

Beaufield Resources Inc.

Management's Discussion and Analysis

For the three-month period ended

November 30, 2010

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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The following management's 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, 2010 ("Q1-2011"). This MD&A should be read in conjunction with the Company's financial statements for the three-month period ended November 30, 2010 and related notes and with the Company's MD&A included in the 2010 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

Exploration activities:

During Q1-2011 the Company or its partners conducted the following exploration activities:

Tortigny – Copper, Zinc, Gold – 100% owned

A 10,000 metre drill program was initiated at the end of November 2010. Eleven holes and 2,085 metres were completed at the end of December 2010. It is anticipated that the results from the first holes will start to be reported in early February 2011. The drill program is anticipated to be completed by the end of April 2011. The current program is designed to better determine the geometry of the Tortigny mineralization, to explore for possible extensions, and to examine other nearby geophysical targets.

Urban: – Gold – 100% owned, 50% under option

In March 2010, Amseco Exploration Ltd. ("Amseco"), a corporation listed on the TSX Venture Exchange ("TSXV"), entered into an option agreement to acquire an undivided 50% of Beaufield's 100% interest in the Urban property. Amseco must spend \$1,980,000 over a four year period ending in March 2014 to earn a 50% interest in this property.

Amseco completed the compilation of the historical data and is currently planning a drilling program on this property.

Hemlo – Gold – 100% owned, 50% under option

Under an option agreement entered into in April 2009, Jiminex Inc. ("Jiminex"), a corporation listed on the TSXV, has an option to acquire an undivided 50% of Beaufield's 100% interest in the Northern Eagle property. Jiminex must spend \$1,300,000 over a three year period ending in August 2012.

Jiminex completed a 1,161 metres three diamond drill holes program in November 2010 and resumed drilling in January 2011 by contracting a second larger and more powerful diamond drill unit.

Schefferville – Iron, Zinc – 100% owned

In September 2010, a Falcon Airborne Gravity Gradiometer (AGG) survey has been completed on the property and preliminary data has been received. The AGG data along with previously flown magnetic, electromagnetic and radiometric data are currently being interpreted. Several new exploration targets have been selected for ground geophysical follow-up and drilling in 2011.

Financing activities:

In October 2010, the Company closed a bought deal private placement financing with Desjardins Securities Inc. (The "Agent") consisting of 5,455,000 flow-through common shares at a price of \$0.55 per share for gross proceeds of \$3,000,250.

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Operating activities

The Company reported a net income of 957,053 \$ in Q1-2011 compared to a net loss of \$177,981 in the same period the prior year.

Administrative expenses

Administrative expenses decreased by \$144,431 this quarter versus the prior quarter (\$115,951 in Q1-2011 as compared to \$260,382 in Q1-2010). The change in administrative expenses is due primarily to:

- a) A \$5,200 stock-based compensation cost was recorded in Q1-2011 for the vesting of 50,000 options granted to an investor relation company as compared to \$100,000 in Q1-2010 for the granting of 1,000,000 options to certain directors and officers in Q1-2010;
- b) Salaries, benefits and management fees decreased by \$44,636 (\$30,604 in Q1-2011 as compared to \$75,240 in Q1-2010). In Q1-2010, the Company recharged some of the geologist salaries as consulting fees (\$51,843 in Q1-2010 as compared to nil this quarter) to Melkior Resources Inc. for its own projects. This quarter, Beaufield's geologists dedicated all their time to the Company's project and their salary was capitalized under deferred exploration expenses.
- c) An increase in investors' relations expenses following the engagement of an investor relation company (Hamza Thindal Capital Corporation Inc.) in July 2010.

Investment income

In Fiscal 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 with an investment in one ounce gold maple leaf coins and securities in publicly traded companies in the resource sector. In addition, the Company received common shares from Jiminex and Amseco as part of the option agreements entered into with those companies in prior years (Refer to Note 6 to the 2010 annual financial statements for additional details).

In Q1-2011, the disposal of publicly traded securities, at a cost of \$372,088 (\$446,944 in Q1-2010), generated a realized gain of \$40,590 (\$58,108 in Q1-2010) while the unrealized fair value variation on marketable securities totalled \$1,022,603 in gain (\$30,815 loss in Q1-2010). The unrealized fair value appreciation this quarter reflects the increase of the quoted price on the Exchange of Jiminex, Amseco and other publicly traded companies shares held by the Company.

Interest earned from cash balances held at financial institutions was \$9,811 in Q1-2011 as compared with \$3,265 in Q1-2010. This increase is due primarily to higher market interest rates and higher cash balances invested in fixed-income securities.

Gold coins are considered a commodity and not a financial instrument and as such are recorded at cost. At November 30, 2010, the Company held 839 ounces of gold coins having an acquisition cost of \$999,420 and a market value of \$1,195,934 (\$1,115,077 in Fiscal 2010).

<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 fair value CDN\$</u>
March 27, 2009 (acquisition date)	984.46	1.21	1,191.20	999,420
Nov. 30, 2010	1,388.90	1.0263	1,425.43	1,195,934

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Investing activities

Purchase and disposal of gold coins and marketable securities

In Q1-2011, the Company purchased \$730,913 securities in publicly traded companies in the resource sector (\$405,550 in Q1-2010). During this quarter, the Company sold for an amount of \$412,678 (\$505,052 in Q1-2010) some of its previously invested marketable securities having a cost of \$372,088 (\$446,944 in Q1-2010) and realized a gain of 40,590 (\$58,108 in Q1-2010)

Mineral properties

In Q1-2011, additions of \$34,890 to the mineral properties consisted of the following:

- Acquisition for an amount of \$7,900 by map staking of a 100% interest in the Casa Berardi property in Quebec. The claims cover a grouping of humus geochemical anomalous reported by the Quebec Ministry of Natural Resources in a 1980 survey. The newly staked claims are in the vicinity of claims held by Aurizon Mines Ltd and Agnico Eagle Mines.
- Acquisition for an amount of \$2,920 by map staking of a 100% interest in the Cape Breton property in Nova Scotia.
- Claim renewal cost on the other properties.

Exploration expenses

During Q1-2011, the Company invested \$554,143 (\$94,180 in Q1-2010) 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 Q1-2011, the Company has accrued \$199,011 (\$40,349 in Q1-2010) in refundable tax credits related to exploration expenditures.

Following are the deferred exploration expenses incurred in Q1-2011 and 2010:

Q1-2011	Urban	Tortigny	Frotet	Opinaca	Raglan	Hemlo	Scheffer -ville	Casa Berardi	Cape Breton	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Drilling	-	97,159	-	-	-	-	-	-	-	97,159
Geology	4,889	25,432	869	4,852	284	1,644	5,827	915	2,853	47,565
Geophysics	-	140,205	-	3,175	-	-	266,039	-	-	409,419
Geochemistry	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-
	4,889	262,796	869	8,027	284	1,644	271,866	915	2,853	554,143

Q1-2010	Urban	Tortigny	Opinaca	Raglan	Hemlo	Scheffer- ville	Total
	\$	\$	\$	\$	\$	\$	\$
Drilling	300	1,200	-	-	-	-	1,500
Geology	650	9,556	15,137	-	650	1,036	27,029
Geophysics	-	3,400	-	1,400	-	50,140	54,940
Geochemistry	-	826	7,610	-	-	-	8,436
Depreciation	-	-	2,275	-	-	-	2,275
	950	14,982	25,022	1,400	650	51,176	94,180

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Investing activities (Cont'd)

Claim status, partnership agreements and past exploration activities

The reader should refer to the MD&A included in the 2010 Annual Report for a detailed description of claim status, partnership agreements and past exploration work on the Company's properties.

Recent exploration activities

During the three-month period ended November 30, 2010, the majority of the exploration activities were conducted on the following properties:

Tortigny, Québec (Copper – Zinc – Gold)

During the summer of 2010, Beaufield initiated a four hole, totalling 2,529 metres drilling program. Best results released in September 2010 were:

- a) Hole TO-10-16 was drilled vertically into the central portion of the deposit and intersected 18.45 metres of massive sulphides mineralization grading 4.17% zinc, 3.26% copper, 0.39% lead, 80.70 g/t silver and 0.30 g/t gold. The hole intersected the mineralized lens at an angle of 48° suggesting a calculated true width of approximately 12.80 metres;
- b) Hole TO-10-19 intersected 322.15 metres of 4.20% zinc, 2.72% copper, 0.19% lead, 72.02 g/t silver and 0.53 g/t gold. The hole was drilled parallel to the hinge of the fold of the Tortigny deposit, following the mineralized zone, to verify the continuity and the variability of the ore body between the different sections and to provide material for metallurgical studies. The drill hole went in and out of the mineralized zone intersecting 21 different metric massive sulphides intervals, totalling 34% (108.95m) of the mineralized intersection. The deposit forms a "V" shape fold and reference to this hinge relates to the base portion of the "V" shape. For this reason, the intersection represents a portion of the length of the deposit rather the width or thickness.

Hole 10-19 was drilled to determine mineral continuity between holes and to provide material for metallurgical testing. To determine the true width of the Tortigny deposit, additional drilling is required. The deposit appears to plunge at an angle of approximately 48 degrees. Hole To-10-19 was drilled approximately down plunge for at least 322.15 metres, projecting to surface the strike length is 215 m.

A 10,000 metre drill program was initiated at the end of November 2010. Eleven holes and 2,085 metres were completed at the end of December 2010. It is anticipated that the results from the first holes will start to be reported in early February 2011. The drill program is anticipated to be completed by the end of April 2011. The current program is designed to better determine the geometry of the Tortigny mineralization, to explore for possible extensions, and to examine other nearby geophysical targets.

A 43-101 report will be contracted to an independent firm following the current drill program.

Urban Project, Québec (Gold)

In March 2010, Amseco optioned the Urban property. Amseco must spend \$1,980,000 over a four year period ending in March 2014 to earn a 50% of the 100% interest held by the Company. Amseco is the operator during the earn-in period. Refer to Note 6 to the 2010 annual financial statements for additional details.

Amseco has conducted a high sensitivity airborne magnetic survey in April 2010 and identified several potential gold and copper anomalies. In December 2010, Amseco announced that it was planning to conduct an IP Survey over Zone 18 on Lac Rouleau and complete the compilation of the historical data on Lac Barry before initiating a drilling program in early 2011.

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Investing activities (Cont'd)

Northern Eagle property on Hemlo, Ontario (Gold)

In April 2009, Jiminex optioned the Northern Eagle property. Jiminex must spend \$1,300,000 over a three year period ending August 31, 2012 to earn a 50% of the 100% interest held by the Company. Jiminex is the operator during the Option earn-in period. Refer to Note 6 to the 2010 annual financial statements for additional details.

Jiminex completed a 1,161 metres three diamond drill holes program in November 2010 and resumed drilling in January 2011 by contracting a second larger and more powerful diamond drill unit. This unit is being used to test the property's favorable barite-alteration zone at greater depths. The smaller drill unit used in 2010 is continuing to test the Titan 24 geophysical targets for narrower "windows" possibly representing nearer-to-surface expressions of a more deeply buried gold deposit.

Jiminex indicated in a press release issued in January 19, 2011 that "the barite-alteration zone on the Northern Eagle property has attracted exploration attention from other companies in the past, because it represents what is believed to be a hydrothermal, potentially-gold mineralizing event similar to what occurred at the nearby Hemlo deposit. As the Hemlo deposit is mostly deeper than 500 metres, Jiminex has to test this zone to depths never before done on the property, in the 600 to 900 metre range or deeper".

Schefferville Iron-Zinc project

In September 2010, a Falcon Airborne Gravity Gradiometer (AGG) survey has been completed on the property and preliminary data has been received. The AGG data along with previously flown magnetic, electromagnetic and radiometric data are currently being interpreted by Condor Consulting of Denver Colorado, recognized experts with this data.

The survey was flown on a cooperation basis with New Millennium Capital Corporation (TSXV: NML) with whom Beaufield has signed a confidentiality agreement to effectively interpret data along the common boundaries. Several new exploration targets have been selected for ground geophysical follow-up and drilling in 2011.

Financing activities

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 of \$180,015 equal to 6% of the gross proceeds raised and Compensation Options equal to 6% of the number of Flow-Through Common Shares sold. Accordingly, a total of 327,300 Compensation Options, having a fair value of \$62,187, were issued, each of which is exercisable to purchase one common share of the Company at \$0.55 per share until April 20, 2012.

Share issue expenses of \$294,906 for the three-month period ended November 30, 2010 consisted of:

- Cash commission of \$180,015 equal to 6% of the gross proceed of the brokered financing paid to the agent;
- Issue cost consisting of legal fees and Exchange fees of \$52,704;
- Issuance of 327,300 Compensation Options equal to 6% of the number of Flow-Through Common Shares sold and valued at \$62,187.

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Subsequent event

Exercise and grant of options

In December 2010, the Company issued 950,000 common shares following the exercise of options for total proceeds of \$322,500.

In December 2010, the Company approved the granting of 2,100,000 options to officers, directors and an employee exercisable at \$0.40 per option. In January 2011, the Company granted 200,000 options to an employee exercisable at \$0.41. The options have a life of 5 years.

Liquidity and capital resources

The Company has no long-term debt and a working capital (current assets less current liabilities) of \$6,587,300 as at November 30, 2010 (\$6,122,344 as at August 31, 2010).

With the closing of \$3,000,250 flow-through financing in October 2010, 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.

Acquisition of new properties or 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.

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.

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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Summary of quarterly information

	Three months ended			
	November 30, 2010	August 31, 2010	May 31, 2010	February 29, 2010
Net sales	-	-	-	-
Net income (loss) for the period	957,053	(408,970)	(10,787)	(111,677)
Net income (loss) per share	0.01	(0.005)	-	(0.001)

	Three months ended			
	November 30, 2009	August 31, 2009	May 31, 2009	February 29, 2009
Net sales	-	-	-	-
Net income (loss) for the period	(177,981)	(87,443)	(218,634)	(254,831)
Net income (loss) per share	(0.002)	-	(0.005)	(0.005)

Related party transactions

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

	Three-month period ended November 30	
	2010	2009
Deferred exploration expenses ¹⁾	\$ 16,790	\$ 4,225
Professional fees ²⁾	30,695	28,549
Management fees ³⁾	11,600	19,775
Rent ³⁾	7,500	7,500
	<u>66,585</u>	<u>60,049</u>

- 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 November 30, 2010 to companies controlled by officers in the amount of \$25,202 (\$nil as at November 30, 2009).

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.

Disclosure of outstanding share data

(as of January 24, 2011)

	Number
Common shares	89,854,519
Options	5,550,000
Compensation options	327,300
Fully diluted	<u>95,731,819</u>

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Stock option plans

The purpose of the stock option plans are to serve as an incentive for the directors, officers, employees and service providers who will be motivated by the Company's success as well as to promote ownership of common shares of the Company by these people. There is no objective attached to the plans and no relationship to manage the entity's risks.

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

There is no significant change relating to the Management's responsibility for financial information and critical accounting estimates since the annual MD&A of August 31, 2010.

Changes in accounting policies including initial adoption

Recent changes to accounting standards

As at October 15, 2010, certain new primary sources of Canadian generally accepted accounting principles (standards) have been published but are not yet in effect. These standards should not have a significant impact on the Company's financial statements.

Financial instruments

There is no significant change relating to the financial instruments since the annual MD&A of August 31, 2010.

IFRS Convergence

There is no new development to report since the filing of the MD&A included in the 2010 annual report in December 2010.

Risk factors

Details of risk factors are outlined in the Company's MD&A included in the 2010 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.

Forward-looking information

This report contains "forward looking information" within the meaning of applicable Canadian securities legislation. Forward looking information includes, but is not limited to, statements with respect to the future financial or operating performance of the Company. Generally, forward looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the

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actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to: general business, economic, competitive, geopolitical and social uncertainties; the actual results of current operations and investment activities; acquisition risks; and other risks of the venture capital industry. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

(s) Jens E. Hansen
Jens E. Hansen
CEO and President

(s) Vatche Tchakmakian
Vatche Tchakmakian
Chief Financial Officer and Secretary

January 24, 2011