

WINFIELD RESOURCES LIMITED

Consolidated Financial Statements

December 31, 2001

Auditor's Report

**To the Directors of
WINFIELD RESOURCES LIMITED**

I have audited the consolidated balance sheets of Winfield Resources Limited as at December 31, 2001 and December 31, 2000 and the consolidated statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with Canadian Generally Accepted Auditing Standards. Those standards require that I 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 my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2001 and December 31, 2000 and the results of its operations and its cash flows for the years then ended in accordance with Canadian Generally Accepted Accounting Principles.

"Signed"

Calgary, Alberta
May 13, 2002

**STAN PELOSKI
Chartered Accountant**

WINFIELD RESOURCES LIMITED
Consolidated Balance Sheets

As at December 31

	Note	2001	2000
		\$	\$
Assets			
Current Assets			
Cash		462	72,057
Short term deposit		-	5,750
Accounts receivable		16,443	8,714
Prepaid expenses and deposits		3,000	33,051
		<u>19,905</u>	<u>119,572</u>
Property and Equipment	4	213,307	186,559
		<u>233,212</u>	<u>306,131</u>
Liabilities			
Current Liabilities			
Operating overdraft		7,034	-
Accounts payable and accrued liabilities		47,388	23,729
Due to shareholder corporation	10	3,223	959
		<u>57,645</u>	<u>24,688</u>
Shareholders' Equity			
Share Capital	5	1,399,563	1,288,313
Deficit	3	<u>(1,223,996)</u>	<u>(1,006,870)</u>
		175,567	281,443
		<u>233,212</u>	<u>306,131</u>

Approved on Behalf of the Board:

"signed"

Richard Haderer, Director

"signed"

Robert Wilson, Director

WINFIELD RESOURCES LIMITED
Consolidated Statements of Operations and Deficit

For the Years Ended December 31

	Note	2001	2000
		\$	\$
Revenue			
Interest		214	5,425
Expenses			
Rent and occupancy costs		34,875	27,105
Legal and audit	10	31,180	33,771
Management fees	10	24,000	24,000
Travel		22,728	31,776
Office and general		21,711	19,397
Public company costs		11,951	2,744
Entertainment and promotion		6,933	22,908
Consulting fees	10	5,975	36,000
Amortization		786	582
Bank charges		493	781
		<u>160,632</u>	<u>199,064</u>
Loss before the following		(160,418)	(193,639)
Loss on Abandonment of Mineral Resource Properties	4	<u>56,708</u>	<u>696,554</u>
Loss before income taxes		(217,126)	(890,193)
Income Taxes Recovered	3, 6	<u>-</u>	<u>132,000</u>
Net Loss		(217,126)	(758,193)
Deficit, beginning of year		(1,006,870)	(232,577)
Adjustment for Change in Accounting Policy	3	-	(16,100)
Deficit, end of year		<u>(1,223,996)</u>	<u>(1,006,870)</u>
Loss per share			
On loss before loss on abandonment	5	<u>(0.014)</u>	<u>(0.006)</u>
On net loss		<u>(0.018)</u>	<u>(0.076)</u>

WINFIELD RESOURCES LIMITED
Consolidated Statements of Cash Flows

For the Years Ended December 31

	Note	2001	2000
		\$	\$
Operating Activities			
Net loss		(217,126)	(758,193)
Items not affecting cash flow			
Amortization		786	582
Loss on abandonment of mineral resource properties		56,708	696,554
Income taxes recovered		-	(132,000)
Cash flow deficiency from operations		(159,632)	(193,057)
Net change in non-cash working capital	8	16,201	(17,186)
Cash used in operating activities		(143,431)	(210,243)
Financing Activities			
Advances from/(to) shareholder corporation		2,264	(1,620)
Issuance of share capital		111,250	557,773
Cash provided by financing activities		113,514	556,153
Investing Activities			
Short term deposit		5,750	-
Property and equipment		(84,242)	(244,970)
Net change in non-cash working capital	8	29,780	(28,380)
Cash used in investing activities		(48,712)	(273,350)
Increase (decrease) in cash		(78,629)	72,560
Cash (deficiency), beginning of year		72,057	(503)
Cash (deficiency), end of year		(6,572)	72,057
Cash (deficiency) comprises:			
Cash		462	72,057
Operating overdraft		(7,034)	-
		(6,572)	72,057
Cash Flow Deficiency from Operations per share	5	(0.014)	(0.019)
Supplemental Information on Non-Cash Transactions			
Issuance of shares for mineral resource properties		-	50,000

December 31, 2001

1. Nature of Business

Winfield Resources Limited (the Corporation) was 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 Canadian Venture Exchange (CDNX). The Corporation's primary focus is the evaluation, acquisition, exploration and development of resource properties.

2. Significant Accounting Policies

The financial statements of the Corporation have been prepared in accordance with accounting principles generally accepted in Canada. Significant accounting policies are summarized below:

CONSOLIDATION

These consolidated financial statements include the accounts of the Company and its wholly owned Bahamian subsidiary, MacAllan Inc. MacAllan Inc has not undertaken any business activity to date.

MINERAL RESOURCE PROPERTIES

All expenditures relating to the acquisition of mining claims and permits and exploration thereof have been capitalized. The Corporation is presently evaluating these properties for the presence of mineral resources. Such resources have yet to be identified and accordingly the costs related to these properties are not yet subject to depletion. When a commercially acceptable level of sales has been attained, these capitalized costs will be depleted, using the unit of production method based upon estimated proven reserves as determined by independent engineers.

Management has determined that, at present, the Corporation has no material obligation for future removal and site restoration costs.

OFFICE EQUIPMENT

Office equipment is recorded at cost and amortized at the rate of 20% per annum, using the declining balance method.

DEFERRED EXPENDITURES

The Corporation 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.

FLOW-THROUGH SHARES

Under the provisions of the Income Tax Act (the "Act"), a corporation may issue shares, the proceeds of which are used to incur qualifying expenditures as defined in the Act. The subscriber for these shares, and not the Corporation, is entitled to deduct these qualifying expenditures for Income Tax purposes.

In the year the qualifying expenditures are incurred, share capital is reduced by the estimated benefit of the tax deductions renounced by the Corporation and the future income tax liability is increased by the same amount.

December 31, 2001

2. Significant Accounting Policies, continued

PER SHARE AMOUNTS

The Corporation uses the treasury stock method of computing diluted earnings and cash flow per share. Under this method, only options having an exercise price greater than the market price are included in the diluted weighted average number of shares. It is also assumed that the proceeds of exercise of those options is used to repurchase the Corporation's at the average market price experienced during the reporting period. The diluted weighted average number of shares is reduced by the number of shares which could have been repurchased.

STOCK BASED COMPENSATION PLANS

The Corporation has a stock-based compensation plan, as described in Note 5. No compensation expense is recognized for this plan when stock or stock options are issued to directors, officers, employees and consultants and the consideration paid by the option holders on exercise of stock options or purchase of stock is credited to share capital on the date of exercise.

INCOME TAXES

The Corporation records income taxes using the liability method of accounting. Under this method, future income taxes are recorded based on temporary differences between the accounting value and the income tax value of an asset or liability and on the benefit of losses and other deductions available to be carried forward to future years, for income tax purposes, to the extent they are likely to be realized.

MEASUREMENT UNCERTAINTY

The carrying value assigned to the mineral resource properties is based on actual costs incurred. The ability of the Corporation to recover these costs is dependent upon the existence of economically recoverable reserves, obtaining the financing necessary to complete their development and upon future profitable operations.

3. Change in Accounting Policy

Effective January 1, 2000, the Corporation adopted, retroactively without restating prior years, the liability method [Note 2] of accounting for income taxes as recommended by the Canadian Institute of Chartered Accountants. The Corporation adopted the recommendations by recording an increase in mineral resource properties of \$115,900, an increase in future income tax liability of \$132,000 and an increase in deficit \$16,100.

WINFIELD RESOURCES LIMITED
Notes to Consolidated Financial Statements

December 31, 2001

4. Property and Equipment

	<u>2001</u>	<u>2000</u>
	\$	\$
Mineral Resource Properties		
Options on properties	72,500	72,500
Exploration expenses	135,351	110,587
	<u>207,851</u>	<u>183,087</u>
Office Equipment	6,824	4,054
less accumulated amortization	<u>1,368</u>	<u>582</u>
	<u>5,456</u>	<u>3,472</u>
	<u>213,307</u>	<u>186,559</u>
Net book value not subject to deduction for income tax purposes, being costs renounced pursuant to the issuance of flow-through shares.	<u>94,917</u>	<u>94,917</u>

During the year, the Corporation determined that there was no commercial value to another property on which it had expended \$188,203 as at December 31, 2000 and a further \$56,708 thereafter. Also during the year ended December 31, 2000, the Corporation abandoned a number of properties with a carrying value of \$508,351. Accordingly, write-downs of \$56,708 (at December 31, 2001) and \$696,554 (at December 31, 2000) have been recorded.

EXPROPRIATION

Mineral resource property, having a carrying value of approximately \$89,300, has been expropriated by the Province of British Columbia. Pursuant to the applicable legislation, compensation is payable, to the Corporation in an amount equal to the fair market value of the rights expropriated. The Corporation's rights in the property continue in good standing pending receipt of the compensation.

WINFIELD RESOURCES LIMITED
Notes to Consolidated Financial Statements

December 31, 2001

5. Share Capital

AUTHORIZED

250,000,000 common shares without par value
 8,877,853 share purchase warrants

ISSUED COMMON SHARES

	<u>Number</u>	<u>Amount</u>
	#	\$
Balance, December 31, 1999	8527853	733811
For cash	350,000	35,000
For cash, pursuant to initial public offering	2,600,000	650,000
For mineral resource properties	200,000	50,000
Costs of issuance		(180,498)
Balance, December 31, 2000	11,677,853	1,288,313
For cash, on exercise of options	445,000	111,250
Balance, December 31, 2001	12,122,853	1,399,563

ISSUED SHARE PURCHASE WARRANTS

	<u>Number</u>	<u>Amount</u>
	#	\$
Balance, December 31, 1999	-	-
Issued to holders of common shares	8,877,853	-
Balance, December 31, 2000 and 2001	8,877,853	-

The warrants were issued, to the holders of common shares issued prior to the Corporation's initial public offering, on the basis of 1 warrant for each eligible common share held. The holders thereof are entitled to subscribe for common shares of the Corporation at a price of \$0.60 per share until August 2, 2002, being the expiry date thereof.

ESCROWED SHARES

Pursuant to an Escrow Agreement dated March 21, 2000, all 8,877,853 common shares issued prior to the initial public offering were to be deposited with the 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 Corporation'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. Consent was received, on March 14, 2001, for release of the initial 15% (1,331,678 shares) retroactive to July 14, 2000. At December 31, 2001, 7,546,175 shares remain subject to Escrow.

WINFIELD RESOURCES LIMITED
Notes to Consolidated Financial Statements

December 31, 2001

5. Share Capital, continued

VOLUNTARY POOLING AGREEMENT

The holders of all common shares of the Corporation issued prior to the initial public offering have entered into a Voluntary Pooling Agreement. All common shares issued prior to the initial public offering and all common shares which may be acquired by the pooled shareholders upon the exercise of warrants are subject to the Agreement. The Agreement is effective for a three year term, commencing August 2, 2000, during which time the pooled shares will be held by a trustee. During that period, the pooled shareholders may not assign or transfer beneficial ownership or any other interest in the pooled shares. The terms and conditions of the Pooling Agreement may be amended by resolution of pooled shareholders representing not less than 60% of the pooled shares.

STOCK OPTION PLAN

The Corporation 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. A summary of the Plan for 2001 and 2000 is as follows:

	2001		2000	
	Shares	Weighted Average Price	Shares	Weighted Average Price
Outstanding and exercisable, beginning of year	1,100,000	\$0.250	-	-
Granted	500,000	\$0.370	1,100,000	\$0.250
Exercised	(445,000)	\$0.250	-	-
Expired	(100,000)	\$0.250	-	-
Outstanding and exercisable, end of year	1,055,000	\$0.307	1,100,000	\$0.250

Outstanding options, under the Plan, as at December 31, 2001 are:

Expiry	Exercise Price	Outstanding and Exercisable	Weighted Average Remaining Life (years)
August 2, 2005	\$0.25	555,000	3.6
August 30, 2006	\$0.25	100,000	4.7
November 26, 2006	\$0.40	400,000	4.9
	\$0.25 to \$0.40	1,055,000	4.2

AGENT'S WARRANTS

In consideration for its participation in the initial public offering, the Corporation granted, to its Agent, warrants entitling the Agent to purchase up to 130,000 common shares at \$0.25 per share. The warrants expired August 2, 2001.

PER SHARE AMOUNTS

Per share amounts are calculated using the weighted number of shares outstanding of 11,808,469 (2000 - 10,018,563). Diluted per share amounts are not presented as the effect thereof would be to decrease the loss and cash flow deficiency per

share.

WINFIELD RESOURCES LIMITED
Notes to Consolidated Financial Statements

December 31, 2001

6. Income Taxes

PROVISION

The provision for income taxes varies from the amounts which would have been computed by applying the combined federal and provincial tax rates (approximately 44.6% (2000 - 45.6%)) to the Corporation's loss before income taxes. This difference results from the following items:

	<u>2001</u>	<u>2000</u>
	\$	\$
Expected income tax recovery	(97,000)	(406,000)
Deduction for share issuance costs	(16,000)	(16,500)
Amounts not deductible for income tax purposes	27,000	323,000
Recovery of future taxes on reduction in carrying values of mineral resource properties	-	(132,000)
Losses on which no tax benefit is recorded	86,000	99,500
Income Taxes (Recovered)	-	(132,000)

FUTURE INCOME TAX LIABILITY [Note 3]

	<u>2001</u>	<u>2000</u>
	\$	\$
Future Tax Liabilities	-	-
Future Tax Assets		
Excess of tax values of property and equipment over carrying values	103,000	78,000
Share issuance costs	48,000	66,000
Losses for income tax purposes	<u>285,000</u>	<u>206,000</u>
	436,000	350,000
less amounts not likely to be realized	(436,000)	(350,000)
	-	-
Net future income tax liability	<u>-</u>	<u>-</u>

LOSSES

The Corporation has losses for income tax purposes, of approximately \$639,300 available to reduce taxable incomes of future years, as follows:

	\$
2002	4,900
2003	98,900
2004	33,200
2005	32,500
2006	58,200
2007	218,600
2008	193,000

WINFIELD RESOURCES LIMITED
Notes to Consolidated Financial Statements

December 31, 2001

6. Income Taxes, continued

TAX POOLS

The Corporation also has income tax pools of approximately \$550,900, available to reduce taxable incomes of future years at the annual rates indicated:

	<u>Rate</u>	<u>\$</u>
Undepreciated capital cost	20% - 30%	5,500
Canadian development expense	30%	123,500
Canadian exploration expense	100%	68,700
Foreign exploration and development expense	10%	244,900
Share issuance costs	1/5	108,300
		<u>550,900</u>

7. Commitments and Contingencies

PROPERTY OPTION AGREEMENT

The Corporation is committed, pursuant to a Property Option Agreement with respect to a mineral resource property, to the following payments:

	<u>Option Payments</u>	<u>Exploration Expenditures</u>
	<u>\$</u>	<u>\$</u>
2002	35,000	300,000
2003	-	300,000
2004	-	450,000
	<u>35,000</u>	<u>1,050,000</u>

During the year ended December 31, 2001, these amounts were deferred (extended) for approximately one year. The Corporation has proposed a private placement [Note 11] to raise additional funds, a portion of which are intended to be applied to this commitment.

WINFIELD RESOURCES LIMITED
Notes to Consolidated Financial Statements

December 31, 2001

8. Net Change in Non-Cash Working Capital

	<u>2001</u>	<u>2000</u>
	\$	\$
Operating Activities		
Accounts receivable	(7,729)	15,255
Prepaid expenses and deposits	1,671	(4,671)
Accounts payable and accrued liabilities	22,259	(27,770)
	<u>16,201</u>	<u>(17,186)</u>
Investing Activities		
Prepaid expenses and deposits	28,380	(28,380)
Accounts payable and accrued liabilities	1,400	-
	<u>29,780</u>	<u>(28,380)</u>

9. Financial Instruments

The Corporation's financial instruments consist of accounts receivable, prepaid expenses and deposits, accounts payable and accrued liabilities and an amount due to a shareholder corporation. The fair values of the financial instruments other than the amount due to a shareholder corporation approximate their carrying amounts due to the short term maturity of those instruments. The fair value of the amount due to a shareholder corporation also approximates its carrying amount.

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

10. Related Party Transactions

	<u>2001</u>	<u>2000</u>
	\$	\$
Legal costs paid to a firm which employs a shareholder of the Corporation	<u>17,319</u>	<u>11,388</u>
Consulting fees paid to corporations controlled by officers and directors of the Corporation.	<u>5,975</u>	<u>-</u>
Management fees paid to a shareholder corporation which is controlled by a director of the Corporation.	<u>24,000</u>	<u>24,000</u>

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.

The amount due to a shareholder corporation is non-interest bearing and has no formal terms of repayment.

December 31, 2001

11. Subsequent Events

PROPOSED PRIVATE PLACEMENT

The Corporation has received CDNX approval to undertake a non-brokered private placement of up to 1.2 million units at a price of \$0.25 per unit. Each unit will consist of one flow-through common share and one non-transferable share purchase warrant. Each warrant will entitle the holder to acquire an additional common share at \$0.30 per share during the first year following closing and \$0.35 per share during the second year following closing.

Proceeds of the issue will be used to fund the Corporation's expenditure commitments as described in Note 7.

PROPERTY ACQUISITION AGREEMENT

The Corporation has entered into an agreement to acquire a 60% interest in a petroleum and natural gas property in southern Alberta. This interest will be earned through a payment of \$75,000 and the drilling of a new offset oil well. The agreement also includes re-entering a previously drilled gas well.



British Columbia Securities Commission

QUARTERLY AND YEAR END REPORT

BC FORM 51-901F
(previously Form 61)

Freedom of Information and Protection of Privacy Act: The personal information requested on this form is collected under the authority of and used for the purpose of administering the *Securities Act*. Questions about the collection or use of this information can be directed to the Supervisor, Financial Reporting (604-899-6729), PO Box 10142, Pacific Centre, 701 West Georgia Street, Vancouver BC V7Y 1L2. Toll Free in British Columbia 1-800-373-6393

ISSUER DETAILS		FOR QUARTER ENDED			DATE OF REPORT		
NAME OF ISSUER					Y M D		
WINFIELD RESOURCES LIMITED		01 12 31			02 05 21		
ISSUER ADDRESS							
SUITE 3400 – 666 BURRARD STREET							
CITY/	PROVINCE	POSTAL CODE	ISSUER FAX NO.	ISSUER TELEPHONE NO.			
VANCOUVER	BC	V6C 2X8	604-408-7739	604-895-7463			
CONTACT PERSON		CONTACT POSITION			CONTACT TELEPHONE NO.		
MICHAEL FOLEY		DIRECTOR, PRESIDENT AND CEO			604-895-7463		
CONTACT EMAIL ADDRESS		WEB SITE ADDRESS					
foley@winfieldresources.com		www.winfieldresources.com					

CERTIFICATE

The three schedules required to complete this Report are attached and the disclosure contained therein has been approved by the Board of Directors. A copy of this Report will be provided to any shareholder who requests it.

DIRECTOR'S SIGNATURE	PRINT FULL NAME	DATE SIGNED		
		Y M D		
"Robert Michael Foley"	Robert Michael Foley	02 05 21		
DIRECTOR'S SIGNATURE	PRINT FULL NAME	DATE SIGNED		
		Y M D		
"Richard Dean Haderer"	Richard Dean Haderer	02 05 21		

SCHEDULE A: FINANCIAL INFORMATION

See attached consolidated financial statements for the year ended December 31, 2001.

SCHEDULE B: SUPPLEMENTARY INFORMATION

1. For the year ended December 31, 2001

a) Property and Equipment

	Total Costs
<i>Mineral Resource Properties</i>	
Options on properties	\$ 72,500
Exploration expenses	<u>135,351</u>
Balance, end of period	<u>207,851</u>
Office Equipment	
Amortization to date	6,824
	<u>(1,368)</u>
Balance, end of period	<u>5,456</u>
Total Property and Equipment	<u>\$ 213,307</u>

During the year, the Company determined that there was no commercial value to another property on which it had expended \$188,203 as at December 31, 2000 and a further \$56,708 thereafter. Also during the year ended December 31, 2000, the Company abandoned a number of properties with a carrying value of \$508,351. Accordingly, write-downs of \$56,708 (at December 31, 2001) and \$696,554 (at December 31, 2000) have been recorded.

2. Related Party Transactions

Paid management fees of \$24,000 (2000 - \$24,000) to a shareholder corporation which is controlled by a director of the Company.

Legal fees of \$17,319 (2000 - \$11,388) were paid to a firm which employs a shareholder of the Corporation.

The Company paid consulting fees of \$5,975 (2000 – Nil) to corporations controlled by officers and directors of the Company.

The amount due to a shareholder corporation is non-interest bearing and has no formal terms of repayment.

3. For the quarter ended December 31, 2001:

a) Summary of securities issued during the quarter:

?? 210,000 common shares at \$0.25 for gross proceeds of \$52,500 from the exercise of stock options.

b) Summary of stock options granted during the quarter: Nil
WINFIELD RESOURCES LIMITED
QUARTERLY AND YEAR END REPORT - FORM 51
DECEMBER 31, 2001

SCHEDULE B: SUPPLEMENTARY INFORMATION (cont'd...)

4. As at December 31, 2001:
- a) Authorized capital: 250,000,000 common shares without par value
Authorized 8,877,853 share purchase warrants
 - b) Issued and outstanding: 12,122,853 common shares without par value
Share capital: \$1,399,562.68
 - c) Summary of outstanding options, warrants and other:
 - ? 555,000 stock options exercisable at \$0.25 until August 2, 2005.
 - ? 100,000 stock options exercisable at \$0.25 until August 30, 2006
 - ? 400,000 stock options exercisable at \$0.40 until November 26, 2006

 - ? 8,877,853 share purchase warrants exercisable at \$0.60 until August 2, 2002.
 - d) Shares held in escrow: 7,546,175
5. Directors and officers: Robert Michael Foley – Director, President and Chief Executive Officer
Otto Rieve – Director and Chief Financial Officer
Richard Dean Haderer – Director and Corporate Secretary
Kenneth Meek - Director
Robert Andrew Wilson - Director

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

Description of Business

The Company is a resource company engaged in the evaluation, exploration and development of mining and oil and gas properties. The Company currently has interests in a number of exploration mineral properties and intends to explore and develop such properties. The Company does not currently have any interests in oil and gas properties. Winfield's corporate focus is to acquire or jointly develop properties on which substantial acquisition, exploration and development expenditures have been made, where there is a significant exploitable resource and where there is excellent source exploration potential.

The Company's principal mineral property is the Ringo Property located in the Manistikwan Lake area, Manitoba. The Company also has the Shuttleworth Property which is being kept in good standing by the Company pending compensation from the Province of British Columbia, who have expropriated the property.

The McNeil, Hep, Berg, Quatse and Bigfoot mineral properties located in British Columbia have been abandoned and written-off by the Company as of December 31, 2000. During the year and subsequent to the year ended December 31, 2000, the Company incurred costs to evaluate a certain alluvial diamond property in Brazil. The data derived from the field trenching program did not support further expenditures so costs incurred as of December 31, 2000 and in the quarter ended March 31, 2001 were written off.

On July 30, 2001, the Company announced that it has begun to investigate various oil and gas resources business opportunities in Western Canada. As part of its investigation the Company is presently reviewing and considering the

independent analysis and evaluation of various oil and gas properties. The Company will continue this investigative effort as appropriate properties are submitted for participation.

Winfield Resources Limited corporate focus is to acquire or jointly develop properties on which substantial acquisition, exploration and developmental expenditures have been made, where there is a significant exploitable resource and where there is excellent infill potential.

Discussion of Operations and Financial Condition

Winfield lists on the CDNX

On August 2, 2000, the Company started trading on the TSX Venture Exchange (formerly CDNX) under the symbol "WWF". The Company is classified as a mineral exploration company.

The initial public offering was for 2,600,000 common shares at \$0.25 per share for gross proceeds of \$650,000. In addition, the prospectus qualified the distribution of 8,877,853 warrants whereby one warrant can be exercised into one common share at \$0.60 per share until August 2, 2002. Warrants at \$0.50 per share expired August 2, 2001.

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 Ringo Property is located 5 km east of the Hudson Bay Mining and Smelting's past-producing Flin Flon Mine (62.4Mt @ 2.19% copper and 4.20% zinc), producing Callinan Mine (7 Mt @ 0.60% copper and 10.94% zinc), and 777 Mine Development Project (14.5 Mt @ 2.55% copper and 4.20% zinc). The property is also just 4 km south of the producing Trout Lake Mine (20 Mt @ 1.79% copper and 4.20% zinc). The host volcanic stratigraphy of Trout Lake Mine is believed to strike south onto the Ringo Property.

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. Assays containing up to 125 zinc were obtained from samples of the horizon intersected by shallow drill holes collared just west of the Ringo Property. Some of Winfield's drill holes are planned to intersect the mineralized horizon down dip from these high zinc-bearing intervals. Other holes are planned to intersect potential extensions of these intersections at depth.

Grab samples from other portions of the mineralized horizon on the Ringo Property collected by the Company's geological consultant ran up to 3000 ppm copper.

On January 22, 2001 the Company announced that a five hole – 2000 meter diamond drilling program would commence in late January on the Company's Ringo Copper-Zinc-Gold Property, located 3 km east of the City of Flin Flon, Manitoba, Canada. This program has been deferred to January, 2002.

Due Diligence in Brazil

On January 24, 2001 the Company announced that it had concluded its program of due diligence regarding certain diamond bearing alluvial gravels, located in Mato Grosso State, Brazil. The program was to confirm whether or not the property had economic merit. The data derived from the field trenching program did not support further expenditures. The Company holds no interest in the property and has not entered into any agreements or arrangements in respect of the property. All costs incurred to and subsequent to December 31, 2000 were written off.

Well prospects in Saskatchewan

On October 31, 2001, the Company announced that it was actively investigating certain oil development well prospects in South Eastern Saskatchewan. If due diligence proves satisfactory, the Company will pursue a formal joint venture agreement.

Expropriation of Shuttleworth Claims

On November 8, 2001, the Company announced that the Shuttleworth Claims, Alberni Mining Division, having a cost of approximately \$80,000, had been expropriated by the Province of British Columbia under the Park Act. Pursuant to the applicable legislation, compensation is payable, to the Corporation in an amount equal to the fair market value of the rights expropriated. The Company's rights in the property continue in good standing pending receipt of the compensation. The Company, through its independent Valuator, has made application to the governing agency seeking relief.

Shares released from escrow

On March 14, 2001, the Company received consent from the Executive Director of the Alberta Securities Commission to release 15% (1,331,678 shares) of the initial 8,877,853 common shares that were issued prior to the initial public offering and were held in escrow.

Change in President and Chief Executive Officer

On September 4, 2001, the Company announced that Kenneth Meek resigned as President and Chief Executive Officer of the Company. Mr. Meek will continue to remain as director. Michael Foley, the Managing Director of the Company was appointed as President and Chief Executive Officer of the Company.

Use of Funds for the year ended December 31, 2001

The Company incurred a net loss of \$217,126 during the period. This loss comprises of rent and occupancy costs of \$34,875 (2000 - \$27,105), consulting fees \$5,975 (2000 - \$36,000), legal and audit fees of \$31,180 (2000 - \$33,771), public company costs of \$11,951 (2000 - \$2,744) (filing fees, transfer agent and shareholder costs), travel costs of \$22,728 (2000 - \$31,776), management fees of \$24,000 (2000 - \$24,000) to a shareholder corporation which is controlled by a director of the company, office and general costs of \$21,711 (2000 - \$19,397) and entertainment and promotion costs of \$6,933 (2000 - \$22,908).

During the year, the Company incurred \$56,708 in costs as part of evaluating a certain alluvial diamond project in Brazil. The data derived from the field trenching program did not support further expenditures so costs incurred were written off.

Investor Relations

The Company did not have any investor relations contracts during or subsequent to the year ended December 31, 2001.

Related Party Transactions

Paid management fees of \$24,000 (2000 - \$24,000) to a shareholder corporation which is controlled by a director of the Company.

Legal fees of \$17,319 (2000 - \$11,388) paid to a firm which employs a shareholder of the Corporation.

Paid or accrued consulting fees of \$5,975 (2000 - \$ Nil) to corporations controlled by officers and directors of the Company.

The amount due to a shareholder corporation is non-interest bearing and has no formal terms of repayment.

Commitments

Property Option Agreement

The Company is committed, pursuant to a Property Option Agreement with respect to a mineral resource property, to the following payments:

Option Payments	Exploration Expenditures
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2002	\$	35,000	300,000
2003		-	300,000
2004		-	450,000
	\$	35,000	\$ 1,050,000

Subsequent Events

Private Placement

On March 21, 2002 the Company announced that it has received TSX (formerly CDNX) approval to complete a non-brokered private placement of up to 1,200,000 flow-through special warrants at a price of \$0.25 per special warrant, subject to regulatory approval. Each special warrant shall be convertible into one common share and one non-transferable share purchase warrant. Each warrant shall entitle the holder thereof to purchase an additional common share at a price of \$0.30 per share during the first year following closing and \$0.35 during the second year following closing. Proceeds of financing will be used to fund the Company's expenditure commitments as described in Note 7 of the audited December 31, 2001 financial statements.

Farm-In Agreement

On May 15, 2002 the Company announced that the TSX Venture Exchange (formerly CDNX) has accepted for filing an application, indicating that the Company has entered into a farm-in agreement with two Alberta-registered companies to earn a 60% interest in oil and gas interests located in Provost, Alberta. In consideration the Company will issue 100,000 common shares. To earn the 60% interest, the Company will also need to drill a new offset well.

Stock Options

On March 18, 2002 the Company granted 100,000 stock options at \$0.25/option with a March 18, 2007 expiry date to a Company employee

Annual General Meeting (AGM)

The Company announced on April 4, 2002 that it will hold its Annual General Meeting (AGM) on June 14, 2002 in Vancouver, British Columbia.

Financings, Principal Purposes and Milestones

Private Placement

On March 21, 2002 the Company announced that it has received TSX (formerly CDNX) approval to complete a non-brokered private placement of up to 1,200,000 flow-through special warrants at a price of \$0.25 per special warrant, subject to regulatory approval. Each special warrant shall be convertible into one common share and one non-transferable share purchase warrant. Each warrant shall entitle the holder thereof to purchase an additional common share at a price of \$0.30 per share during the first year following closing and \$0.35 during the second year following closing. Proceeds of financing will be used to fund the Company's expenditure commitments as described in Note 7 of the audited December 31, 2001 financial statements.

Liquidity and Solvency

The financial statements from Schedule A 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, 2001	December 31, 2000
	(Audited)	(Audited)
Deficit	\$ (1,223,996)	\$ (1,006,870)
Working capital (deficiency)	(37,740)	94,884
