corporation listed on the TSX Venture Exchange, on its Urban property (the "Option Property").

Amseco has an option (the "Option") to acquire an undivided 50% of the Company's 100% interest in the Urban property by performing a total of \$1,980,000 of exploration work on the Option Property over a 4 year period. The claims are subject to a 2.0% Net Smelter Return ("NSR") upon production, payable to the Company. Half of said NSR can be bought back by Amseco for a payment of \$1,000,000 at any time. In addition, Amseco also issued 1,250,000 of its common shares to the Company valued at \$125,000, being the fair market value.

Amseco will be the operator during the earn-in period. Once Amseco has earned its 50% interest, the Company will be the operator unless its participation in the project becomes less than 50% in which case Amseco will resume acting as operator.

Deferred exploration expenses	August 31, 2009	Expendi- tures	Taxes credits	May 31, 2010
	\$	\$	\$	\$
Québec				
Opinaca	1,726,445	61,866	(25,253)	1,763,058
Troilus	1,763,264	380,770	(174,847)	1,969,187
Raglan Ungava	82,414	1,400	(646)	83,168
Urban	1,284,576	13,175	(5,548)	1,292,203
Schefferville	-	84,878	(38,293)	46,585
Ontario				
Hemlo properties	395,845	3,071	-	398,916
	<u>5,252,544</u>	<u>545,160</u>	<u>(244,587)</u>	<u>5,553,117</u>

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(unaudited)

6. Capital-stock

Authorized

An unlimited number of common shares without par value.

Issued:

	Nine-month period ended May 31, 2010	
	Number	\$
Balance at beginning and end of period	83,349,519	31,324,120

a) Stock option plan

In October 2009, the board of directors of the Company authorized an amendment to its 2006 Plan to increase to 7,700,000 the maximum number of options issuable under the 2006 Plan (which represents 9.2% of the issued and outstanding common shares of the Company).

Under the amended 2006 Plan, the board of directors also approved the granting of options for 1,000,000 shares to certain officers and directors at an exercise price of \$0.15 and expire five years from the date of issue, on October 22, 2014. The options vested immediately subject to a four month regulatory hold period.

A stock compensation cost fair value of \$100,000 was calculated for those options using the Black-Scholes option pricing model based on the following assumptions: average interest rate without risk of 2.73%, an estimated average volatility of 89%, an expected dividend yield of nil and an average expected life of the options of five years resulting in an average fair value of \$0.10 per each option granted.

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

	Nine-month period ended May 31, 2010	
	Number of option	Weighted average exercise price
Balance, beginning of period	4,600,000	\$ 0.27
Granted	1,000,000	0.15
Expired	(600,000)	0.25
Balance, end of period	5,000,000	0.25

Option outstanding and exercisable as at May 31, 2010 are as follows:

Number of options	Exercise price	Expiry date
1,900,000	\$ 0.35	December 13, 2010
400,000	0.40	November 1, 2011
400,000	0.25	April 1, 2013
1,300,000	0.12	August 29, 2013
1,000,000	0.15	October 22, 2014
<u>5,000,000</u>		

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Notes to Financial Statements

For the nine-month period ended May 31, 2010

(unaudited)

6. Capital-stock (Cont'd)

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

	Nine-month period ended May 31, 2010
	\$
Balance, beginning of period	713,000
Stock-based compensation cost when vested	100,000
Stock-based compensation cost credited to contributed surplus when expired	(96,000)
Balance, end of period	<u>717,000</u>

b) *Contributed surplus*

Net change in contributed surplus is as follows:

	Nine-month period ended May 31, 2010
	\$
Balance, end of period	269,760
Stock-based compensation cost credited to contributed surplus when expired	96,000
Balance, beginning of period	<u>365,760</u>

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.

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(unaudited)

7. Investment income

	Nine-month period ended May 31	
	2010	2009
	\$	\$
Interest on income	10,919	64,776
Gain on disposal of marketable securities	58,811	58,970
Unrealized gain on mark-to-market on marketable securities held for trading	70,164	46,490
	<u>139,894</u>	<u>170,236</u>

8. Related party transactions

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

	Nine-month period ended May 31,	
	2010	2009
	\$	\$
Deferred exploration expenses ¹⁾	17,175	30,095
Professional fees ²⁾	68,185	89,676
Management fees ³⁾	54,825	47,850
Rent ³⁾	22,500	22,500
Total	<u>162,685</u>	<u>190,121</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 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 at May 31, 2010 to companies controlled by officers in the amount of \$19,726 (\$23,121 on May 31, 2009).

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 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.

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(unaudited)

9. Financial instruments (Cont'd)

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. Since this evaluation is based on quoted prices in active markets, it's considered a level 1 in the fair value hierarchy.

The fair value of cash, due from partners 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, 2010. During the nine month period ended May 31, 2010, 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.

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 6c). 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 twelve months, 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.

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.

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, 2010, a 10% increase or decrease in the closing bid prices on its publicly traded companies would result in an estimated decrease or increase in net after-tax loss of approximately \$95,000.

13. Comparative figure

Certain comparative figures have been reclassified to conform with the presentation adopted in the current period.