

Beaufield Resources Inc.

Management's Discussion and Analysis

Three-months ended November 30, 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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For the three-month period ended November 30, 2009

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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 three-month period ended November 30, 2009 ("Q1-10"). This MD&A should be read in conjunction with the Company's financial statements for the three-month period ended November 30, 2009 and related notes and with the Company's MD&A included in the 2009 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.

Highlights

During Q1-10, the Company completed a 960 line kilometre airborne survey of its Lab-Schefferville project.

On January 15, 2010, the Company announced that approximately 2,500 metres drill campaign will begin January 23rd, 2010 on its 100% owned Tortigny property (Troilus project).

Operating activities

The Company reported a net loss of \$177,981 in Q1-10 compared to a net loss of \$62,251 in the three month period ended November 30, 2008 ("Q1-09").

Administrative expenses

Administrative expenses for Q1-10 were \$260,382 (\$112,212 in Q1-09). The change in expenses is due primarily to:

- a) A \$100,000 stock-based compensation cost was recorded in Q1-10 for the 1,000,000 vested options granted to directors and officers (nil in Q1-09);
- b) Salaries, benefits and management fees increased to \$75,240 in Q1-10 as compared to \$27,300 in Q1-09. This increase is mainly due to \$41,898 (\$nil in Q1-09) of geologists salaries that were recharged as consulting fees; Beaufield charges project management fees to Melkior Resources Inc as indicated in the next section.

Project management fees

In Q1-10, the Company earned \$51,843 (\$10,018 in Q1-09) in consulting fees.

Investment income

In 2009, with very 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 invest up to \$2 million 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. The Company is actively evaluating investment opportunities to increase the return on its cash reserves.

Investment income in Q1-10 consisted mainly of gain on disposal of marketable securities. Interest earned from cash balances held at financial institutions was \$3,265 as compared with \$39,943 in Fiscal 2009. This reduction is due primarily to lower market interest rates and lower cash balances invested in fixed-income securities.

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Operating activities (Cont'd)

In Q1-10, the disposal of publicly traded securities, at a cost of \$446,944, generated a realized gain of \$58,108 while the unrealized loss on mark-to-market on marketable securities totalled \$30,815.

Gold coins are considered a commodity and not a financial instrument and as such are recorded at cost. At November 30, 2009, the Company held 839 ounces of gold coins having an acquisition cost of \$999,420 and a market value of \$1,048,532.

Date	Fair market value per ounce US\$	Exchange rate	Fair market value per ounce CDN\$	Total CDN\$
March 27, 2009 (acquisition date)	984.46	1.21	1,191.20	999,420
November 30, 2009	1,179.00	1.06	1,249.74	1,048,532

Investing activities

Mineral properties

During Q1-10, the additions of \$11,474 (\$20,014 in Q1-09) to the mineral properties consist of claim renewal cost.

Exploration expenses

During Q1-10, the Company invested \$94,180 (\$238,413 in Q1-09) in exploration expenses.

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. For Q1-10, the Company has accrued \$40,349 in refundable tax credits related to expenditures.

Following are the deferred exploration expenses incurred in Q1-10 and Q1-09.

Q1-10	Urban	Troilus	Opinaca	Raglan	Hemlo	Lab	Total
	\$	\$	\$	\$	\$	\$	\$
Drilling	300	1,200	-	-	-	-	1,500
Geology	650	9,556	15,137	-	650	1036	27,029
Geophysics & geochemistry	-	4,226	7,610	1,400	-	50,140	63,376
Line cutting	-	-	-	-	-	-	-
Depreciation	-	-	2,275	-	-	-	2,275
	950	14,982	25,022	1,400	650	51,176	94,180
Q1-09	Urban	Troilus	Opinaca	Raglan	Hemlo	Total	
	\$	\$	\$	\$	\$	\$	
Drilling	300	2,104	-	-	-	2,404	
Geology	22,370	33,234	79,652	350	350	135,956	
Geophysics & geochemistry	-	31,274	39,849	15,233	-	86,356	
Line cutting	-	11,422	-	-	-	11,422	
Depreciation	-	-	2,275	-	-	2,275	
	22,670	78,034	121,776	15,583	350	238,413	
Recharge	-	(66,786)	-	-	-	(66,786)	
	22,670	11,248	121,776	15,583	350	171,627	

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Investing activities (Cont'd)

Lab Schefferville

In 2008, the Company staked a group of claims within the Labrador Trough approximately 40 kilometres northwest of Schefferville Quebec. The 100% owned property consists of 139 claims or approximately 6,776 hectares. This area is in the middle of the current hot iron exploration area. The Labrador Trough is the host of world class iron deposits and potential host of rare earth and sediment-hosted exhalative, lead-zinc deposits ("SEDEX") deposits.

During Q1-10, the Company completed a 960 line kilometre airborne survey of its Lab-Schefferville project. The survey was carried out using a high sensitivity magnetometer to map geology, structure and iron formations and using a spectrometer to map radioactive minerals. The equipment was flown in helicopter to get optimum ground clearance. The objective of the survey was to assist in the exploration for SEDEX and to map iron formations. The data will be interpreted and used in a follow-up program to explore for SEDEX lead-zinc, the summer of 2010 (November 24, 2009 news release).

Financing activities

There was no financing activities in Q1-10.

Liquidity

The Company has no long term debt and a working capital (current assets less current liabilities) of \$7,246,725 as at November 30, 2009 as compared to \$7,387,736 on August 31, 2009. 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:

	November 30, 2009	August 31, 2009	May 31, 2009	February 28, 2009
Net loss for the period	\$ (177,981)	\$ (87,443)	(218,634)	\$ (254,831)
Net loss per share	-	-	(0.005)	(0.005)
	November 30, 2008	August 31, 2008	May 31, 2008	February 29, 2008
Net income (loss) for the period	\$ (62,251)	\$ (21,723)	\$ (115,365)	\$ 95,497
Net income (loss) per share	-	-	-	-

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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).

Subsequent Event

There are no subsequent events to report.

Disclosure of outstanding share data (as of January 15, 2010)

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

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 2009 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 2009 MD&A.

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Change in accounting policies including initial adoption

No change in accounting policies to report for Q1-10.

IFRS Convergence

No new development to report for Q1-10.

Financial Instruments

Financial instruments – recognition and measurement

On initial recognition, all financial assets and liabilities are measured and recognized at their fair value, except for financial assets and liabilities resulting from certain related party transactions. Subsequently, financial assets and liabilities are measured and recognized as follows:

- Held for trading financial assets are measured at their fair value and changes in fair value are recognized in the statement of operations. Changes in fair value that are recognized in the statement of operations include interest income and unrealized gains or losses. Cash and marketable securities are classified as held for trading;
- Loans and receivable are measured at amortized cost which is generally the initially recognized amount, less any allowance for doubtful account. Due from partners is classified as loans and receivable;
- Other financial liabilities are measured at amortized cost using the effective interest method. Interest calculated using the effective interest method is presented in the statement of operations. Account payable and accrued liabilities are classified as other financial 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.

Financial risks

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

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.

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Financial Instruments (Cont'd)

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.

Risk factors

Details of risk factors are outlined in the Company's MD&A included in the 2009 annual report.

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.

January 15, 2010

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

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