

Beaufield Resources Inc.

Interim Financial Statements

Three-months ended November 30, 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

| | November 30, 2009 (unaudited) \$ | August 31, 2009 (audited) \$ |
|---|---|---------------------------------------|
| Assets | | |
| Current assets | | |
| Cash | 5,467,935 | 5,655,573 |
| Gold coins (Note 3) | 999,420 | 999,420 |
| Marketable securities (Note 3) | 463,540 | 445,749 |
| Sales taxes recoverable | 2,120 | 3,979 |
| Accounts receivable | 58,517 | - |
| Due from a partner, without interest, on demand | - | 92,596 |
| Exploration taxes credits receivable | 304,068 | 263,719 |
| Prepaid expenses | 15,802 | 11,948 |
| | <u>7,311,402</u> | <u>7,472,984</u> |
| Equipment (Note 4) | 4,556 | 6,831 |
| Mineral Properties (Note 5) | | |
| Acquisition cost | 2,260,018 | 2,248,544 |
| Deferred exploration expenses | 5,306,375 | 5,252,544 |
| | <u>14,882,351</u> | <u>14,980,903</u> |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | <u>64,677</u> | <u>85,248</u> |
| Shareholders' equity | | |
| Capital stock (Note 6) | 31,324,120 | 31,324,120 |
| Compensation options (Note 6a) | 781,000 | 713,000 |
| Contributed surplus (Note 6b) | 301,760 | 269,760 |
| Deficit | <u>(17,589,206)</u> | <u>(17,411,225)</u> |
| | <u>14,817,674</u> | <u>14,895,655</u> |
| | <u>14,882,351</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 November 30, | |
|--|--|---------------------|
| | 2009 | 2008 |
| | \$ | \$ |
| Administrative expenses | | |
| Professional fees | 32,049 | 33,369 |
| Salaries, benefits and management fees | 75,240 | 27,300 |
| Rent and office expenses | 13,457 | 7,486 |
| Shareholders' information, trustee and registration fees | 5,971 | 6,419 |
| Stock-based compensation (Note 6a) | 100,000 | - |
| Investors relations | 3,578 | 4,562 |
| Insurance | 6,595 | 8,314 |
| Travelling and promotion | 264 | 1,534 |
| Director's fees | 23,228 | 23,228 |
| | <u>260,382</u> | <u>112,212</u> |
| | | |
| Project management fees | 51,843 | 10,018 |
| Investment income (Note 7) | 30,558 | 39,943 |
| | <u>82,401</u> | <u>49,961</u> |
| | | |
| Net loss and comprehensive loss | <u>(177,981)</u> | <u>(62,251)</u> |
| | | |
| Basic and diluted net loss per share | <u>-</u> | <u>-</u> |
| | | |
| Weighted average number of outstanding common shares | <u>83,349,519</u> | <u>83,349,519</u> |
| | | |
| Deficit, beginning of period | (17,411,225) | (16,788,066) |
| Net loss | (177,981) | (62,251) |
| Deficit, end of period | <u>(17,589,206)</u> | <u>(16,850,317)</u> |

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

Beaufield Resources Inc.

Statement of cash flows

(unaudited)

| | Three-month ended period November 30, | |
|--|--|------------------|
| | 2009 | 2008 |
| | \$ | \$ |
| Operating activities | | |
| Net loss | (177,981) | (62,251) |
| Non-cash items: | | |
| Stock-based compensation | 100,000 | - |
| Gain on disposal of marketable securities (Note 7) | (58,108) | - |
| Unrealized fair value variation on investments (Note 7) | 30,815 | - |
| | <u>(105,274)</u> | <u>(62,251)</u> |
| Changes in non-cash working capital items: | | |
| Accounts receivable | (58,517) | - |
| Sales taxes recoverable | 1,859 | 33,560 |
| Due from a partner | 596 | (10,018) |
| Prepaid expenses | (3,854) | 6,282 |
| Accounts payable and accrued liabilities | (45,176) | (13,095) |
| | <u>(105,092)</u> | <u>16,729</u> |
| Cash flows from operating activities | <u>(210,366)</u> | <u>(45,522)</u> |
| Investing activities | | |
| Purchase of marketable securities | (405,550) | - |
| Disposal of marketable securities | 505,052 | - |
| Additions to mineral properties | (11,474) | (20,014) |
| Deferred exploration expenses | (65,300) | (256,149) |
| Cash flows from investing activities | <u>22,728</u> | <u>(276,163)</u> |
| Net change in cash and cash equivalents | (187,638) | (321,685) |
| Cash, beginning of period | 5,655,573 | 7,203,196 |
| Cash and cash equivalents, end of period | <u>5,467,935</u> | <u>6,881,511</u> |
| Additional information – non cash transactions: | | |
| Exploration taxes receivable credited to mineral properties | 40,349 | 77,161 |
| Depreciation included in deferred exploration expenses | 2,275 | 2,275 |
| Due from a partner received as marketable securities | 90,000 | - |
| Due from a partner included in deferred exploration expenses | - | 66,786 |
| Accounts payable and accrued liabilities related to exploration expenses | 50,000 | 18,558 |

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

Beaufield Resources Inc.

Notes to Financial Statements

For the three-month period ended November 30, 2009

(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

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.

3. Gold coins and marketable securities

At November 30, 2009, gold coins (839 ounces) at an acquisition cost of \$999,420 would have had a market value of \$1,048,532 based on a gold spot price of US\$1,179 per ounce.

| | November 30, 2009 | | |
|------------------------|---------------------|--------------------|---------------|
| | Acquisition Cost | Unrealized Loss | Fair Value |
| Publicly traded shares | \$ 486,696 | \$ (23,156) | \$ 463,540 |

4. Equipment

| | November 30, 2009 | | |
|-----------------------|-------------------|-----------------------------|-------------|
| | Cost | Accumulated depreciation | Net value |
| Exploration equipment | \$ 27,306 | \$ 22,750 | \$ 4,556 |

Beaufield Resources Inc.

Notes to Financial Statements

For the three-month period ended November 30, 2009

(unaudited)

5. Mineral Properties

| Acquisition cost | August 31, 2009 | Addition | November 30, 2009 |
|-------------------|--------------------|---------------|----------------------|
| | \$ | \$ | \$ |
| Québec | | | |
| Opinaca | 579,388 | - | 579,388 |
| Troilus | 894,688 | 3,023 | 897,711 |
| Raglan Ungava | 20,260 | - | 20,260 |
| Urban project | 535,026 | 4,560 | 539,586 |
| Lab Schefferville | - | 3,891 | 3,891 |
| Ontario | | | |
| Hemlo properties | 219,182 | - | 219,182 |
| | <u>2,248,544</u> | <u>11,474</u> | <u>2,260,018</u> |

| Deferred exploration expenses | August 31, 2009 | Expenditures | Taxes credits | November 30, 2009 |
|-------------------------------|--------------------|---------------|-----------------|----------------------|
| | \$ | \$ | \$ | \$ |
| Québec | | | | |
| Opinaca | 1,726,445 | 25,022 | (10,486) | 1,740,981 |
| Troilus | 1,763,264 | 14,982 | (6,906) | 1,771,340 |
| Raglan Ungava | 82,414 | 1,400 | (646) | 83,168 |
| Urban project | 1,284,576 | 950 | (407) | 1,285,119 |
| Lab Schefferville | - | 51,176 | (21,904) | 29,272 |
| Ontario | | | | |
| Hemlo properties | 395,845 | 650 | - | 396,495 |
| | <u>5,252,544</u> | <u>94,180</u> | <u>(40,349)</u> | <u>5,306,375</u> |

6. Capital-stock

Authorized

An unlimited number of common shares without par value.

Issued:

| | Three-month period ended November 30, 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 three-month period ended November 30, 2009

(unaudited)

6. Capital-stock (Cont'd)

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:

| | Three-month period ended November 30, 2009 | |
|------------------------------|---|--|
| | Number of option | Weighted average exercise price |
| Balance, beginning of period | 4,600,000 | \$ 0.27 |
| Granted | 1,000,000 | 0.15 |
| Expired | (200,000) | 0.25 |
| Balance, end of period | <u>5,400,000</u> | <u>0.25</u> |

Option outstanding and exercisable as at November 30, 2009 are as follows:

| Number of options | Exercise price | Expiry date |
|------------------------------|-----------------------|--------------------|
| 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 |
| 1,300,000 | \$0.12 | August 29, 2013 |
| 1,000,000 | \$0.15 | October 22, 2014 |
| <u>5,400,000</u> | | |

Beaufield Resources Inc.

Notes to Financial Statements

For the three-month period ended November 30, 2009

(unaudited)

6. Capital-stock (Cont'd)

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

| | Three-month period ended November 30, 2009 |
|---|---|
| | <u>\$</u> |
| Balance, beginning of period | 713,000 |
| Stock-based compensation cost when vested | 100,000 |
| Stock-based compensation cost credited to contributed surplus when expired | <u>(32,000)</u> |
| Balance, end of period | <u>781,000</u> |

b) Contributed surplus

Net change in contributed surplus is as follows:

| | Three-month period ended November 30, 2009 |
|---|---|
| | <u>\$</u> |
| Balance, end of period | 269,760 |
| Stock-based compensation cost credited to contributed surplus when expired | <u>32,000</u> |
| Balance, beginning of period | <u>301,760</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.

Beaufield Resources Inc.

Notes to Financial Statements

For the three-month period ended November 30, 2009

(unaudited)

7. Investment income

| | Three-month period ended November 30 | |
|---|---|---------------|
| | 2009 | 2008 |
| | \$ | \$ |
| Interest on income | 3,265 | 39,943 |
| Gain on disposal of marketable securities | 58,108 | - |
| Unrealized gain on mark-to-market on marketable securities held for trading | (30,815) | - |
| | <u>30,558</u> | <u>39,943</u> |

8. Related party transactions

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

| | Three-month period ended November 30, | |
|---|--|---------------|
| | 2009 | 2008 |
| | \$ | \$ |
| Deferred exploration expenses ¹⁾ | 4,225 | 15,420 |
| Professional fees ²⁾ | 28,549 | 33,369 |
| Management fees ³⁾ | 19,775 | 14,175 |
| Rent ³⁾ | 7,500 | 7,500 |
| Total | <u>60,049</u> | <u>70,464</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 November 30, 2009 to companies controlled by officers in the amount of \$nil (\$nil on November 30, 2008).

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:

Beaufield Resources Inc.

Notes to Financial Statements

For the three-month period ended November 30, 2009

(unaudited)

9. Financial instruments (Cont'd)

Fair Value

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 November 30, 2009. During the quarter ended November 30, 2009, 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 November 30, 2009, 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 \$46,000.