



winfield  
resources  
limited

## Consolidated Financial Statements

TWELVE MONTH PERIOD ENDED  
DECEMBER 31, 2008

(Unaudited)

### UNAUDITED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited financial statements for the period ended.

**WINFIELD RESOURCES LIMITED**  
**Consolidated Balance Sheets**

As at December 31

	Note	2008 (Unaudited) \$	2007 (Audited) \$
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents		387	288,061
Short term investments		24,739	33,467
Other receivables		50,464	38,513
Prepaid expenses and deposits		161,709	31,007
		<b>237,299</b>	<b>391,048</b>
<b>Equipment</b>	3	<b>10,070</b>	12,861
<b>Due from related party</b>	6	<b>89,488</b>	53,893
		<b>336,857</b>	<b>457,802</b>

**LIABILITIES AND SHAREHOLDERS' EQUITY**

**Current Liabilities**

Accounts payable and accrued liabilities		500,366	169,253
Due to related party	6	188,670	-
		<b>689,036</b>	<b>169,253</b>

**Shareholders' equity**

Common shares	5	6,794,840	5,924,962
Contributed surplus	5	1,220,115	966,678
Deficit		(8,367,134)	(6,603,091)
		<b>(352,179)</b>	<b>288,549</b>
		<b>336,857</b>	<b>457,802</b>

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

(Unaudited)

	Three Month Period Ended December 31, 2008 \$	Three Month Period Ended December 31, 2007 \$	Twelve Month Period Ended December 31, 2008 \$	Twelve Month Period Ended December 31, 2007 \$
<b>EXPENSES</b>				
Amortization	838	3,223	3,351	4,255
Bad debt expense	-	54,086	2,830	54,086
Consulting fees	183,246	37,989	694,136	253,146
Insurance	-	13,529	6,006	13,529
Interest and bank charges	1,216	9,864	5,466	9,864
Investor relations, marketing and shareholder information	8,350	7,734	51,350	70,434
Legal, accounting and audit	32,203	67,281	132,772	113,200
Management fees	30,000	15,000	120,000	60,000
Office and general	4,547	18,854	65,552	86,735
Project Development and exploration Costs	32,037	1,480,647	278,057	1,480,647
Regulatory and transfer agent costs	4,317	39,210	30,073	39,210
Rent and occupancy costs	8,450	12,460	55,403	33,255
Stock-based compensation	-	-	256,360	742,499
Travel and related costs	-	(4,677)	65,282	16,496
Website	156	8,417	2,330	17,152
<b>Loss before other items</b>	<b>(305,360)</b>	<b>(1,763,617)</b>	<b>(1,768,968)</b>	<b>(2,994,508)</b>
<b>OTHER ITEMS</b>				
Gain on foreign exchange	(212)	(19,242)	2,698	21,066
Interest and other income	180	22,785	2,227	22,785
Forgiveness on settlement of debt	(72,964)	-	-	-
	<b>(72,996)</b>	<b>(3,543)</b>	<b>4,925</b>	<b>43,851</b>
<b>Net loss and comprehensive loss for the period</b>	<b>(378,356)</b>	<b>(1,760,074)</b>	<b>(1,764,043)</b>	<b>(2,950,657)</b>
<b>Deficit, beginning of period</b>	<b>(7,988,778)</b>	<b>(4,271,685)</b>	<b>(6,603,091)</b>	<b>(3,081,102)</b>
Change in accounting policy	-	(236,128)	-	(236,128)
Correction of an error	-	(335,204)	-	(335,204)
Deficit, beginning of year as restated	-	(4,843,017)	-	(3,652,434)
<b>Deficit, end of period</b>	<b>(8,367,134)</b>	<b>(6,603,091)</b>	<b>(8,367,134)</b>	<b>(6,603,091)</b>
<b>Basic and diluted loss per share</b>	<b>(0.01)</b>	<b>(0.04)</b>	<b>(0.03)</b>	<b>(0.07)</b>
<b>Weighted average number of common shares outstanding</b>	<b>58,140,319</b>	<b>40,019,000</b>	<b>58,140,319</b>	<b>43,006,012</b>

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

## WINFIELD RESOURCES LIMITED

### Consolidated Statements of Cash Flows (Unaudited)

	Three Month Period Ended December 31,2008	Three Month Period Ended December 31,2007	Twelve Month Period Ended December 31,2008	Twelve Month Period Ended December 31,2007
	\$	\$	\$	\$
<b>OPERATING ACTIVITIES</b>				
Net loss for the year	(378,356)	(1,760,074)	(1,764,043)	(2,950,657)
Items not affecting cash flow	-	-	-	-
Amortization	839	3,223	3,351	4,255
Stock-based compensation	-	-	256,360	742,499
Foreign exchange loss(gain)	-	(54)	-	(54)
Changes in non-cash working capital	-	105,961	-	-
Other receivables	(4,371)	(35,265)	(11,951)	(35,265)
Prepaid expenses and deposits	298	15,088	(130,702)	15,088
Accounts payable and accrued liabilities	398,800	71,868	331,113	71,868
Net cash used in operating activities	17,210	(1,599,253)	(1,315,872)	(2,152,266)
<b>FINANCING ACTIVITIES</b>				
Advances to/from related party	(16,660)	(13,017)	153,075	(24,911)
Issuance of share capital	-	(32,915)	871,455	2,349,750
Issuance costs	-	25,000	(4,500)	(27,600)
Net cash provided by financing activities	(16,660)	(20,932)	1,020,030	2,297,239
<b>INVESTING ACTIVITIES</b>				
Purchase of equipment	-	(10,236)	(560)	(10,236)
Short-term investments	(180)	(33,467)	8,728	(33,467)
Resource properties - Expensed	-	171,155	-	-
Deferred expenditure -Expensed	-	620,133	-	-
Net change in non-cash working capital	-	3,676	-	-
Net cash used in investing activities	(180)	751,261	8,168	(43,703)
<b>Change in cash and cash equivalents during the period</b>	<b>370</b>	<b>(868,924)</b>	<b>(287,674)</b>	<b>101,270</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>17</b>	<b>1,156,985</b>	<b>288,061</b>	<b>186,791</b>
<b>Cash and cash equivalents, end of period</b>	<b>387</b>	<b>288,061</b>	<b>387</b>	<b>288,061</b>

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, 2008 and 2007**  
**(Unaudited)**

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**1. NATURE OF BUSINESS, GOING CONCERN AND BASIS OF PRESENTATION**

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 Corporation completed its initial public offering and its shares were listed on the TSX Venture Exchange (TSXV). 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.

The Company is currently cease traded on the TSXV for failure to file its annual financial statements.

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 \$8,099,379 (2007: \$6,613,393).

The accompanying unaudited interim consolidated financial statements of the Company have been prepared in accordance with Canadian generally accepted accounting principles for interim financial statements and accordingly do not include all disclosures required for annual financial statements.

These unaudited interim consolidated financial statements follow the same significant accounting policies and methods of application as the Company's consolidated financial statements for the year ended December 31, 2007 (the "Annual Financial Statements"), except as described in Note 2. These interim consolidated financial statements should be read in conjunction with the Annual Financial Statements. In the opinion of management, all adjustments considered necessary for fair presentation have been included.

During 2007 the Company retroactively restated its financial statements to reflect the expensing of project development costs. The comparative figures for the consolidated statements of operations, comprehensive loss and deficit and cash flows have been restated to reflect the change.

**2. CHANGES IN ACCOUNTING POLICIES**

Effective January 1, 2008, the Company adopted 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

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after October 1, 2007. The Corporation does not expect that the adoption of this standard will have a material impact on its financial statements.

Effective January 1, 2008, the Company adopted 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.

**Assessing Going Concern**

Effective January 1, 2008, the Company adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1400 which includes requirements for management to assess and disclose an entity's ability to continue as a going concern. This section relates to disclosures and did not have an impact on the Company's financial results.

**Future accounting changes**

**Goodwill and Intangible Assets** - In October 2007, the CICA approved Handbook Section 3064, "Goodwill and Intangible Assets" which replaces the existing Handbook Sections 3062, "Goodwill and Other Intangible Assets" and 3450 "Research and Development Costs". The standard is effective for years beginning on or after October 1, 2008 and provides guidance on the recognition, measurement and disclosure requirements for goodwill and intangible assets. The Company is assessing the impact of this new section.

**International Financial Reporting Standards ("IFRS")** - In January 2006, the Accounting Standards Board ("AcSB") formally adopted the strategy of replacing financial reporting under Canadian GAAP with financial reporting under IFRS, for Canadian enterprises with public accountability. The current conversion timetable calls for financial reporting under IFRS for accounting periods commencing on or after January 1, 2011. On February 13, 2008, the AcSB confirmed that the use of IFRS will be required in 2011 for publicly accountable for-profit enterprises. Financial reporting under IFRS will be required for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company will be required to prepare comparative financial statements in accordance with IFRS beginning with the three-month period ended December 31, 2010. The Company is currently assessing the impact of IFRS on its consolidated financial statements

**3. EQUIPMENT**

			2008	2007
	Cost	Accumulated Amortization	Net Book Value December 31	Net Book Value December 31
	\$	\$	\$	\$
Computer Equipment	2,804	1,049	1,755	2,194
Office Equipment	13,524	10,266	3,258	3,442
Automobile	8,500	3,443	5,057	7,225
	24,828	14,758	10,070	12,861

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**4. PROJECT DEVELOPMENT COSTS**

	Libya & Tunisia	Rwanda	Mauritania	High Level, AB	Atlin, BC	Ringo, MB	Total
	\$	\$	\$	\$	\$	\$	\$
Costs incurred	91,153	-	186,904	-	-	-	278,057
<b>Balance, December 31, 2008</b>	<b>91,153</b>	<b>-</b>	<b>186,904</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>278,057</b>

***Libya***

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

On March 27<sup>th</sup>, 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 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.

***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.

***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***

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

***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.

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***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.

***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.

**5. SHARE CAPITAL AND CONTRIBUTED SURPLUS**

	Number	\$	Contributed Surplus \$
Authorized:			
250,000,000 common shares without par value			
<b>Balance as at December 31, 2006</b>	<b>33,915,653</b>	<b>3,455,876</b>	<b>371,115</b>
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)
Share issuance costs	-	(74,520)	-
Share subscriptions receivable	-	(12,000)	-
Share-based compensation expense – stock options	-	-	742,499
Fair value of warrants issued as finder fees	-	-	46,920
<b>Balance as at December 31, 2007</b>	<b>52,370,653</b>	<b>5,924,962</b>	<b>966,678</b>
Exercise of share purchase warrants	2,589,666	388,455	-
Exercise of stock options	330,000	33,000	-
Private placements	3,000,000	450,000	-
Transfer from contributed surplus	-	2,923	(2,923)
Share issue costs	-	(4,500)	-
Share-based compensation expense – stock options	-	-	256,360
Cancelled duplicate share issuance	(150,000)	-	-
<b>Balance as at December 31, 2008</b>	<b>58,140,319</b>	<b>6,794,840</b>	<b>1,220,115</b>

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**2008 Transactions**

The Company cancelled 150,000 common shares due to duplicate shares issued for warrants exercised during the 2007 fiscal year.

The Company issued 2,589,666 common shares upon the exercise of purchase warrants and 5,601,834 purchase warrants expired unexercised. The shares were issued during the first and second quarters.

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 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.

**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, 2008, there were 2,219,463 shares held in escrow.

**6. RELATED PARTY TRANSACTIONS**

	December 31, 2008	December 31, 2007
	\$	\$
Management fees paid to a shareholder corporation which is controlled by a director of the Company	120,000	60,000
General consulting fees paid to a shareholder corporation which is controlled by a director of the Company	5,000	-
Financial consulting fees paid to a shareholder corporation which is controlled by a director of the Company	69,000	20,000
Administrative expenses paid to a shareholder corporation which is controlled by a director of the Company	750	
	<b>194,750</b>	<b>80,000</b>

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, 2008, there is \$89,488 (2007 – \$53,893) due from a - director of the Company. The balance is non-interest bearing, due on demand and will be recovered in the ensuing fiscal year.

As of December 31, 2008, a Corporation controlled by a director advanced \$188,670 (2007- Nil) to the Company.

**WINFIELD RESOURCES LIMITED**  
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**7. SEGMENTED INFORMATION**

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

<b>December 31, 2008</b>	<b>Canada</b>		<b>Africa</b>		<b>Total</b>
<b>Net Loss</b>	\$	1,485,986	\$	-	\$ 1,485,986
<b>Assets</b>	\$	366,857	\$	-	\$ 366,857

**8. MANAGING CAPITAL**

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Company considers the items included in shareholders' equity as capital. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In the order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities or return capital to its shareholders. The Company is not subject to externally imposed capital requirements.

**9. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS**

As an exploration company, Winfield is exposed to various financial risk resulting from its operations and financing activities. The directors and officers of the Company manage those risks and seek to minimize potential adverse effects on the financial performance of the Company.

Financial risk

The main financial risks of which the Company is exposed are the following:

Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the Company's functional currency. Management's policy is to review its exposure on a case by case basis.

Interest risk

Cash and cash equivalents and short term investments bear interest at variable rates. Consequently, the Company is exposed to interest rate fluctuation.

The Company does not use financial derivatives to reduce its exposure to interest risk.

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 to ensure that the Company has at his disposal sufficient sources of financing such as private placement. Obtaining additional funds makes it possible for the Company to continue its

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operations, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

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. The Company is subject to concentration of credit risk through its cash held in large Canadian Financial institution.

Fair values

The fair value of the cash and cash equivalents, short term investments, due to related party, accounts payable and promissory notes approximate their book value due to their short term nature.