



winfield
resources
limited

Consolidated Financial Statements

DECEMBER 31, 2007 AND 2006

To the Shareholders of Winfield Resources Limited:

The consolidated financial statements of Winfield Resources Limited were prepared by management in accordance with appropriately selected generally accepted accounting principles in Canada. Management has used estimates and careful judgment, particularly in those circumstances where transactions affecting current periods are dependent on information not known until a future period. The financial and operational information contained in this annual report is consistent with that reported in the financial statements.

Management is responsible for the integrity of the financial and operational information contained in this report. The Company has designed and maintains internal controls to provide reasonable assurance that assets are properly safeguarded and that the financial records are well maintained and provide relevant, timely and reliable information to management. The consolidated financial statements have been prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized in the notes to the consolidated financial statements.

External auditors appointed by the shareholders have conducted an independent examination of the corporate and accounting records in order to express their opinion on the consolidated financial statements. The Audit Committee has met with the external auditors and management in order to determine if management has fulfilled its responsibilities in the preparation of the consolidated financial statements. The Board of Directors has approved the consolidated financial statements on the recommendation of the Audit Committee.

Winfield Resources Limited

Robert Michael Foley

Chief Executive Officer and Chief Financial Officer

Vancouver, Canada
April 17, 2009

**CHARTERED
ACCOUNTANTS**

MacKay LLP

Elveden House
Suite 1700, 717 – 7th Avenue S.W.
Calgary, Alberta T2P 0Z3

Tel: (403) 294-9292
Fax: (403) 294-9262

www.MacKay.ca

mackay.ca

Auditors' Report

To the Shareholders of Winfield Resources Limited

We have audited the balance sheet of Winfield Resources Limited as at December 31, 2007, and the statement of operations and comprehensive loss, and deficit and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2007, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles

The financial statements as at December 31, 2006 and for the year then ended prior to adjustment for the restatement of project development costs as described in Note 14, were audited by a predecessor auditor who expressed an opinion without reservation on these financial statements in their report dated April 23, 2007. We have audited the adjustments to the 2006 financial statements and in our opinion, such adjustments, in all material respects, are appropriate and have been properly applied.

**Calgary, Canada
April 3, 2009**

MacKay LLP

Chartered Accountants

WINFIELD RESOURCES LIMITED
Consolidated Balance Sheets

As at December 31

	Note	2007	2006 (Restated – Note 3 & 14)
		\$	\$
ASSETS			
Current			
Cash and cash equivalents		288,061	186,791
Short tem investments		33,467	-
Other receivables		38,513	3,248
Prepaid expenses and deposits		31,007	46,095
		<u>391,048</u>	<u>236,134</u>
Equipment	4	12,861	6,880
Due from related party	8	53,893	28,982
		<u>457,802</u>	<u>271,942</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities

Accounts payable and accrued liabilities		<u>169,253</u>	<u>97,385</u>
--	--	----------------	---------------

Shareholders' equity

Common shares	6	5,924,962	3,455,876
Contributed surplus	6	966,678	371,115
Deficit		<u>(6,603,091)</u>	<u>(3,652,434)</u>

288,549 174,557

457,802 271,942

Subsequent events - note 13

Commitments and contingencies – note 10

Approved on Behalf of the Board:

"Robert Michael Foley" (signed) Director

"Kenneth Tangen" (signed) Director

The accompanying notes are an integral part of these consolidated financial statements.

WINFIELD RESOURCES LIMITED*Consolidated Statements of Operations, Comprehensive Loss and Deficit*

For the Years Ended December 31

	Note	2007	2006 (Restated – Note 3 & 14)
		\$	\$
EXPENSES			
Amortization		4,255	1,572
Bad debt expense		54,086	-
Consulting fees	8	253,146	214,358
Insurance		13,529	12,232
Interest and bank charges		9,864	2,433
Investor relations, marketing & shareholder information		70,434	82,192
Legal, accounting and audit		113,200	110,885
Management fees	8	60,000	60,000
Office and general		86,735	33,417
Regulatory and transfer agent costs		39,210	24,367
Rent and occupancy costs		33,255	26,639
Stock-based compensation	7	742,499	190,984
Travel and related costs		16,496	11,352
Website		17,152	5,476
Exploration costs	5	6,350	9,000
Project development costs	5	1,474,297	269,856
Loss before other items		(2,994,508)	(1,054,763)
OTHER ITEMS			
Gain (loss) on foreign exchange		21,066	(15,335)
Interest and other income		22,785	-
		43,851	(15,335)
Net loss and comprehensive loss for the year		(2,950,657)	(1,070,098)
Deficit, beginning of year as previously stated		(3,081,102)	(2,289,860)
Change in accounting policy	3	(236,128)	(227,128)
Correction of an error	14	(335,204)	(65,348)
Deficit, beginning of year as restated	14	(3,652,434)	(2,582,336)
Deficit, end of year as restated	14	(6,603,091)	(3,652,434)
Basic and diluted loss per share		(0.07)	(0.04)
Weighted average number of common shares outstanding		43,006,012	26,570,557

The accompanying notes are an integral part of these consolidated financial statements.

WINFIELD RESOURCES LIMITED

Consolidated Statements of Cash Flows

For the Years Ended December 31

	Note	2007	2006 (Restated – Note 3 & 14)
		\$	\$
OPERATING ACTIVITIES			
Net loss for the year		(2,950,657)	(1,070,098)
Items not affecting cash flow			
Amortization		4,255	1,572
Stock-based compensation	7	742,499	190,984
Foreign exchange loss (gain)		(54)	51
Changes in non-cash working capital			
Other receivables		(35,265)	(866)
Prepaid expenses and deposits		15,088	(31,339)
Accounts payable and accrued liabilities		71,868	99,610
Net cash used in operating activities		(2,152,266)	(810,086)
FINANCING ACTIVITIES			
Advances to related party		(24,911)	(28,030)
Issuance of share capital		2,349,750	1,048,500
Issuance costs		(27,600)	(8,100)
Non-cash working capital relating to financing activities	12	-	(14,000)
Net cash provided by financing activities		2,297,239	998,370
INVESTING ACTIVITIES			
Purchases of equipment		(10,236)	(1,494)
Short-term investment purchase		(33,467)	-
Net cash used in investing activities		(43,703)	(1,494)
Change in cash and cash equivalents during the year		101,270	186,790
Cash and cash equivalents, beginning of year		186,791	1
Cash and cash equivalents, end of year		288,061	186,791
Supplemental information:			
Interest paid		\$ 414	\$ 72
Interest received		9,611	136

The accompanying notes are an integral part of these consolidated financial statements.

WINFIELD RESOURCES LIMITED

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2007 and 2006

1. NATURE OF BUSINESS AND GOING CONCERN

Winfield Resources Limited ("the Company") is a public corporation incorporated under the British Columbia Company Act on June 19, 1987. On August 2, 2000, the Company completed its initial public offering and listed its shares on the TSX Venture Exchange (TSX). The Company's intended business includes the building, owning and operating of one or more oil refineries in Northern Africa.

In May 2006, the Company incorporated a 100% wholly owned Canadian subsidiary, Endeco International Ltd. (BC) ("Endeco"). Endeco has not undertaken any business activity to date.

On July 25, 2006, the Company became fully licensed and registered at (NOC) Libyan National Oil Corporation, and can, operating under Libyan law, engage in all phases of the Libyan Oil and Gas industry. The Company is now seeking participation in the engineering, procurement, construction and management (EPCM) of energy related capital projects; such as Oil Refineries, Liquid Natural Gas (LNG) facilities and Co-Generation Facilities. No definitive contracts or agreements have been negotiated or entered into toward the development of any such project, and there is no assurance any will be negotiated or entered into on terms acceptable to the Company, or at all.

Refer to Note 13 – Subsequent Events

The Company is in the process of developing various projects and its ability to continue operations is dependent upon successfully raising the necessary financing to complete future development, achieving profitable production or selling its project development costs for proceeds in excess of carrying amounts.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. Continued operations of the Company are dependent on the Company's ability to receive continued financial support, complete public equity financing, or generate profitable operations in the future. The net realizable value of the Company's assets may be materially less than the amounts recorded in these consolidated financial statements should the Company be unable to realize its assets and discharge its liabilities in the normal course of business. The Company has accumulated significant losses since inception and has a current deficit of \$6,603,091 (2006: \$3,652,434).

2. SIGNIFICANT ACCOUNTING POLICIES

Presentation and Consolidation

These consolidated financial statements have been reported in Canadian dollars and are prepared in accordance with Canadian generally accepted accounting principles. The financial statements include the accounts of the Company and its wholly owned Canadian subsidiary, Endeco International Ltd ("Endeco"). Endeco has not undertaken any business activity to date. All significant inter-company transactions have been eliminated upon consolidation.

Use of Estimates and Measurement Uncertainty

The preparation of the consolidated financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the related notes to the financial statements. Significant items subject to estimates include the valuation of intangible assets, stock-based compensation, amortization of equipment and valuation allowances on future income tax assets. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from those estimates.

WINFIELD RESOURCES LIMITED

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2007 and 2006

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Cash and Cash Equivalents

Cash and cash equivalents consist of deposits held with banks and other highly liquid short-term investments that have maturity dates of three months or less and are readily convertible to known amounts of cash and which are subject to minimal risk of changes in value.

Short-term investments

Short-term investments are non-cash equivalents that are highly liquid and have maturity dates of less than one year at the time of acquisition and are not required to meet short-term cash commitments. Short-term investments consist of term deposits and bankers' acceptances recorded at fair value which is initial principal invested plus accrued interest to date.

Transaction Costs

The Company defers costs incurred in connection with proposed corporate transactions, where completion is more likely than not. Upon completion of the transaction, these costs are included in the cost of assets acquired or as issuance costs of equity securities. If the transaction is abandoned the costs are expensed, in full, as at the date of abandonment.

Equipment

Equipment is recorded at cost less accumulated amortization. Amortization is provided using the following annual rates and methods which are designed to apportion the cost of the assets over their estimated useful lives as follows:

Computer Equipment	20% declining balance
Office Equipment	20% declining balance
Automobile	30% declining balance

Project Development Costs

All costs relating to investigation, due diligence, obtaining licences and approvals are expensed as project development costs as incurred unless an agreement exists and the Company has the ability to develop and meet ongoing commitments. Once agreement is obtained and exploration and development commences, costs are capitalized as project development costs. Upon completion of the project and commencement of commercial operations, the related accumulated costs are amortized over their estimated useful lives on a systematic basis. The Company periodically assesses the carrying values and if management determines that the carrying values cannot be recovered or the carrying values are related to approvals and licences that are allowed to lapse, the unrecoverable amounts are expensed in the period that this determination is made.

The recoverability of project development costs is dependent on the economic viability of the individual projects, the ability to obtain the necessary financing to complete the projects and the success of future commercial operations.

Amounts capitalized as project development costs do not necessarily reflect present or future values.

Comparative Figures

Certain comparative figures have been reclassified to conform to the current presentation. Such reclassification is for presentation purposes only and has no effect on previously reported results.

WINFIELD RESOURCES LIMITED

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2007 and 2006

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impairment of Long-lived Assets

The recoverability of long-lived assets, which includes equipment and project development costs, is assessed when an event occurs indicating impairment. Recoverability is based on factors such as future asset utilization and the future undiscounted cash flows expected to result from the use or sale of the related assets. An impairment loss is recognized in the period when it is determined that the carrying amount of the asset may not be recoverable.

Mineral Properties

The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable.

The Company has adopted the policy of expensing mineral exploration costs and periodic maintenance costs incurred prior to the determination that a property has economically recoverable ore reserves. Costs for a producing prospect are amortized on a unit-of-production method based on the estimated life of the ore reserves, while costs for the prospects abandoned are written off. The recoverability of the amounts capitalized for the undeveloped mineral properties is dependant upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral claims, the ability to farm out its resources properties, the ability to obtain the necessary financing to complete their development and future profitable production or proceeds from the disposition thereof.

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing.

Stock-Based Compensation

The Company recognizes stock-based compensation expense in accordance with CICA Handbook "Stock-Based Compensation and Other Stock-Based Payments". When stock or stock options are issued to employees, compensation expense is recognized based on the fair value of the stock or stock options issued on the date of grant, over the vesting period of the stock or stock options. Stock-based payments to non-employees are measured at the fair value of the consideration received, or the fair value of the equity instruments issued, or liabilities incurred, whichever is more reliably measurable. The fair value of stock-based payments to non-employees is periodically re-measured until counterparty performance is complete, and any change therein is recognized over the period and in the same manner as if the Company had paid cash instead of paying with or using equity instruments. The cost of stock-based payments to non-employees that are fully vested and non-forfeitable at the grant date is measured and recognized at that date. On the exercise of stock options, share capital is credited for consideration received and for fair value amounts previously credited to contributed surplus.

Loss Per Share

Basic loss per share is computed using the weighted average number of common shares outstanding during the year. The treasury stock method is used for the calculation of diluted loss per share. Stock options and warrants are dilutive when the average market price of the common shares during the period exceeds the exercise price of the options and warrants.

As the Company has recorded a loss in each of the periods presented, basic and diluted loss per share are the same since the exercise of warrants or options would reduce the loss per share.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

WINFIELD RESOURCES LIMITED

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2007 and 2006

Financial Instruments

The carrying values of cash, short-term investments, other receivables and accounts payable and accrued liabilities approximate their fair values due to the relatively short periods of maturity of these instruments.

The Company undertakes certain transactions in foreign currencies and is subject to risk due to fluctuations in exchange rates. The Company does not use derivative instruments to hedge exposure to foreign exchange rate risk.

Financial instruments that potentially subject the Company to concentration of credit risk consist primarily of cash and short-term investments. The Company limits its exposure to credit loss by placing its cash and short-term investments with high credit-quality financial institutions.

Income Taxes

Income taxes are accounted for using the liability method, which requires the recognition of taxes payable or refundable for the current year and future tax liabilities and assets for future tax consequences of events that have been recognized in the Company's financial statements but not in its tax returns or recognized in its tax returns but not in the financial statements. The measurement of current and future tax liabilities and assets is based on provisions of enacted or substantively enacted tax rates expected to apply to the taxable income in the years in which those liabilities or assets are expected to be settled or recovered. The effect on future income taxes of a change in tax rates is recognized in net income in the year in which the change occurs. The amount of future income tax assets recognized is limited to the amount of the benefit that is more likely than not to be realized.

Foreign Currency

The Company uses the temporal method of translating financial statement amounts that are denominated in a foreign currency. Under this method, monetary items are translated at the rate of exchange in effect at the balance sheet date; non-monetary items are translated at historical exchange rates, unless they are carried at market, in which case they are translated at the rate of exchange in effect at the balance sheet date; and, revenue and expense items are translated at the rate of exchange in effect on the dates they occur.

Share capital

The Company records the proceeds from share issuance, net of issue costs. Shares issued for consideration other than cash is valued at the average quoted market price over the five days around the date the agreement to issue shares was reached.

Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded as contributed surplus.

WINFIELD RESOURCES LIMITED

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2007 and 2006

3. CHANGES IN ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS

Mineral Property – Exploration Costs:

Effective January 1, 2007, the Company changed its accounting policy for mineral properties from deferring exploration costs incurred during the exploration stage to expensing such costs in the year incurred. The Company believes the information is more reliable and representative of the results if expensed when incurred. This change has been applied retroactively and the comparative figures in the consolidated financial statements have been restated. The effect of this change on the restated consolidated balance sheet of December 31, 2006 and 2005 is to decrease project development costs and increase accumulated deficit by \$236,128 and \$227,128, respectively. The effect of this change on the restated consolidated statements of operations for the year ended December 31, 2006 and 2005 is to increase net loss by \$9,000 and \$227,128 respectively; and the restated net loss per share increased by \$0.00 and \$0.01, respectively.

Accounting changes

In July 2006, the Accounting Standards Board ("AcSB") issued a replacement of CICA Handbook Section 1506, Accounting Changes. The new standard allows for voluntary changes in accounting policy only when they result in the financial statements providing reliable and more relevant information, requires changes in accounting policy to be applied retrospectively unless doing so is impracticable, requires prior period errors to be corrected retrospectively and calls for enhanced disclosures about the effects of the changes in accounting policies, estimates and errors on the financial statements. The adoption of Section 1506, effective January 1, 2007, had no impact on these financial statements.

Financial Instruments, Comprehensive Income and Hedging Relationships

Effective January 1, 2007, the Company adopted the following new accounting standards relating to financial instruments, as issued by the Canadian Institute of Chartered Accountants: Section 3855, Financial Instruments – Recognition and Measurement (Section 3855"); Section 3861, Financial Instruments – Disclosure and Presentation ("Section 3861"); Section 1530, Comprehensive Income ("Section 1530"); and Section 3865, Hedges (Section 3865"). These changes in accounting policy were applied prospectively in accordance with the transitional provisions contained in each of these sections. Prior year figures were not restated.

Financial Instruments

Sections 3855 and 3861 provide guidance for the recognition, measurement, presentation and disclosure of financial assets, financial liabilities and non-financial derivatives. These standards require financial assets, liabilities and derivatives to initially be recognized at fair value. After initial recognition, financial instruments are measured at fair value, amortized cost or cost, depending on the classification of the financial instrument. These standards also require the Company to recognize and measure derivative instruments embedded in host contracts that were issued on or after January 1, 2007.

WINFIELD RESOURCES LIMITED

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2007 and 2006

3. CHANGES IN ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS (CONT'D)

Upon the adoption of the new standards on January 1, 2007, the Company has classified its financial instruments as follows:

- Cash and cash equivalents and short-term investments are classified as held-for trading and are measured at fair value with changes in fair value recognized in net loss. This classification had no impact on the Company's financial statements at the time of adoption.
- Other receivables and amount due from related party are classified as loans and receivables, which are measured at amortized cost using the effective interest method. This classification had no impact on the Company's financial statements at the time of adoption.
- Accounts payable and accrued liabilities are classified as other financial liabilities and are measured at amortized cost using the effective interest method. This classification had no impact on the Company's financial statements at the time of adoption.

Comprehensive Income

Section 1530 establishes standards for the reporting and display of comprehensive income. The Company does not have any items that required separate recognition outside of net loss, and, as a result, the adoption of this section did not have any impact on the Company's financial statements.

Hedges

Section 3865 establishes standards on when and how hedge accounting may be applied. Hedge accounting under this section is optional. The Company does not have any hedges in place, so the adoption of this section did not have any impact on the Company's financial statements.

Recent Accounting Pronouncements

In January 2006, the CICA Accounting Standards Board ("AcSB") adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards in Canada for public companies will converge with International Financial Reporting Standards ("IFRS"). On February 13, 2008, the AcSB confirmed that the standards will become effective for all publicly accountable enterprises in interim and annual financial statements for fiscal years beginning on or after January 1, 2011. The Corporation continues to monitor and assess the impact of convergence of Canadian GAAP and IFRS.

In December 2006, the Accounting Standards Board issued CICA Handbook Section 3862, "Financial Instruments - Disclosure" and Section 3863, "Financial Instruments - Presentation" which replace Section 3861, "Financial Instruments - Disclosure and Presentation". Section 3862 increases the emphasis on recognition and management of the risks associated with recognized and unrecognized financial instruments. This section carries forward the former presentation requirements and is effective for fiscal years beginning on or after October 1, 2007. The Corporation does not expect that the adoption of this standard will have a material impact on its financial statements.

In October 2006, the Accounting Standards Board issued CICA Handbook Section 1535, "Capital Disclosures", which establishes standards for disclosing information about an entity's capital and how it is managed. This standard is effective for interim and annual financial statements for fiscal years beginning on or after October 1, 2007. The Corporation does not expect that the adoption of this standard will have a material impact on the Corporation's financial statements.

4. EQUIPMENT

WINFIELD RESOURCES LIMITED
Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2007 and 2006

	2007		
	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$
Computer Equipment	2,804	610	2,194
Office Equipment	12,963	9,521	3,442
Automobile	8,500	1,275	7,225
	24,267	11,406	12,861

	2006		
	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$
Computer Equipment	1,494	180	1,314
Office Equipment	12,537	6,971	5,566
	14,031	7,151	6,880

WINFIELD RESOURCES LIMITED
Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2007 and 2006

5. PROJECT DEVELOPMENT COSTS

	Libya & Tunisia	Rwanda	Mauritania	High Level, AB	Atlin, BC	Ringo, MB	Total
	\$	\$	\$	\$	\$	\$	\$
Balance, December 31, 2005	65,348	-	-	-	109,982	117,146	292,476
Correction of an error (Restated - note 14)	(65,348)	-	-	-	-	-	(65,348)
Change in accounting policy (note 3)	-	-	-	-	(109,982)	(117,146)	(227,128)
Balance, January 1, 2006	-	-	-	-	-	-	-
Costs incurred	269,856	-	-	-	9,000	-	278,856
Exploration costs expensed	-	-	-	-	(9,000)	-	(9,000)
Project development costs	(269,856)	-	-	-	-	-	(269,856)
Balance, December 31, 2006 (Restated – Note 14)	-	-	-	-	-	-	-
Cost incurred	843,172	208,492	35,814	386,819	6,350	-	1,480,647
Exploration costs expensed	-	-	-	-	(6,350)	-	(6,350)
Project development costs	(843,172)	(208,492)	(35,814)	(386,819)	-	-	(1,474,297)
Balance, December 31, 2007	-	-	-	-	-	-	-

The Company has expensed as project development and exploration costs the costs to investigate, perform due diligence, obtain licences and approvals and further develop various projects in Africa and Canada. During fiscal 2007 and 2006, the Company determined that the project development costs did not meet the requirement of capitalization; as a result, all amounts incurred were expensed during the year incurred. *Refer to Note 14 – Restatement of 2006 Comparative Figures*

The following is a summary of the projects that the Company is currently investigating in various stages as of December 31, 2007.

Libya

The Company is currently conducting due diligence on various oil and natural gas projects in Libya.

On July 25, 2006, the Company became fully licensed and registered at (NOC) Libyan National Oil Corporation, and can, operating under Libyan law, engage in all phases of the Libyan Oil and Gas industry. The Company is now seeking participation in the engineering, procurement, construction and management (EPCM) of energy related capital projects; such as Oil Refineries, Liquid Natural Gas (LNG) facilities and Co-Generation Facilities. No definitive contracts or agreements have been negotiated or entered into toward the development of any such project, and there is no assurance any will be negotiated or entered into on terms acceptable to the Company, or at all.

Refer to Note 13 – Subsequent Events

Tunisia

The Company has applied to build, own and operate a 300,000 barrel per day oil refinery in the Zarzis tax free zone. No definitive contracts or agreements have been negotiated or entered into in this regard, and there is no assurance any will be negotiated or entered into on terms acceptable to the Company, or at all.

WINFIELD RESOURCES LIMITED

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2007 and 2006

5. PROJECT DEVELOPMENT COSTS (CONT'D)

Rwanda

The Company has engaged TDI Technology Inc. to investigate the potential of the Company engineering, procuring, constructing and managing a new fuel ethanol facility using indigenous feed stocks. The Company intends to identify the most appropriate feedstock and the optimal technology necessary to transforming the biomass into fuel ethanol. The Company is currently seeking 100% debt financing to build a 45 million litre per year facility. No definitive contracts or agreements have been negotiated or entered into in this regard, and there is no assurance any will be negotiated or entered into on terms acceptable to the Company, or at all.

Mauritania

The Company is investigating opportunities in the oil sector in this country. No contracts or agreements have been negotiated or entered into, and there is no assurance any will be negotiated or entered into on terms acceptable to the Company, or at all.

Refer to Note 13 – Subsequent Events

High Level, Alberta

The Company has retained the services of TDI Technology Inc. to conduct a technical feasibility study to direct the Company in undertaking the development of a fuel ethanol capital project in the High Level (or Peace River) area of Alberta. No contracts or agreements have been negotiated or entered into toward the development of any such project, and there is no assurance any will be negotiated or entered into on terms acceptable to the Company, or at all.

Atlin Property, British Columbia

On January 16, 2004, the Company paid \$15,000 for a 25% interest in the direct ownership of gold mineral claims located in the Atlin Mining District of British Columbia. The Company has an interest in four post claims of 20 units (each unit is 500m X 500m) and two post claims. *Refer to Note 10 – Commitments and Contingencies*

Ringo Property, Manitoba

The Ringo Property is located within the main camp of the Flin Flon Greenstone Belt. The Ringo Drill Program planned for winter 2009 will test the down dip extension of a laterally extensive and exposed mineralized horizon located parallel to, and just west of the Ringo Property boundary. The mineralized horizon dips east onto the Ringo Property.

WINFIELD RESOURCES LIMITED

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2007 and 2006

6. SHARE CAPITAL AND CONTRIBUTED SURPLUS

	Number	\$	Contributed Surplus \$
Authorized:			
250,000,000 common shares without par value			
Issued:			
Balance as at December 31, 2005	20,205,653	2,390,129	157,978
Private placements	13,100,000	1,035,000	-
Exercise of stock options	610,000	61,000	-
Transfer from contributed surplus upon exercise of options	-	38,056	(38,056)
Cash share issuance costs	-	(8,700)	-
Share-based compensation expense – stock options	-	-	190,984
Fair value of warrants issued as finder fees	-	(60,209)	60,209
Balance as at December 31, 2006	33,915,653	3,455,876	371,115
Exercise of share purchase warrants	10,775,000	1,593,750	-
Exercise of stock options	1,750,000	175,000	-
Private placements	5,930,000	593,000	-
Transfer from contributed surplus upon exercise of options	-	193,856	(193,856)
Cash share issuance costs	-	(27,600)	-
Share subscriptions receivable	-	(12,000)	-
Share-based compensation expense – stock options	-	-	742,499
Fair value of warrants issued as finder fees	-	(46,920)	46,920
Balance as at December 31, 2007	52,370,653	5,924,962	966,678

2007 Transactions

On March 28, 2007, the Company completed a 2,630,000 unit private placement at \$0.10 per unit for gross proceeds of \$263,000. Each unit consists of one common share and one non-transferable share purchase warrant. Each warrant will entitle the holder to acquire one additional common share at a price of \$0.15 per share until March 28, 2009. The Company paid \$17,700 in share issuance costs.

On June 25, 2007, the Company completed a 3,300,000 unit private placement at \$0.10 per unit for gross proceeds of \$330,000. Each unit consists of one common share and one non-transferable share purchase warrant. Each warrant will entitle the holder to acquire one additional common share at a price of \$0.15 per share until June 22, 2009. The Company paid \$9,900 in brokerage commissions and issued 204,000 broker's warrants, valued at \$46,920 using the Black-Scholes option pricing model.

During the year, the Company received \$1,581,750 and \$175,000 for the exercise of 10,775,000 share purchase warrants and 1,750,000 stock options, respectively. As at December 31, 2007, the Company has a share subscription receivable balance of \$12,000 which relates to the under-payment of share proceeds on certain purchase warrant exercises.

The common shares issued on exercise of the 10,775,000 share purchase warrants include 150,000 shares that were issued in duplicate. The error was discovered subsequent to the year end and the respective shares have been returned to treasury and cancelled. Refer to Note 13 – Subsequent Events

6. SHARE CAPITAL AND CONTRIBUTED SURPLUS (CONT'D)

WINFIELD RESOURCES LIMITED

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2007 and 2006

2006 transactions

On March 17, 2006, the Company completed a non-brokered private placement of 5,500,000 units at \$0.05 per unit for gross proceeds of \$275,000. Each unit consisted of one common share and one non-transferable share purchase warrant. Each warrant enables the holder to acquire an additional common share at \$0.15 per share until March 17, 2008.

On June 1, 2006, the Company completed a non-brokered private placement of 3,000,000 units at \$0.10 per unit for gross proceeds of \$300,000. Each unit consisted of one common share and one non-transferable share purchase warrant. Each warrant enables the holder to acquire an additional common share at \$0.15 per share until June 1, 2008. Finder's fees for this private placement comprised \$5,500 in cash and 400,000 warrants, valued at \$24,248 using the Black-Scholes option pricing model, which are exercisable at \$0.15 per share until June 1, 2008.

On December 21, 2006, the Company completed a non-brokered private placement of 4,600,000 units at \$0.10 per unit for gross proceeds of \$460,000. Each unit consisted of one common share and one non-transferable share purchase warrant. Each warrant enables the holder to acquire an additional common share at \$0.15 per share until December 21, 2008. Finder's fees for this private placement comprised \$7,600 in cash and 685,500 warrants, valued at \$35,961 using the Black-Scholes option pricing model, which are exercisable at \$0.15 per share until December 21, 2008.

In addition, the Company issued 610,000 common shares for the exercise of stock options for gross proceeds of \$61,000.

Escrowed Shares

Pursuant to an Escrow Agreement dated March 21, 2000, all 8,877,853 common shares issued prior to the Company's initial public offering were deposited with Pacific Corporate Trust Company to be held in escrow. The Escrow Agreement provides that the escrowed shares may not be traded, released, transferred or dealt in any manner without the consent of the Executive Director of the Alberta Securities Commission. The Executive Director will normally consent to the release of 15% of the escrowed shares upon completion of the offering, a further 25% upon completion of the Company's work program and thereafter, a further 15% on each of the second, third, fourth and fifth anniversaries of the initial release, but may consent to an early release. As at December 31, 2007, there were 2,219,463 (2006: 2,219,463) shares held in escrow.

WINFIELD RESOURCES LIMITED
Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2007 and 2006

7. STOCK OPTIONS AND WARRANTS

Options

The Company has established a Stock Option Plan for the benefit of directors, officers and employees. Under the Plan, the directors may reserve, from treasury, a number of shares not exceeding 10% of the issued and outstanding common shares of the Corporation for the granting of options to designated recipients. All options vest immediately upon grant but certain options may be subject to vesting restrictions at the board of director's discretion.

The following table summarizes activity under the stock option plan for the years ended December 31, 2007 and 2006:

	Number of Options		Weighted Average Exercise Price
December 31, 2005	2,000,000	\$	0.12
Granted	1,850,000		0.10
Exercised	(610,000)		(0.10)
December 31, 2006	3,240,000	\$	0.11
Granted	1,950,000		0.40
Exercised	(1,750,000)		0.10
Cancelled / expired	(200,000)		(0.25)
December 31, 2007	3,240,000	\$	0.28

At December 31, 2007, the Company had the following stock options outstanding:

Exercise Prices \$	Number of Shares	Weighted Average Remaining Contractual Life (years)
0.10	1,290,000	3.01
0.40	1,950,000	4.49
	3,240,000	3.90

Stock-Based Compensation

During the year ended December 31, 2007, the Company recorded non-cash stock-based compensation of \$742,499 for the vesting of 125,000 stock options (originally granted 500,000 options on March 20, 2006), and the grant of 1,950,000 stock options on June 27, 2007. Of the 1,950,000 stock options granted, 1,350,000 were granted to consultants, resulting in \$499,500 recorded as stock based compensation. The stock-based compensation recognized on the statement of operations and deficit was recorded with a corresponding entry to contributed surplus on the balance sheet. The Company used the Black-Scholes option pricing model to calculate the stock-based compensation.

WINFIELD RESOURCES LIMITED
Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2007 and 2006

7. STOCK OPTIONS AND WARRANTS (CONT'D)

The following weighted average assumptions were used for the Black-Scholes valuation of stock options vested during the period:

	2007	2006
Risk-free interest rate	4.57%	3.96%
Expected life of options	5 years	5 years
Annualized volatility	167.89%	135.64%
Dividend rate	0.00%	0.00%

Warrants

The following table summarizes outstanding warrants activity for the years ended December 31, 2007 and 2006:

	Number of Warrants	Weighted Average Exercise Price
December 31, 2005	6,527,800	\$ 0.16
Issued	14,185,500	0.15
Cancelled / expired	(2,527,800)	(0.18)
December 31, 2006	18,185,500	0.15
Granted	6,134,000	0.15
Exercised	(10,775,000)	0.15
Cancelled / expired	(450,000)	(0.15)
December 31, 2007	13,094,500	\$ 0.15

Outstanding warrants as at December 31, 2007 are:

Number of Warrants Available	Exercise Price	Expiry Date
2,148,000	0.15	March 17, 2008
1,258,000	0.15	June 1, 2008
4,410,500	0.15	December 21, 2008
1,774,000	0.15	March 28, 2009
3,504,000	0.15	June 22, 2009
13,094,500	0.15	

For details on warrants issued, exercised and or expired subsequent to year end, refer to Note 13 – Subsequent Events.

7. STOCK OPTIONS AND WARRANTS (CONT'D)

WINFIELD RESOURCES LIMITED

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2007 and 2006

During the year ended December 31, 2007, the Company issued 204,000 (2006: 1,085,500) warrants in connection with certain financing transactions described in Note 6. The fair value of these warrants was estimated on the issue dated using the Black-Scholes option pricing model with the following weighted average assumptions:

	2007	2006
Risk-free interest rate	4.62%	3.99%
Expected life of warrants	2 years	2 years
Annualized volatility	158.71%	120.69%
Dividend rate	0.00%	0.00%

Using the above noted estimates, the fair value of each warrant was determined to be \$0.23 (2006:\$0.06) for total share issuance costs of \$46,920 (2006: \$60,209).

8. RELATED PARTY TRANSACTIONS

	2007	2006
	\$	\$
Consulting fees and public company costs paid to corporations controlled by former officers and directors of the Company	-	5,000
Financial consulting fees paid to a Director of the Company	20,000	-
Consulting fees paid to an Officer of the Company providing internal accounting	5,000	-
Management fees paid to a shareholder corporation which is controlled by a director of the Company	60,000	60,000

The above transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

As at December 31, 2007, there is \$53,893 (2006 - \$28,928) due from a Corporation, which is controlled by a director of the Company.

WINFIELD RESOURCES LIMITED
Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2007 and 2006

9. INCOME TAXES

The following table reconciles the amount of income tax recoverable on application of the statutory Canadian federal and provincial income tax rate:

	2007	2006 (Restated – Note 3 & 14)
Canadian statutory income tax rate	34.12%	34.12%
Income tax recovery at statutory rate	\$ (1,007,000)	\$ (465,000)
Tax effect of:		
Expiry of non-capital losses	16,800	19,900
Permanent differences and other	255,000	71,200
Change in enacted tax rates	135,000	12,100
Change in valuation allowance	600,200	361,800
Provision for income taxes	-	-

The tax effect of the significant temporary differences which comprise future tax assets and liabilities are as follows:

	2007	2006 (Restated – Note 3 & 14)
Future income tax assets	\$	\$
Non-capital loss carry-forwards	674,000	685,000
Equipment and other assets	744,000	121,100
Share issuance costs	34,000	40,500
Other	-	5,200
Total gross future income tax assets	1,452,000	851,800
Valuation allowance	(1,452,000)	(851,800)
Net future income tax asset	-	-

The Company has non-capital losses for income tax purposes of \$2,174,600, which may be carried forward and offset against future taxable income. These losses expire as follows:

2008	\$	192,400
2009		213,200
2010		150,400
2014		236,700
2015		131,400
2026		531,500
2027		719,000
	\$	2,174,600

10. COMMITMENTS AND CONTINGENCIES

WINFIELD RESOURCES LIMITED

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2007 and 2006

The Company is committed, pursuant to a Property Option Agreement on the Ringo Property, to the following payments:

Option payments of \$35,000
Exploration expenditures of \$1,050,000

These payments were due by December 31, 2004; however, the grantor of the option has not taken steps to cancel the agreement. It is the Company's intent to incur expenditures sufficient to satisfy escrow requirements; however, that amount will not fully satisfy the terms of the option agreement. These expenditures may be made with funds to be raised during the respective year.

11. SEGMENTED INFORMATION

The Company operates in one business segment and two geographic regions, as follows:

2007	Canada	Africa	Total
Net Loss	\$ 1,863,179	\$ 1,087,478	\$ 2,950,657
Total	\$ 1,863,179	\$ 1,087,478	\$ 2,950,657
Assets			
Cash	\$ 288,061	\$ -	\$ 288,061
Short-term investments	33,467	-	33,467
Equipment	12,861	-	12,861
Other	123,413	-	123,413
Total	\$ 457,802	\$ -	\$ 457,802

WINFIELD RESOURCES LIMITED
Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2007 and 2006

11. SEGMENTED INFORMATION (CONT'D)

2006 (Restated - Note 14)	Canada		Africa		Total
Net Loss	\$	800,242	\$	269,856	\$ 1,070,098
Total	\$	800,242	\$	269,856	\$ 1,070,098
Assets					
Cash	\$	186,791	\$	-	\$ 186,791
Equipment		6,880		-	6,880
Other		78,271		-	78,271
Total	\$	271,942	\$	-	\$ 271,942

12. CHANGES IN NON-CASH WORKING CAPITAL

	2007	2006
	\$	\$
FINANCING ACTIVITIES		
Prepaid expenses and deposits	-	2,000
Accounts payable and accrued liabilities	-	(16,000)
	-	(14,000)

WINFIELD RESOURCES LIMITED

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2007 and 2006

13. SUBSEQUENT EVENTS

The Company has cancelled 150,000 common shares subsequent to year end, due to duplicate shares issued for purchase warrants exercised during the fiscal year (see Note 6).

The Company has issued 1,719,666 common shares upon the exercise of purchase warrants for gross proceeds of \$257,950, and 10,350,834 purchase warrants have expired.

On January 18, 2008 the Company granted 1,972,000 stock options with an exercise price of \$0.20 per share and an expiry date of January 18, 2013 to an officer, a director and a consultant of the Company.

On February 5, 2008 the Government of Mauritania issued the Company a license to refine petroleum products, for a term of 25 years.

On February 11, 2008, the Company created a 100% wholly owned Barbados subsidiary to manage its international operations, and to operate under the existing income tax treaty signed January 22, 1980 between the Government of Canada and the Government of Barbados. The Barbadian corporate tax rate is 3%.

On March 14, 2008 the Company closed a non brokered private placement of 3,000,000 units at \$0.15 per unit, each unit being comprised of one common share and one warrant to acquire an additional common share at a price of \$0.20 per share on or before March 14, 2009.

On March 27, 2008, the Company received conditional approval from the National Oil Corporation ("NOC") of Libya for the allotment of 150,000 bbls/day of crude oil from the NOC, specifically Amna and Sirtica blends for Winfield's proposed new stand alone oil refinery at Ras Lanuf, Libya.

On May 29, 2008 the Libyan Foreign Investment Board approved the Company's application to build, own and operate 300,000 bbl/day oil refinery at the Port of Ras Lanuf in the Great Jamahiriya of Libya.

14. RESTATEMENT OF 2006 CONSOLIDATED FINANCIAL STATEMENTS

The 2006 consolidated financial statements have been restated to reflect the expensing of project development costs. Management has determined that the amounts capitalized as mineral resource properties do not meet the criteria's under Canadian GAAP; therefore, amounts are expensed as project development costs. The effect of this change on the restated consolidated balance sheets of December 31, 2006 and 2005 is to decrease project development costs and increase accumulated deficit by \$335,204 and \$65,348, respectively. The effect of this change on the restated consolidated statements of operations for the year ended December 31, 2006 and 2005 is to increase net loss by \$269,856 and \$65,348 respectively; and the restated net loss per share increased by \$0.01 and \$0.00, respectively.