

WINFIELD RESOURCES LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE SIX MONTH PERIOD ENDED
JUNE 30, 2004**

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 consolidated financial statements for the period ended June 30, 2004.

WINFIELD RESOURCES LIMITED
CONSOLIDATED BALANCE SHEETS
(Unaudited – Prepared by Management)

	June 30, 2004	December 31, 2003 (Audited)
ASSETS		
Current		
Cash	\$ -	\$ 24
Accounts receivable	1,228	2,010
Prepaid expenses and deposits	83,250	73,960
Due from shareholder corporation	<u>-</u>	<u>2,113</u>
	84,478	78,107
Deferred Expenditures	173,373	120,194
Property and equipment (Note 4)	<u>190,628</u>	<u>120,638</u>
	<u>\$ 448,479</u>	<u>\$ 318,939</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current		
Bank overdraft	\$ 3,465	\$ -
Accounts payable and accrued liabilities	88,807	\$ 95,527
Due to related party	<u>1,610</u>	<u>-</u>
	<u>93,882</u>	<u>95,527</u>
Shareholders' equity		
Capital stock (Note 6)	1,960,613	1,975,613
Subscriptions received in advance (Note 7)	220,300	-
Contributed surplus (Note 6)	70,400	70,400
Deficit	<u>(1,896,716)</u>	<u>(1,822,601)</u>
	<u>354,597</u>	<u>223,412</u>
	<u>\$ 448,479</u>	<u>\$ 318,939</u>

On behalf of the Board:

_____ Director _____ Director

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

WINFIELD RESOURCES LIMITED
CONSOLIDATED STATEMENT OF OPERATIONS AND DEFICIT
(Unaudited – Prepared by Management)

	Three Month Period Ended June 30, 2004	Three Month Period Ended June 30, 2003	Six Month Period Ended June 30, 2004	Six Month Period Ended June 30, 2003
EXPENSES				
Amortization	\$ 174	\$ 219	\$ 349	\$ 437
Bank charges and interest (recovery)	1,239	393	1,688	703
Consulting fees	5,300	1,802	18,800	3,447
Due diligence	-	-	5,280	-
Investor relations	-	22,933	-	22,933
Legal and audit	4,719	1,418	6,819	2,725
Management fees	6,000	6,000	12,000	12,000
Office and general	3,346	1,083	8,430	2,792
Public company costs	4,183	2,872	7,205	6,310
Rent and occupancy costs	16,047	15,292	33,000	30,207
Travel and related	1,377	-	1,377	-
Loss before other items	<u>(42,385)</u>	<u>(52,012)</u>	<u>(94,948)</u>	<u>(81,554)</u>
OTHER ITEMS				
Gain on foreign exchange	2,918	-	4,916	-
Gain on forgiveness of debt	15,917	-	15,917	-
	18,835	-	20,833	-
Net loss for the period	(23,550)	(52,012)	(74,115)	(81,554)
Deficit, beginning of period	<u>(1,873,166)</u>	<u>(1,678,394)</u>	<u>(1,822,601)</u>	<u>(1,648,852)</u>
Deficit, end of period	\$ (1,896,716)	\$ (1,730,406)	\$ (1,896,716)	\$ (1,730,406)
Basic and diluted loss per share				
	\$ (0.002)	\$ (0.004)	\$ (0.005)	\$ (0.006)
Weighted average number of common shares outstanding				
	13,677,853	13,161,369	13,677,853	13,119,842

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

WINFIELD RESOURCES LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited – Prepared by Management)

	Three Month Period Ended June 30, 2004	Three Month Period Ended June 30, 2003	Six Month Period Ended June 30, 2004	Six Month Period Ended June 30, 2003
OPERATING ACTIVITIES				
Net loss for the period	\$ (23,550)	\$ (52,012)	\$ (74,115)	\$ (81,554)
Items not affecting cash flow				
Amortization	174		349	
Gain on foreign exchange	(2,918)	219	(4,916)	437
Gain on forgiveness of debt	(15,917)	-	(15,917)	-
Net change in non-cash working capital	<u>(15,599)</u>	<u>11,861</u>	<u>(12,574)</u>	<u>11,679</u>
Net cash used in operating activities	<u>(57,810)</u>	<u>(39,932)</u>	<u>(107,173)</u>	<u>(69,438)</u>
FINANCING ACTIVITIES				
Advances to/from related party	28,891	14,816	3,723	33,481
Issuance of shares	-	25,000	-	25,000
Share subscriptions received in advance	<u>67,300</u>	<u>-</u>	<u>220,300</u>	<u>-</u>
Net cash provided by financing activities	<u>96,191</u>	<u>39,816</u>	<u>224,023</u>	<u>58,481</u>
INVESTING ACTIVITIES				
Acquisition of mineral property	-	-	(15,000)	-
Deferred expenditures	-	-	(50,000)	-
Due diligence on mineral properties	<u>(47,599)</u>	<u>-</u>	<u>(55,339)</u>	<u>-</u>
Net cash used in investing activities	<u>(47,599)</u>	<u>-</u>	<u>(120,339)</u>	<u>-</u>
Change in cash for the period	(9,218)	(116)	(3,489)	(10,957)
Cash, beginning of period	<u>5,753</u>	<u>137</u>	<u>24</u>	<u>10,978</u>
Bank overdraft, end of period	\$ (3,465)	\$ 21	\$ (3,465)	\$ 21

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

WINFIELD RESOURCES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
JUNE 30, 2004

1. BASIS OF PRESENTATION

The 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.

The interim period consolidated financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles. All financial summaries included are presented on a comparative and consistent basis showing the figures for the corresponding period in the preceding year. The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of annual financial statements. Certain information and footnote disclosure normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. These interim period statements should be read together with the audited consolidated financial statements and the accompanying notes included in the Company's latest annual report. In the opinion of the Company, its unaudited interim consolidated financial statements contain all adjustments necessary in order to present a fair statement of the results of the interim periods presented.

2. NATURE OF OPERATIONS

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.

These financial statements have been prepared in accordance with generally accepted accounting principles 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.

	June 30, 2004	December 31, 2003
		(Audited)
Deficit	\$ (1,896,716)	\$ (1,822,601)
Working capital (deficiency)	(9,404)	(17,420)

3. LOSS PER SHARE

Loss per share is calculated using the weighted average number of shares outstanding during the period.

WINFIELD RESOURCES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
JUNE 30, 2004

4. PROPERTY AND EQUIPMENT

Mineral Property Costs:

2004	Algeria	Atlin, BC	Ringo, MB	Total
Acquisitions, Opening balance, January 1, 2004	\$ -	\$ -	\$ 72,500	\$ 72,500
Exploration costs, Opening balance, January 1, 2004	-	-	44,646	44,646
Claim/lease	-	15,000	-	15,000
Due diligence	<u>53,431</u>	<u>1,908</u>	<u>-</u>	<u>55,339</u>
Changes during the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,339</u>
Balance, June 30, 2004	<u>\$ 53,431</u>	<u>\$ 16,908</u>	<u>\$ 117,146</u>	<u>\$ 187,485</u>

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.

The Company is in the process of raising additional financing to proceed with a five hole – 2000 meter diamond drilling program on the Ringo property.

WINFIELD RESOURCES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
JUNE 30, 2004

4. PROPERTY AND EQUIPMENT (cont'd...)

Algeria

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

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 now 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).

Office Equipment

Historical cost	\$ 6,824
Less: accumulated amortization	<u>(3,681)</u>
Net book value, March 31, 2004	<u>\$ 3,143</u>

5. WELL DEVELOPMENT PROGRAM

The Corporation entered into an Agreement (amended as of April 29, 2004) with Rideau Petroleum Ltd. (Rideau) with respect to a five well development program to be carried out in the Daly Field in southwestern Manitoba. Rideau will act as operator for the program.

The Corporation will be responsible for 50% of the drilling and completion costs related to the program. In return, the Corporation will receive net working interests of 50% on two wells, 30% on two wells and 40% on one well. These interests revert, after payout to, 30% on two wells, 18% on two wells and 24% on one well. All production from the wells will be subject to lessor royalties of 12.5% to 16%, with one well on a sliding scale commencing at 15% and reducing to 5% over a ten year period.

The Corporation's costs with respect to the program are expected to be \$522,000. It intends to finance the program with the proceeds of a private placement.

Terms of the Agreement require the Corporation to issue, to Rideau, 100,000 common shares at a deemed price of \$0.135 per share. A finders fee will be payable to another, arms length party. These payments are subject to the policies of the TSX Venture Exchange.

On March 3, 2004, the Company advanced \$50,000 to Rideau. These funds will be used for upcoming drilling and completion costs and have been recorded in deferred expenditures.

Subsequent to the period, the Company and Rideau mutually agreed to cancel the agreement as the Company could not meet the cash calls.

WINFIELD RESOURCES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
JUNE 30, 2004

6. CAPITAL STOCK AND CONTRIBUTED SURPLUS

	Number of Shares	Capital Stock	Contributed Surplus
Authorized 250,000,000 common shares without par value			
Issued			
Balance as at December 31, 2003	13,677,853	\$ 1,975,613	\$ 70,400
Share issue costs related to private placement	-	(15,000)	-
Balance as at June 30, 2004	13,677,853	\$ 1,960,613	\$ 70,400

7. SUBSCRIPTIONS RECEIVED IN ADVANCE

During the period ended June 30, 2004, the Company announced that it intends to conduct a private placement for a maximum of \$500,000. The private placement will 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 will be used for the development program on the Daly field located in southern Manitoba. To date, the Company has received \$220,300 in share subscriptions and the private placement has not yet closed.

8. STOCK OPTIONS

Options

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.

At June 30, 2004, the Company had the following stock options available:

	Number of Options Available	Exercise Price	Expiry Date
	200,000	\$ 0.25	August 2, 2005
	100,000	0.25	March 18, 2007
	<u>200,000</u>	0.25	July 24, 2007
TOTAL	500,000		

WINFIELD RESOURCES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
JUNE 30, 2004

9. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

Paid or accrued management fees of \$12,000 (2003 - \$12,000) to a shareholder corporation which is controlled by a director of the Company.

Paid or accrued consulting fees of \$7,211 (2003 - \$3,626) to a corporation controlled by a director of the Company.

The \$1,610 (2003 - \$76,726) due to a shareholder corporation is non-interest bearing and has no formal terms of repayment.

10. SEGMENTED INFORMATION

The Company conducts all of its operations in North America in one business segment but is conducting due diligence with the intent of expanding outside of North America.

11. SUBSEQUENT EVENTS

Subsequent to June 30, 2004, the Company and Rideau mutually agreed to cancel an agreement with respect to the five well development program on the Daly Field in southwestern Manitoba as the Company could not meet the cash call.

WINFIELD RESOURCES LIMITED
FORM 51-102F1
MANAGEMENT DISCUSSION AND ANALYSIS
SIX MONTH PERIOD ENDED JUNE 30, 2004

The following discussion and analysis, prepared as of August 30, 2004, should be read together with the unaudited consolidated financial statements for the six month period ended June 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.

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 six month period ended June 30, 2004, the Company paid \$53,431 for due diligence on various mineral, oil and natural gas projects in Algeria.
3. In May 2004, the Company announced that it intends to conduct a private placement for a maximum of \$500,000. The private placement will 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 will be used for the development program on the Daly Field located in southern Manitoba. To date, the Company has received \$220,300 in share subscriptions and the private placement has not yet closed.
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. Subsequent to the period, the Company and Roseau 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.

	June 30, 2004		June 30, 2003	
	Three Months	Six Months	Three Months	Six Months
Total revenues	\$ -	\$ -	\$ -	\$ -
Net loss before extraordinary items	23,550	74,115	52,012	81,554
Net loss	23,550	74,115	52,012	81,554
Basic and diluted loss per share	(0.002)	(0.002)	(0.004)	(0.006)
Total assets	448,479	448,479	337,016	337,016
Total long-term liabilities	-	-	-	-
Cash dividends	-	-	-	-

The Company earns interest revenue from cash held in banks.

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 \$74,115 (2003 - \$81,554) during the period. Some of the significant expenses are as follows: paid or accrued \$1,688 (2003 - \$703) in bank charges and interest, \$18,800 (2003 - \$3,447) in consulting fees, \$Nil (2003 - \$22,933) in investor relations, \$5,280 (2003 - \$Nil) in due diligence costs, \$6,819 (2003 - \$2,725) in legal and audit, \$12,000 (2003 - \$12,000) in management fees, \$7,205 (2003 - \$6,310) in public company costs, and \$33,000 (2003 - \$30,207) 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

	June 30, 2004	March 31, 2004	December 31, 2003	September 30, 2003
Total assets	\$ 448,479	\$ 428,355	\$ 318,939	\$ 321,702
Mineral properties and deferred costs	364,001	311,338	237,340	241,888
Working capital (deficiency)	(9,404)	11,192	(17,420)	(1,112)
Shareholders' equity	354,597	325,847	223,412	244,486
Revenues	2,918	1,998	9	-
Net Loss	(74,115)	(50,565)	(46,074)	(46,121)
Earnings (loss) per share	(0.005)	(0.004)	(0.003)	(0.003)

For the Quarters Ended

	June 30, 2003	March 31, 2003	December 31, 2002	September 30, 2002
Total assets	\$ 337,016	\$ 355,694	\$ 365,287	\$ 478,221
Mineral properties and deferred costs	251,501	251,501	251,501	259,851
Working capital (deficiency)	(64,822)	(38,028)	(8,705)	76,044
Shareholders' equity	190,607	217,619	247,161	340,533
Revenues	-	-	155	2,960
Net Income (loss)	(52,012)	(29,542)	(279,822)	(40,964)
Earnings (loss) per share	(0.004)	(0.002)	(0.019)	(0.003)

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

- During the current period, deferred expenditures increased by \$50,000 for an advance given to the Company's joint venture partner, Rideau Petroleum, to begin work in the Daly Field.
- 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.

	June 30, 2004	December 31, 2003
		(Audited)
Working capital (deficiency)	\$ (9,404)	\$ (17,420)
Deficit	(1,896,716)	(1,822,601)

Net cash used in operating activities for the six month period ended June 30, 2004 was \$107,173 compared to \$69,438 during the six month period ended June 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 six month period ended June 30, 2004 was \$120,339 compared to net cash provided by investing activities of \$Nil during the six month period ended June 30, 2003. Cash used during the current period consists primarily of a \$15,000 payment to purchase a 25% interest in a mineral property and a \$50,000 advance to Rideau Petroleum to proceed with drilling on the Daly Field.

Financing activities provided cash of \$224,023 during the six month period ended June 30, 2004, compared to \$58,481 for the six month period ended June 30, 2003. Cash provided during the current period consisted of share subscriptions received in advance for 2,203,000 flow-through units at \$0.10 per unit and advances of \$3,723 from a shareholder corporation.

Capital Resources

The Company received \$220,300 in subscription funds to purchase 2,203,000 flow-through 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 12 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 \$12,000 (2003 - \$12,000) to a shareholder corporation which is controlled by a director of the Company.

Paid or accrued consulting fees of \$7,211 (2003 - \$3,626) to a corporation controlled by a director of the Company.

The \$1,610 (2003 - \$76,726) 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

Subsequent to June 30, 2004, the Company and Rideau mutually agreed to cancel an agreement with respect to the five well development program on the Daly Field in southwestern Manitoba as the Company could not meet the cash call.