

WINFIELD RESOURCES LIMITED

FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)

SIX MONTH PERIOD ENDED
JUNE 30, 2006

UNAUDITED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited financial statements for the period ended June 30, 2006.

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

	June 30, 2006	December 31, 2005 (Audited)
ASSETS		
Current		
Cash and cash equivalents	\$ 240,230	\$ 1
Accounts receivable	72,937	2,382
Prepaid expenses and deposits	18,703	6,756
Due from shareholder corporation	<u>20,277</u>	<u>898</u>
	352,147	10,037
Deferred Expenditures	104,019	109,101
Property and equipment (Note 5)	<u>471,290</u>	<u>299,434</u>
	<u>\$ 927,456</u>	<u>\$ 418,572</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current

Accounts payable and accrued liabilities	231,720	112,825
Subscriptions received in advance	<u>-</u>	<u>47,500</u>
	<u>231,720</u>	<u>160,325</u>

Shareholders' equity

Capital stock (Note 6)	2,956,129	2,390,129
Contributed surplus (Note 6)	206,138	157,978
Deficit	<u>(2,466,531)</u>	<u>(2,289,860)</u>
	<u>695,736</u>	<u>258,247</u>
	<u>\$ 927,456</u>	<u>\$ 418,572</u>

On behalf of the Board:

Robert Michael Foley

Director

Dr. Kenneth Tangen

Director

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

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

	Three Month Period Ended June 30, 2006	Three Month Period Ended June 30, 2005	Six Month Period Ended June 30, 2006	Six Month Period Ended June 30, 2005
EXPENSES				
Amortization	\$ 377	\$ 283	\$ 725	\$ 556
Bank charges and interest	1,450	453	1,693	817
Consulting fees	3,950	5,500	18,023	5,500
Investor relations	18,700	5,000	20,900	5,000
Legal, accounting and audit	2,130	998	6,303	3,294
Management fees	15,000	6,000	30,000	12,000
Office and general	8,291	3,046	16,161	7,237
Public company costs	8,332	6,564	16,602	10,776
Rent and occupancy costs	4,759	6,711	10,672	14,921
Stock-based compensation	48,160	-	48,160	-
Travel and related	959	341	959	886
Website	86	-	1,391	-
Loss before other items	<u>(112,194)</u>	<u>(34,896)</u>	<u>(171,589)</u>	<u>(60,987)</u>
OTHER ITEMS				
Gain (loss) on foreign exchange	<u>(5,262)</u>	<u>1,343</u>	<u>(5,082)</u>	<u>1,853</u>
	<u>(5,262)</u>	<u>1,343</u>	<u>(5,082)</u>	<u>1,853</u>
Net loss for the period	(117,456)	(33,553)	(176,671)	(59,134)
Deficit, beginning of period	<u>(2,349,075)</u>	<u>(2,093,504)</u>	<u>(2,289,860)</u>	<u>(2,067,923)</u>
Deficit, end of period	\$ (2,466,531)	\$ (2,127,057)	\$ (2,466,531)	\$ (2,127,057)
Basic and diluted loss per share				
	\$ (0.004)	\$ (0.002)	\$ (0.007)	\$ (0.004)
Weighted average number of common shares outstanding				
	26,661,697	16,205,653	23,876,924	15,563,229

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

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

	Three Month Period Ended June 30, 2006	Three Month Period Ended June 30, 2005	Six Month Period Ended June 30, 2006	Six Month Period Ended June 30, 2005
OPERATING ACTIVITIES				
Net loss for the period	\$ (117,456)	\$ (33,553)	\$ (176,671)	\$ (59,134)
Items not affecting cash flow				
Amortization	377	283	725	556
Gain (loss) on foreign exchange	5,262	(1,343)	5,082	(1,853)
Stock-based compensation	48,160	-	48,160	-
Net change in non-cash working capital	<u>94,602</u>	<u>3,788</u>	<u>93,093</u>	<u>11,880</u>
Net cash provided by (used in) operating activities	<u>30,945</u>	<u>(30,825)</u>	<u>(29,611)</u>	<u>(48,551)</u>
FINANCING ACTIVITIES				
Advances (to) from related party	(49,193)	34,008	(19,379)	49,568
Decrease in share subscriptions received in advance	-	-	(47,500)	(250,280)
Issuance of shares	300,000	-	575,000	252,780
Share issue costs	(5,500)	-	(9,000)	-
Decrease in share subscriptions receivable	10,000	-	-	-
Net change in non-cash working capital	<u>-</u>	<u>-</u>	<u>12,000</u>	<u>372</u>
Net cash provided by financing activities	<u>255,307</u>	<u>34,008</u>	<u>511,121</u>	<u>52,440</u>
INVESTING ACTIVITIES				
Acquisition of property, plant and equipment	(1,494)	(375)	(1,494)	(5,715)
Deferred exploration costs	(161,917)	(5,198)	(171,087)	(5,198)
Net change in non-cash working capital	<u>(44,561)</u>	<u>-</u>	<u>(68,700)</u>	<u>-</u>
Net cash used in investing activities	<u>(207,972)</u>	<u>(5,573)</u>	<u>(241,281)</u>	<u>(10,913)</u>
Change in cash and cash equivalents for the period	78,280	(2,390)	240,229	(7,024)
Cash and cash equivalents, beginning of period	<u>161,950</u>	<u>2,033</u>	<u>1</u>	<u>6,667</u>
Cash and cash equivalents, end of period	\$ 240,230	\$ (357)	\$ 240,230	\$ (357)

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

WINFIELD RESOURCES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
JUNE 30, 2006

1. BASIS OF PRESENTATION

The financial statements contained herein include the accounts of Winfield Resources Limited and its wholly owned subsidiary, Endeco International Ltd. (the “Company”).

The interim period 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 financial statements should be read together with the audited financial statements and the accompanying notes included in the Company's latest annual report. In the opinion of the Company, its unaudited interim 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, 2006	December 31, 2005
		(Audited)
Deficit	\$ (2,466,531)	\$ (2,289,860)
Working capital (deficiency)	120,427	(150,288)

3. SIGNIFICANT ACCOUNTING POLICIES

Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned Canadian subsidiary, Endeco International Ltd (“Endeco”). Endeco has not undertaken any business activity to date. All significant inter-company transactions have been eliminated upon consolidation.

4. 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
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JUNE 30, 2006

5. PROPERTY AND EQUIPMENT

Mineral Property Costs:

2005	Algeria and Libya	Atlin, BC	Encinitas Field, USA	Ringo, MB	Total
Acquisitions, Opening balance, January 1, 2006	\$ -	\$ 15,000	\$ -	\$ 72,500	\$ 87,500
Exploration costs, Opening balance, January 1, 2006	65,348	94,982	-	44,646	204,976
Changes during the period	<u>150,524</u>	<u>4,500</u>	<u>16,064</u>	<u>-</u>	<u>171,088</u>
Balance, June 30, 2006	<u>\$ 215,872</u>	<u>\$ 114,482</u>	<u>\$ 16,064</u>	<u>\$ 117,146</u>	<u>\$ 463,564</u>

Algeria and Libya

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

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).

Encinitas Field

On April 7, 2006, the Company entered into a Letter of Intent with Loudon Exploration with respect to the acquisition of a 100% working interest – 75% net revenue interest in the Encinitas Field, Brooks County, Texas, USA. The property presently has 12 oil and gas wells producing 800 BOPD and 5.3 MMCFGPD. The cost of the interests is US\$35,000,000. J.W. Dick & Associates, Reservoir Engineers, have conducted their due diligence and confirm the reserve estimates stated in the Garrett Report. The Company is negotiating debt financing with respect to the proposed purchase, which is subject to financing and shareholder and regulatory approval.

WINFIELD RESOURCES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
JUNE 30, 2006

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

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 the Company's drill holes are planned to intersect the potential extensions of these intersections at depth.

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.

Office Equipment

Historical cost	\$ 14,032
Less: accumulated amortization	<u>(6,306)</u>
Net book value, June 30, 2006	<u>\$ 7,726</u>

6. CAPITAL STOCK AND CONTRIBUTED SURPLUS

	Number of Shares	Capital Stock	Contributed Surplus
Authorized 250,000,000 common shares without par value			
Issued common shares			
Balance as at December 31, 2005	20,205,653	\$ 2,390,129	\$ 157,978
Private placement	8,500,000	575,000	-
Stock-based compensation	-	-	48,160
Finder's fees	<u>-</u>	<u>(9,000)</u>	<u>-</u>
Balance as at June 30, 2006	<u>28,705,653</u>	<u>\$ 2,956,129</u>	<u>\$ 206,138</u>

6. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)

On March 17, 2006, the Company issued 5,500,000 units at \$0.05 per unit for gross proceeds of \$275,000. Each unit is comprised of one common share and one non-transferable share purchase warrant. Each warrant enables the holder to acquire an additional common share at \$0.15 per share until March 17, 2008.

On June 1, 2006, the Company completed a non-brokered private placement of 3,000,000 units at \$0.10 per unit. Each unit consists of one common share and one non-transferable share purchase warrant. Each warrant will entitle the holder to acquire one additional common share at a price of \$0.15 per share until June 1, 2008.

Finder's fees on the private placement are \$5,500 in cash and 400,000 warrants exercisable at \$0.15 per share until June 1, 2008.

Proceeds from the will be used for general working capital.

Escrowed Shares

Pursuant to an Escrow Agreement dated March 21, 2000, all 8,877,853 common shares issued prior to the Company's initial public offering were deposited with Pacific Corporate Trust Company to be held in escrow. The Escrow Agreement provides that the escrowed shares may not be traded, released, transferred or dealt in any manner without the consent of the Executive Director of the Alberta Securities Commission. The Executive Director will normally consent to the release of 15% of the escrowed shares upon completion of the offering, a further 25% upon completion of the Company's work program and thereafter, a further 15% on each of the second, third, fourth and fifth anniversaries of the initial release, but may consent to an early release. As at June 30, 2006, there were 2,219,463 shares subject to escrow.

7. STOCK OPTIONS AND WARRANTS

Options

The Company 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, 2006, the Company had the following stock options available:

Number of Options Available	Exercise Price	Expiry Date
100,000	\$ 0.25	March 18, 2007
100,000	0.25	July 24, 2007
1,800,000	0.10	November 1, 2010
500,000	0.10	March 20, 2011
300,000	0.10	June 7, 2011

7. **STOCK OPTIONS AND WARRANTS** (cont'd...)

At June 30, 2006, the Company had the following vested stock options:

Number of Options Available	Exercise Price	Expiry Date
100,000	\$ 0.25	March 18, 2007
100,000	0.25	July 24, 2007
1,800,000	0.10	November 1, 2010
125,000	0.10	March 20, 2011
300,000	0.10	June 7, 2011

Stock-Based Compensation

During the six month period ended June 30, 2006 the Company recorded stock-based compensation of \$48,160 relating to 800,000 stock options granted at \$0.10 per share. Of this total, 500,000 stock options are subject to vesting at 25% every three months starting March 20, 2006. The stock-based compensation recognized on the statement of operations and deficit was recorded with a corresponding entry to contributed surplus on the balance sheet. The Company used the Black-Scholes option pricing model to calculate the stock-based compensation.

The following weighted average assumptions were used for the Black-Scholes valuation of stock options issued during the period:

	2006
Risk-free interest rate	4.10%
Expected life of options	5 years
Annualized volatility	139.17%
Dividend rate	0.00%

Warrants

Outstanding warrants as at June 30, 2006 are:

Number of Options Available	Exercise Price	Expiry Date
4,000,000	\$ 0.15	October 4, 2006
5,500,000	0.15	March 17, 2008
3,400,000	0.15	June 1, 2008

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JUNE 30, 2006

8. 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.

9. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

Paid or accrued management fees of \$30,000 (2005 - \$12,000) to a shareholder Company which is controlled by a director of the Company.

Paid or accrued consulting fees of \$Nil (2005 -\$5,500) to a Company which is controlled by a former director of the Company

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 \$20,277 (December 31, 2005 – \$898) due from a shareholder Company, which is controlled by a director of the Company, is non-interest bearing and has no formal terms of repayment.

10. SUBSEQUENT EVENTS

Subsequent to June 30, 2006, the Company:

- 1) Became fully licensed and registered at (NOC) Libyan National Oil Corporation, and can, operating under Libyan law, engage in all phases of the Libyan Oil and Gas industry. The Company is now seeking participation, via successful tender, in the engineering, procurement, construction and management (EPC_M) of energy related capital projects; such as Oil Refineries, Liquid Natural Gas (LNG) facilities and Co-Generation Facilities.
- 2) Proposed a 2,500,000 unit non-brokered private placement at \$0.10 per unit. Each unit will comprise one common share and one share purchase warrant. Each warrant will entitle the holder to acquire one additional common share at a price of \$0.15 per share for a period of two years after the closing of the financing.

Finder's fees may be paid in connection with the financing in accordance with applicable securities laws and TSX Venture Exchange policies. Completion of the financing is subject to regulatory approval. The net proceeds of the financing will be used for general working capital.