

**WINFIELD RESOURCES LIMITED**  
**FORM 51-102F1**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**NINE MONTH PERIOD ENDED SEPTEMBER 30, 2004**

The following discussion and analysis, prepared as of November 29, 2004, should be read together with the unaudited consolidated financial statements for the nine month period ended September 30, 2004 and related notes attached thereto, which are prepared in accordance with Canadian generally accepted accounting principles. All amounts are stated in Canadian dollars unless otherwise indicated.

The reader should also refer to the annual audited financial statements for the year ended December 31, 2003 and 2002, and the Management Discussion and Analysis for those years.

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements.

Additional information related to the Company is available for view on SEDAR at [www.sedar.com](http://www.sedar.com) or the Company's website at [www.winfieldresources.com](http://www.winfieldresources.com).

## **Description of Business**

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. The Company's primary focus is the evaluation, acquisition, exploration and development of resource properties.

## **Performance Summary**

The following is a summary of significant events and transactions that occurred during the period:

1. In January of 2004, the Company paid \$15,000 to Jason Heywood for a 25% interest in the direct ownership of gold mineral claims located in the Atlin Mining District of British Columbia.
2. During the nine month period ended September 30, 2004, the Company paid \$90,297 for due diligence on various mineral, oil and natural gas projects in Algeria.
3. In May 2004, the Company had announced that it intended to conduct a private placement for a maximum of \$500,000. The private placement was to consist of a maximum of 5,000,000 units at a price of \$0.10 per unit with each unit consisting of one common share and a warrant to purchase an additional common share at an exercise price of \$0.18 per share for a period of 12 months from closing. The proceeds from the private placement were to be used for the development program on the Daly Field located in southern Manitoba.

During the period the Company announced that the private placement described above was cancelled.

4. The Company amended an Agreement with Rideau Petroleum Ltd. ("Rideau") with respect to a five well development program to be carried out on the Daly Field in southwestern Manitoba. The Company's portion of costs will be \$522,000. The Company and Rideau have mutually agreed to cancel the agreement as the Company could not meet the cash calls.
5. The Company held its Annual General and Special Meeting of Members on June 30, 2004. All proposed resolutions were passed.

## Selected Annual Information

The following table provides a brief summary of the Company's financial operations. For more detailed information, refer to the Financial Statements.

	September 30, 2004		September 30, 2003	
	Three Months	Nine Months	Three Months	Nine Months
Total revenues	\$ -	\$ -	\$ -	\$ -
Net loss before extraordinary items	-	-	(46,121)	(127,675)
Net loss	(57,517)	(131,632)	(46,121)	(127,675)
Basic and diluted loss per share	(0.004)	(0.010)	(0.003)	(0.010)
Total assets	427,378	427,378	321,702	321,702
Total long-term liabilities	-	-	-	-
Cash dividends	-	-	-	-

The Company's accounting policy is to record its mineral properties at cost. Exploration and development expenditures relating to mineral properties are deferred until either the properties are brought into production, at which time they are amortized on a unit of production basis, or until the properties are sold or abandoned, at which time the deferred costs are written off.

The Company has not paid any dividends on its common shares. The Company has no present intention of paying dividends on its common shares, as it anticipates that all available funds will be invested to finance the growth of its business.

## Results of Operations

The Company incurred a loss of \$131,632 (2003 - \$127,675) during the period. Some of the significant expenses are as follows: paid or accrued \$2,264 (2003 - \$1,274) in bank charges and interest, \$18,800 (2003 - \$4,490) in consulting fees, \$Nil (2003 - \$22,933) in investor relations, \$22,280 (2003 - \$Nil) in due diligence costs, \$8,056 (2003 - \$4,272) in legal and audit, \$18,000 (2003 - \$18,000) in management fees, \$8,453 (2003 - \$9,541) in public company costs, and \$45,021 (2003 - \$46,229) in rent and occupancy costs.

The current period consulting fees were considerably higher than the previous period because the Company hired qualified experts to conduct due diligence on several projects throughout the world.

Due diligence fees increased during the period as the Company hired a geologist to evaluate several properties in Western Canada.

## Summary of Quarterly Results

### For the Quarters Ended

	September 30, 2004	June 30, 2004	March 31, 2004	December 31, 2003
Total assets	\$ 427,378	\$ 448,479	\$ 428,355	\$ 318,939
Mineral properties and deferred costs	341,587	364,001	311,338	237,340
Working capital (deficiency)	(19,675)	(9,404)	11,192	(17,420)
Shareholders' equity	324,880	354,597	325,847	223,412
Revenues	-	2,918	1,998	9
Net Loss	(57,517)	(23,550)	(50,565)	(46,074)
Earnings (loss) per share	(0.004)	(0.002)	(0.003)	(0.003)

### For the Quarters Ended

	September 30, 2003	June 30, 2003	March 31, 2003	December 31, 2002
Total assets	\$ 321,702	\$ 337,016	\$ 355,694	\$ 365,287
Mineral properties and deferred costs	241,888	251,501	251,501	251,501
Working capital (deficiency)	(1,112)	(64,822)	(38,028)	(8,705)
Shareholders' equity	244,486	190,607	217,619	247,161
Revenues	-	-	-	155
Net Income (loss)	(46,121)	(52,012)	(29,542)	(279,822)
Earnings (loss) per share	(0.003)	(0.004)	(0.002)	(0.019)

Significant changes in key financial data from 2002 to 2004 can be attributed to the following:

- During March 2004, deferred expenditures increased by \$50,000 for an advance given to the Company's former joint venture partner, Rideau Petroleum, to begin work in the Daly Field. As a result of the cancelled Daly Field agreement, the Company incurred \$17,000 for mobilization costs which have been expensed to due diligence on the income statement. On August 3, 2004, Rideau Petroleum refunded the remaining \$33,000 to the Company.
- During the current period, consulting fees increased because the Company hired qualified experts to conduct due diligence on several projects throughout the world.
- During the 2002 fiscal year, the net loss increased significantly as a result of recognizing \$187,700 in stock-based compensation expense on options granted.
- During the 2002 fiscal year, prepaid expenses increased significantly as a result of a prepaid investor relations contract in the amount of \$73,145.
- During the 2002 fiscal year, deferred expenditures increased by \$124,355 representing the prepayment of a fee for services to be provided with respect to the identification and acquisition of resource properties.
- During the 2002 fiscal year, the Company determined that there was no commercial value to a property on which it had expended \$37,000 and the property was abandoned.

## Liquidity

The Company has financed its operations to date primarily through the issuance of common shares and exercise of stock options. The Company continues to seek capital through various means including the issuance of equity and/or debt.

The financial statements have been prepared on a going concern basis which assumes that the Company will be able realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

	September 30, 2004	December 31, 2003
		(Audited)
Working capital (deficiency)	\$ (19,675)	\$ (17,420)
Deficit	(1,954,233)	(1,822,601)

Net cash used in operating activities for the nine month period ended September 30, 2004 was \$143,902 compared to \$93,636 during the nine month period ended September 30, 2003. The cash used in operating activities for the period consists primarily of the operating loss and a change in non-cash working capital.

Net cash used for investing activities for the nine month period ended September 30, 2004 was \$107,205 compared to \$Nil during the nine month period ended September 30, 2003. Cash used during the current period consists primarily of \$92,205 in due diligence costs on Algerian properties and a \$15,000 payment to purchase a 25% interest in a mineral property.

Financing activities provided cash of \$251,030 during the nine month period ended September 30, 2004, compared to \$82,640 for the nine month period ended September 30, 2003. Cash provided during the current period consisted of share subscriptions received in advance for \$248,100 and advances of \$817 from a shareholder corporation.

## Capital Resources

The Company received \$248,100 in subscription funds and \$4,680 after the end of the third quarter to purchase 2,527,800 units at \$0.10 per unit. Each unit consists of one common share and a warrant to purchase an additional common share at an exercise price of \$0.18 per share for a period of twelve months from closing of the private placement. This private placement has not yet closed.

## Related Party Transactions

The Company entered into the following transactions with related parties:

Paid or accrued management fees of \$18,000 (2003 - \$18,000) to Chase Development Corp. which is controlled by Mr. Michael Foley, an officer and director of the Company.

Paid or accrued consulting fees of \$7,211 (2003 - \$5,442) to PubCo Services Inc. for regulatory services. PubCo Services Inc. is controlled by Mr. Richard Haderer, an officer and director of the Company.

The \$817 (2003 - \$885) due to a shareholder corporation is non-interest bearing and has no formal terms of repayment.

These 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.

## **Financial Instruments**

The Company's financial instruments consist of accounts receivable, bank overdraft, accounts payable and accrued liabilities and an amount due to a shareholder corporation. The Company's management has utilized valuation methodologies available as at the year-end and has determined that the carrying amounts of such financial instruments approximate their fair value in all cases.

The Corporation is not exposed to significant credit risk or interest rate risk.

## **Subsequent Events**

On October 7, 2004, the Company announced that it has arranged a private placement for proceeds of \$252,780. The private placement will consist of 2,527,800 units at a price of \$0.10 per unit, with each unit consisting of one common share and a warrant to purchase an additional common share at an exercise price of \$0.18 per share for a period of 12 months from closing. The proceeds from the private placement will be used for general working capital. To date, the Company has received \$248,100 in share subscriptions and the private placement has not yet closed.

The private placement is subject to regulatory approval.