



## **MANAGEMENT DISCUSSION AND ANALYSIS TWELVE MONTH PERIOD ENDED DECEMBER 31, 2008**

The following management discussion and analysis, prepared as of July 10, 2009, should be read together with the interim financial statements for the twelve month period ended December 31, 2008 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 years ended December 31, 2007 and 2006, and the Management Discussion and Analysis for those years.

### **DESCRIPTION OF BUSINESS**

Winfield Resources Limited (the "Company" or "Winfield") 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.

In April 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.

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.

The Company's intended business includes the building of, ownership and operating of one or more oil refineries in Northern Africa.

On July 25, 2006, the Company became fully licensed and registered at Libyan National Oil Corporation (NOC), and can, operating under Libyan law, engage in all phases of the Libyan Oil and Gas industry. The Company has made applications to engineer, procure, construct and manage oil refineries in North Africa on a build, own, and operate basis.

No definitive contracts or agreements have been negotiated or entered into toward the development of any specific project as yet, and there remains no assurance any will in fact be negotiated or entered into on terms acceptable to the Company, or indeed at all.

### **OVERALL PERFORMANCE**

During the twelve months ended December 31, 2008 the Company spent \$278,057 on project development costs compared to \$1,480,647 for the year ended December 31, 2007.

The Company incurred a loss of \$1,764,043 for the twelve months ended December 31, 2008 compared to a loss of \$2,950,657 for the year ended December 31, 2007. The loss decreased during 2008 primarily due to a decrease in project development costs and a decrease in stock based compensation expense.

The Company raised \$1,004,530 during the twelve months ended December 31, 2008 compared to \$2,297,239 for the year ended December 31, 2007. As at December 31, 2008 the Company had working capital deficiency of \$278,567 compared to working capital of \$221,795 as at December 31, 2007.

The following is a summary of significant events and transactions that occurred during the twelve months ended December 31, 2008:

1. On January 10, 2008 the Company announced that it had made a proposal for its own account, to build, own and operate a 300,000 bbl/day oil refinery at the Port of Ras Lanuf, in the Great Jamahiriya of Libya.
2. On January 25, 2008 the Company announced that it had made a proposal for its own account, to build, own and operate a new 300,000 bbl/day oil refinery at the Port of Nouakchott, in the Islamic Republic of Mauritania.
3. On February 15, 2008 the Company announced it has received a license to refine oil from the Islamic Republic of Mauritania – Ministry of Water, Energy, Information Technology and Communications. This license is a result of Winfield's application for its own account to build, own and operate a new 300,000 bbl/day oil refinery at the Port of Nouakchott, Mauritania; and the Company's meeting with Mauritanian authorities February 2 - 7, 2008, as previously announced January 25, 2008.
4. On March 24, 2008 the Company that it has 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.
5. On March 27, 2008 the Company announced that it had received conditional approval from the National Oil Corporation ("NOC") of Libya to a crude oil supply arrangement.
6. On June 6, 2008 the Company announced that it had received approval from the Libyan Foreign Investment Board ("LFIB") with respect to the Company's application to build, own and operate a new 300,000 barrel per day stand alone oil refinery at Ras Lanuf, in the Great Jamahiriya of Libya. In addition, The Libyan Ministry of Economy, Trade and Investment ("METI") has issued a decree, dated 29/05/2008, granting Winfield the license to refine oil for a term of 25 years.

## **RESULTS OF OPERATIONS**

During the twelve months ended December 31, 2008 the Company incurred a loss of \$1,764,043 compared to a loss of \$2,950,657 for the years ended December 31, 2007. The decrease in the loss for the twelve months ended December 31, 2008 is primarily related to a decrease in the amount of project development costs and stock-based compensation expense. These expenses decreased as a result of a decrease in financing activities for the twelve months ended December 31, 2008 compared to the year ended December 31, 2007. Project development costs include expenses such as due diligence, travel, engineering and consulting. For more information on project developments costs please refer to Project Development Summary.

During the three months ended December 31, 2008 the Company incurred a loss of \$378,356 compared to a loss of \$1,760,074 during the three months ended December 31, 2007. The decrease in the loss for the three months ended December 31, 2008 is primarily related to a decrease in the amount of project development costs and stock-based compensation expense. These expenses decreased as a result of a decrease in financing activities for the three months ended December 31, 2008 compared to the three months ended December 31, 2007. Project development costs include expenses such as due diligence, travel, engineering and consulting. For more information on project developments costs please refer to Project Development Summary.

Consulting fees increased during the three months ended December 31, 2008 due to the engagement of KBC Process Technology Limited related to prepare a bankable feasibility study for the Ras Lanuf Refinery Project in Libya.

The other receivables of \$50,464 are GST owed to the Company by Canada Revenue Agency. The prepaid expenses and deposits are comprised of: a deposit of \$125,000 paid Devereux Project Financing; \$13,324 paid to Maitland & Company, the Company's legal counsel; \$3,385 for a rental security deposit and \$20,000 paid to TDI Technologies Inc., a consultant of the Company. Devereux Project Financing are awaiting receipt from the Company of a Bankable Feasibility Report being prepared by KBC Technologies of London, England. KBC Technologies are halfway through the completion of the Bankable Feasibility Report. The deposit is refundable if Devereux Project Finance fails to deliver refinery project financing within twelve months of receipt of the KBC Technologies Bankable Feasibility Report.

The \$89,488 is due from Michael Foley, an officer and director of the Company. This amount is a combination of cash advances paid to Mr. Foley reduced by expenses incurred on behalf of the Company. In some cases advances are offset with management fees or direct expenses incurred on behalf of the Company.

## **PROJECT DEVELOPMENT SUMMARY**

*The following information relating to the Company's Development Projects is forward-looking information.*

*The reader is cautioned that assumptions used in the preparation of forward-looking information, which are considered reasonable by Winfield at the time of preparation, may prove to be incorrect. Actual results achieved will vary from the information provided and the variations may be material. The material risk factors that could cause actual results to differ materially from the forward-looking information below include unavailability of financing and, a shortage of qualified personnel.*

*The material factors or assumptions used to develop the forward-looking information below include adequate financing and, sufficient qualified personnel.*

*The Company's policy on updating forward-looking is on a quarterly basis to evaluate the assumptions, material factors and material risk factors and update the forward-looking information accordingly.*

## **ALBERTA**

On December 22, 2006 the Company retained the services of TDI Technology Inc. ("TDI") 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. On March 12, 2007 the Company announced that it had received TDI's feasibility report for a proposed new integrated ethanol feedlot facility to be located near High Level in Alberta. The Company hopes to use the feasibility report as a basis to raise funding for the construction and operation of such a facility. 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**

On January 16, 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. The Company has an interest in four post claims of 20 units (each unit is 500m X 500m) and two post claims (each is 500m X 500m). The Company has not received any cash call toward any work program on the Atlin Property. The property is presently on care and maintenance, with the majority owners investigating sale or joint venture opportunities.

## **RINGO PROPERTY**

The Company maintains an option to acquire a 60% interest in the Ringo Property. The Ringo Property is located within the main camp of the Flin Flon Greenstone Belt, one of the most prolific copper-zinc-silver-gold volcanogenic massive sulphide mining districts in the world. Over 148 million tonnes of copper-zinc-massive sulphide ore has been mined or is part of the inventory of thirty past producing or producing mines situated within the belt. The Company anticipates a winter 2009 drilling program consisting of up to 2000 metres, subject to weather conditions and drilling rig availability. The Ringo drill program 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. There is no guarantee that the drilling program will result in a commercially viable resource as better defined by NI 43-101.

## **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 with the Libyan National Oil Corporation (NOC), and can, operating under Libyan law; engineer, procure, construct and manage Oil Refineries and Petrochemical Factories.

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.

On February 8, 2007, the Company announced that it was awarded a US\$250,000 contract to service the NOC oil refinery in Tobruk, Libya. This verbal award has since been rescinded as the Libyan authorities have revised their contracting process from tender to joint venture or to private investment applications. 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.

On June 6, 2008 the Company announced that it has received approval from the Libyan Foreign Investment Board ("LFIB") with respect to the Company's application to build, own and operate a new 300,000 barrel per day stand alone oil refinery at Ras Lanuf, in the Great Jamahiriya of Libya.

In addition, The Libyan Ministry of Economy, Trade and Investment ("METI") has issued a decree, dated May 29, 2008, granting Winfield the license to refine oil for a term of 25 years.

Category	Libya and Tunisia Project Development Costs for the twelve months ended December 31, 2008	Libya and Tunisia Project Development Costs for the year ended December 31, 2007
Due Diligence	-	\$417,223
Engineering	-	133,343
Legal	-	10,000
Geological Consulting	-	28,890
Office	\$8,202	23,993
Salaries	62,407	109,502
Travel	20,544	120,221
<b>TOTAL</b>	<b>\$91,153</b>	<b>\$843,172</b>

#### **MAURITANIA**

The Company announced on February 5, 2008 that it has received a license to refine oil from the Islamic Republic of Mauritania – Ministry of Water, Energy, Information Technology and Communications. This license is a result of Winfield's application for its own account to build, own and operate a new 300,000 bbl/day oil refinery at the Port of Nouakchott, Mauritania.

The license is subject to a number of conditions, including: (i) giving priority to acquiring feedstock from sources within Mauritania; (ii) abiding by all applicable environmental laws; (iii) giving priority to selling refined petroleum products to consumers in Mauritania; and (iv) paying royalties in favour of the National Oil Commission.

Category	Mauritania Project Development Costs for the twelve months ended December 31, 2008	Mauritania Project Development Costs for the year ended December 31, 2007
Licenses	\$142,554	
Consulting fees	2,073	
Office Rent	42,277	
Due Diligence		\$2,255
Financial Consulting		15,690
Travel		17,869
<b>TOTAL</b>	<b>\$186,904</b>	<b>\$35,814</b>

#### **TUNISIA**

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

The Company has made application to engineer, procure, construct and manage a 300,000 barrel per day oil refinery in the Port of Zarzis, tax free zone, on a build, own, operate and transfer basis. 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 to investigate the potential of the Company 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 transform the selected 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.

## SUMMARY OF QUARTERLY RESULTS

### For the Quarters Ended

	December 31, 2008	September 30, 2008	June 30, 2008	March 31, 2008
Total assets	\$ 336,857	\$ 316,413	\$ 365,843	\$ 426,805
Working capital	(278,567)	214,842	34,515	185,231
Shareholders equity	(367,679)	26,172	132,427	261,616
Revenues	-	-	-	-
Net loss	(378,356)	(136,255)	(282,432)	(967,000)
Loss per share	(0.002)	(0.002)	(0.005)	(0.018)

### For the Quarters Ended

	December 31, 2007	September 30, 2007	June 30, 2007	March 31, 2007
Total assets	\$ 457,802	\$ 1,298,245	\$ 548,928	\$ 223,837
Working capital	221,795	1,259,402	519,307	122,237
Shareholders equity	288,549	1,259,402	519,307	122,237
Revenues	-	-	-	-
Net loss	(968,786)	(417,720)	(1,256,380)	(311,739)
Net loss per share	(0.019)	(0.010)	(0.035)	(0.009)

The availability of financing for project development costs is the main factor in variations over the quarters. The Company's business is not seasonal. The Company had significant increases in losses during the quarters ended June 30, 2007 December 31, 2007 and March 31, 2008 as a result of an increase in the amount of project developments costs incurred and then expensed during these quarters.

## LIQUIDITY

The Company has financed its operations to date primarily through the issuance of common shares. 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.

	December 31, 2008	December 31, 2007
Deficit	\$ (8,367,134)	\$ (6,603,091)
Working capital (deficiency)	(278,567)	221,795

Net cash used in operating activities for the twelve months ended December 31, 2008, was \$1,300,372 compared to \$2,152,266 during the previous comparative period. The cash used in operating activities for the period consists primarily of the operating loss and a change in non-cash working capital.

Financing activities provided net cash of \$1,004,530 during the twelve months ended December 31, 2008, compared to \$2,297,239 in the previous comparative period. The primary sources of cash during the current period were a private placement (\$450,000) and the exercise of stock options and warrants (\$421,450).

Net cash provided by investing activities for the twelve months ended December 31, 2008, was \$8,168 compared to net cash used of \$43,703 during the comparative period.

## CAPITAL RESOURCES

During the twelve month period ended December 31, 2008 the Company received \$33,000 upon the exercise of 330,000 stock options. These stock options were exercised during the first and second quarters.

During the twelve month period ended December 31, 2008 the Company received \$388,450 upon the exercise of 2,589,666 share purchase warrants. These warrants were exercised during the first and second quarters.

On March 14, 2008, the Company completed a 3,000,000 unit non-brokered private placement at \$0.15 per unit for gross proceeds of \$450,000. Each unit consists of one common share and one non-transferable share purchase warrant. Each warrant entitles the holder to acquire one additional common share at a price of \$0.20 per share on or before March 14, 2009. The Company paid or accrued \$5,250 in finder's fees with respect to the private placement.

On April 22, 2009 Winfield completed a private placement of 3,000,000 units at a price of \$0.05 per unit. Each unit consisted of one common share and a warrant to purchase an additional common share at an exercise price of \$0.10 per share on or before April 22, 2011.

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.

## RELATED PARTY TRANSACTIONS

	December 31, 2008	December 31, 2007
	\$	\$
Management fees paid to a shareholder corporation which is controlled by Robert Michael Foley, a director and officer of the Company	120,000	60,000
General consulting fees paid to a shareholder corporation which is controlled by Ken Tangen, a director of the Company	5,000	-
Financial consulting fees paid to a shareholder corporation which is controlled by Mark Parfitt, a director of the Company	69,000	20,000
Administrative expenses paid to a shareholder corporation which is controlled by Ken Tangen, 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 September 30, 2008, there is \$89,488 (2007 – \$53,893) due from Michael Foley, a director and officer of the Company. The balance is non-interest bearing, due on demand and will be recovered in the ensuing fiscal year.

As of September 30, 2008, a Corporation controlled by Michael Foley, a officer and director of the Company, advanced \$188,670 (2007- Nil) to the Company.

## FINANCIAL RISK FACTORS

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

### *Credit risk*

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's believes it has no significant credit risk.

### *Liquidity risk*

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due.

### *Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

#### (a) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company is satisfied with the credit ratings of its banks.

#### (b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash and accounts payable and accrued liabilities that are denominated in US Dollars (US).

## **CHANGES IN ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS**

### **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.

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.

### **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 have not been re-stated.

#### 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.

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 receivable 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.

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.

#### CURRENT OUTSTANDING SHARE DATA

Common shares (basic)	61,140,319
Options and Warrants	<u>7,292,000</u>
Common shares (fully-diluted)	68,432,319

#### Stock Options

Number	Exercise Price	Expiry Date
1,472,000	\$0.20	January 18, 2013
1,950,000	\$0.40	June 27, 2012
170,000	\$0.10	December 13, 2011
700,000	\$0.10	November 1, 2010
<b>4,292,000</b>		

## Warrants

Number	Exercise Price	Expiry Date
3,000,000	\$0.10	April 22, 2011
<b>3,000,000</b>		

## RISKS AND UNCERTAINTIES

### RAS LANUF

CAUTIONARY NOTES: The Company wishes to confirm that notwithstanding receipt of the LFIB approval and the METI decree, construction of the proposed refinery is subject to a number of logistical matters including the sourcing of the crude oil feedstock, site location, feasibility study and project financing. There is no assurance that: (i) the Company will be able to source the necessary crude oil feedstock; (ii) the Company will be able to secure an acceptable site; (iii) a feasibility study will determine that the proposed refinery will be economic; (iv) the Company will be able to raise either interim financing for all pre-construction matters or project financing; or (v) the Company will be able to construct and operate a refinery at the Port of Ras Lanuf on terms acceptable to the Company, or at all.

### MAURITANIA

CAUTIONARY NOTES: The Company wishes to confirm that the grant of the license from the Mauritanian authorities is conditional, and subject to a number of logistical matters including sourcing crude oil feedstock, financing and site location. There is no assurance the Company will be able to construct and operate a refinery at the Port of Nouakchott on terms acceptable to the Company, or at all. There is also no assurance the Company will be able to source crude oil feedstock or financing for such refinery project.