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CAPITAL MANAGEMENT CORP

BEAUFIELD

RESOURCES

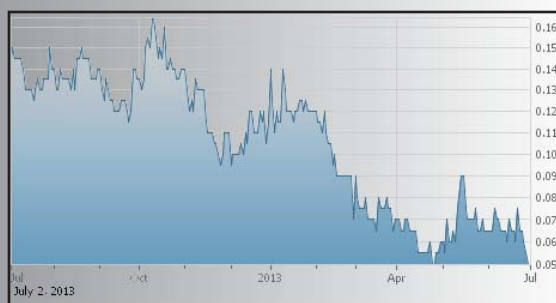
V.BFD

COMPANY OVERVIEW

Price:	\$ 0.05
Common Shares:	111.28 MM
Fully Diluted:	117.78 MM
Market Cap:	\$ 5.56 MM
52 Wk Range:	\$ 0.17 - 0.045
Working Capital:	\$ 6 MM

TOP HOLDERS

Jens Hansen	4.99 %
Creststreet Asset Management	0.40 %



Source: Stockhouse

Beaufield Resources Inc (BFD-V) is a Canadian resource exploration company. The Company has a diversified portfolio of assets located in eastern Canada, with exposure to gold, base metals, and iron. Beaufield is currently focusing on exploring its current projects and is evaluating potential acquisitions.

ROCK TALK

INTERVIEW WITH JENS HANSEN, CEO OF BEAUFIELD

Jens Hansen, CEO of Beaufield Resources, discusses the Company's upcoming exploration plans and its new strategic partner. Beaufield is currently focusing on advancing its existing properties including Opinaca, a gold project adjacent to Goldcorp's Eleonore, and the Schefferville Iron Property, which occupies a central position in the Iron District.

In October, HKHP, a subsidiary of CEFC Shanghai Oil Group Co Ltd, invested \$ 2 MM in Beaufield. They now own 9% of the Company. Could you tell me a little bit about the group, how you came into contact with them, and what their interest in Beaufield is? How involved are they as shareholders?

It is a group out of China that had no previous interests in Canada. They are very active in Australia. They have offices in the United States, Singapore, and Hong Kong. The company has an annual turnover of \$ 50 billion, so they're an important company. The President was interested in Canada and wanted to establish a beachhead here. The Chinese, when establishing a presence in a new country, often like to start where the government is located. So they came to Ottawa, where our corporate office is based. It just so happened that the Chairman knew someone here in Ottawa that we knew. He had indicated to our mutual contact that he wanted to get involved with a Canadian public company, and get to know the country, and he wanted to deal with people that he thought were reliable and knew the business. This was how we established contact.

So their first investment in Canada was in Beaufield?

Their first look into Canada in a serious way was with Beaufield. They're primarily traders in petroleum products. Mining was a secondary interest, but it was something that did interest the Chairman and that was another reason for talking to Beaufield. I've been to China a few times, so when he talked to me, at least I knew something about China. I think personal connections with the Chinese are very important and that seemed to please them. And we've been in the business for a while, we know the business, also, we have good contacts here in Ottawa. They've indicated to us that they would like to expand their involvement with Beaufield. So far, we haven't done that. They've indicated that they would like a director. I'd like to encourage greater involvement. The really interesting thing about it as well, being in the petroleum business, they haven't been decimated by the mining market the way that most mining people have. So they're a little more optimistic about the future.

Was their primary interest in your Schefferville project?

Well, they were certainly interested in that because there is Chinese involvement up there. They weren't specifically interested in any one project. They were interested in the iron. They were more interested in our knowledge of the business, our background. We have one director, John Budden, who does a financial program on the radio every night. It's actually the most popular financial program in Ottawa. So he's fairly well known and he has fairly good contacts. And another of our directors is a former senior person at Teck Corporation.

What is Beaufield's strategy for the next 12 months? Where will you be doing work? What's timing and your budget like?

We have \$ 2 million set aside for exploration this year. We have four projects that are interesting and are advanced. We intend to spend some funds on each one of those, partly to advance the projects, and partly to make sure they stay in good standing. An advantage Beaufield has is that we're not zeroed in on any one commodity. We've been in exploration for a long time, and I reckon that anything that can make money in the future should be looked at. The other thing, is that we own everything 100%. We don't have any payments to anybody and we don't owe anybody anything. We just have to keep the claims in good standing. A lot of the juniors are in trouble because they owe, or are committed for five, ten million dollars to somebody, due to option payments, etc.

We have the Opinaca Property which is next to Goldcorp's Eleonore Project, where they're investing almost \$ 2 billion. We probably have one of the best properties in that camp, next to Goldcorp. Goldcorp invested money in Beaufield about four or five years ago when they first got involved with Eleonore. They invested about \$ 3.4 million. Then there's the Troilus Project. It's a high grade base metal deposit. And then we have Urban Township, and we have the iron project in Schefferville.

Is Troilus your most advanced project?

I think the most advanced one is probably Troilus, where we have a deposit. I think we have just under a million tonnes, but it is a measured resource. I don't know if it's big enough. We may need to drill more to increase it, but at least what we have is near surface and it's very high grade. Opinaca is probably the most interesting one over the long haul, because Goldcorp thinks this Eleonore camp is going to be the next Red Lake. We've had the Urban Property in the company since 1986. So, we like it, but nobody has ever come up with anything really important at Urban. There's lots of gold up there, but nothing in production. And Schefferville, well, it's an opportunistic move we made.



What is your cash position?

We have approximately \$ 6 MM in working capital, and \$2 MM of that is assigned to exploration. Some of that though is in tax refunds that we get from the Quebec government by having spent hard cash, so it's not all in the bank as cash. Also, we don't have a lot of overhead. We operate pretty efficiently. We only have one person that's on permanent staff, a geologist. The rest are contractors and consultants. There are some good ones out there, and we certainly know who they are.

Are you considering bringing in partners or selling assets?

Well, being a junior, really our job is not to go into mining. It's to identify prospects and then market them. The market isn't great for that right now. But I think the projects are good, and we have the wherewithal to be around for quite a long time going into the future. We don't have to raise any money for years if we don't want to. From that point of view, we're in an excellent position. We're very comfortable with what's going on, everything is getting cheaper and we think there may be opportunities out there in this market.

Beaufield signed an LOI for the purchase of the Balmat Zinc Mine from Hudbay back in February. In March, the Company decided against the acquisition and decided to maintain its exploration focus. What were the factors leading to this decision?

I've been in this business for 40 years. At this point, we had about \$ 8 MM in the treasury. So I thought this is a really good opportunity for us to identify a new CEO. The new CEO zeroed in on the Balmat Zinc Project which, technically, looks excellent. But the Board of Directors felt that it was a very high risk project in this environment. The payments to Hudbay were high, and certainly there were environmental risks and market risks. The CEO was extremely confident, which is great. However, confidence won't overcome lack of cash. As a consequence, the Board decided to terminate the Balmat zinc mine due diligence process and resume the exploration, development focus. The Company terminated Mr. Weston's contract.

So the new CEO just had a different direction then Beaufield? He wanted to be heading a development company instead of an exploration company?

He was a mining person. I thought that the iron project had a chance of being looked at from that perspective and also Troilus, but then he thought of this opportunity. It certainly looked great on paper, but when you go into the detail, in my opinion, it was very risky, especially in this market, for a junior.



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Are you still considering acquisitions?

Well, we're certainly keeping our eyes open. With the backing from CEFC, they would be perfectly happy for us to do that. So we will look at that but intuitively, we're very cautious. Having a former senior guy from Teck as a director, obviously we have access to some interesting things to look at. I think it's too early yet. I find with a lot of the juniors, when you look at the properties, there are various parties attached to them. So technically they may be interesting properties, but financially, they worry me. I don't want to take over somebody else's payments.

So your partners would be willing to back you financially if an appropriate opportunity was identified?

They would. Even Balmat, it would have required \$25 million right away. CEFC looked at it seriously, being prepared to do that. As I said, it's a \$50 billion outfit, so money is not really the problem, but the quality of the project is. We would certainly get their backing if we presented something. I'm aware of two or three things that I'd like to look at. A lot of the majors are going to be divesting non-core assets, and there may be something there that we can look at. But we're not quite ready yet, we're busy right now exploring. But over the next year, we absolutely will be looking.

Anything specific in terms of commodities or location that you would find of particular interest?

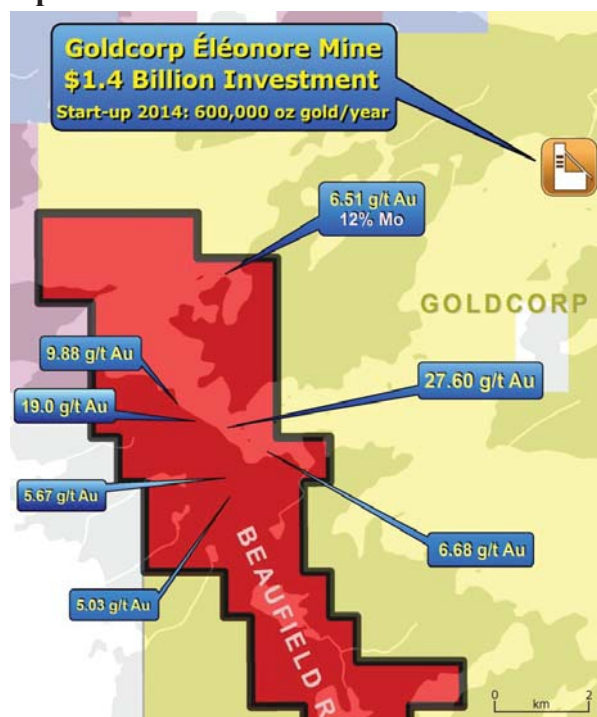
We would look at anything. Every day that goes by, gold seems less attractive. So I don't quite know what to think. I think base metals are probably more interesting at this point in time. But I think caution is the right way to look at things.

Are you planning anything at Opinaca?

We're going to be having a drill program totalling between 2,000 and 3,000 m. I was just in Val D'Or going over our data with our geologist and consultants that have been doing some work for us. We will probably start drilling sometime in July. We have targets, some very interesting targets, based on our work. We've had the property now for quite a number of years, 8 or 9 years.



Opinaca Location



Source: Company Filings

Are the targets from the mag survey you did earlier?

Some of them are on geochemical anomalies. Some of them are where we've done sampling. We've collected surface samples returning 19 or so g/t, and then we have geophysical anomalies attached to that. So it's a combination of geochemical targets, geophysical targets, and structural targets. A couple of them are going to be more grass roots. I think that they're all quality targets. I think we'll have about 10 holes all together that we'll do. Everything is lined up, the helicopter is lined up, drills are lined up, the camp's lined up, and the geologist has just been there to spot the holes, so we're ready to go.

The last technical report on the Tortigny Deposit was announced in November. Is this project still a focus for you?

We have a crew up there right now. They're doing boulder prospecting. We have a measured resource of over 700,000 tonnes at 4.28% Zn and 2.11% Cu, with silver and gold as well. We obviously would like to increase that, we've got a big land position in the camp and we've found some really interesting outcrops and boulders in the area. So we've had a crew up there for the last month following up. We may do an overburden drill program for new targets first, and then proceed to diamond drilling. We likely, very likely will drill exploration targets later on, probably September, October.



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Have the concerns regarding QAQC mentioned in the technical report been addressed?

Well, we had SGS do the 43-101 and I wasn't particularly happy with a lot of the aspects of the job. For one thing, because everybody was busy, a number of their people ended up changing assignments. It's true that the sampling could have been done a little bit better. The control could have been done better on both sides. One of our directors, as I said, is a senior person that's retired from Teck, so we're having Teck consultants, people who have done a lot of work for Teck, go over that report. I want to have another look at it. It's a technical thing. The problem was SGS used a different assay technique than the one that we had used so the results were different. That sort of got everything started because there was a discrepancy among the two sets of results. It was very minor, but it was outside of the 10% variance and that got things off track. But there's certainly nothing wrong with the data, everything has been done unbelievably conservatively. Anyways, it got done but it wasn't perfect. But that doesn't mean that the results are not there.

So what work has to be done before you do the drilling in the fall?

Until we have the consultants go over all the old data and come up with a proper structural interpretation of the deposit, we're not going to go back and drill more at the Tortigny deposit. We've already got close to a million tonnes and we're looking for other deposits in the area.

Would you bring in a partner here?

Well, what I'd really like to do, it's high grade ore, is to find someone who would be interested in milling the ore. I think small, high grade deposits may be a lot better than big low-grade ones. So, at Mattagami, there is a mill that could treat the ore. At Langlois, there is a mill there as well, so there are mills in the area. I just haven't got around to talking to them yet. I think it could be economic and treatable as it is, but I don't know about a partner.

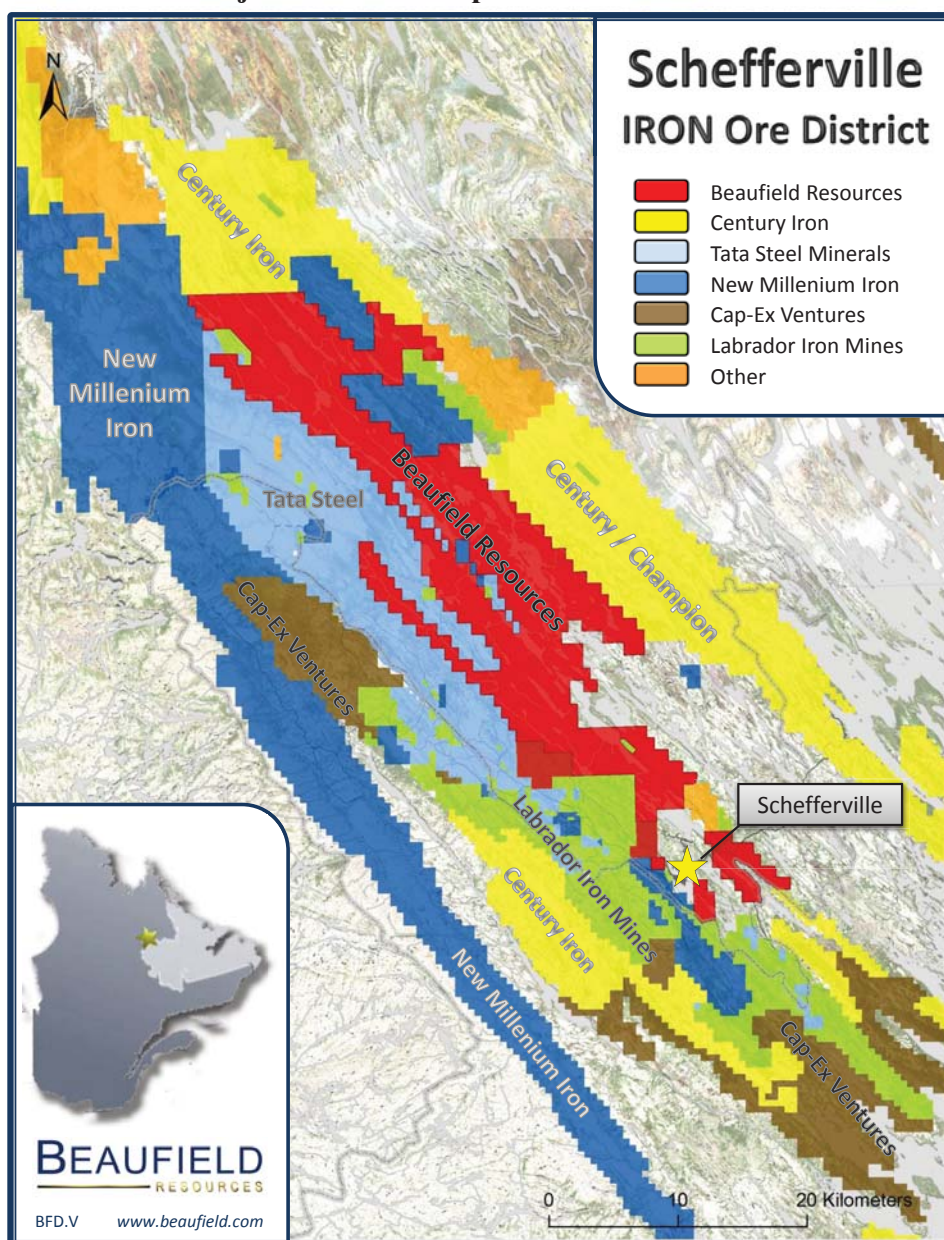
Beaufield's Schefferville Property is surrounded by Tata Steel, New Millenium Iron, Century Iron and Labrador Iron Mines. You recently intersected 147 m of 34 % iron, as well as 76.5 m of 43.75 % iron. Will you be doing any work here this summer? Have you ever considered selling this asset to those in the area?

We occupy a very strategic position in Schefferville. Years ago, I was involved as the original vendor of the property that went into New Millennium. This goes back pre-Beaufield. So I know the area well, I know the New Millennium people extremely well because we were partners when we started it. When they finished staking, years ago, I went in and staked for Beaufield. So, we got what I think is very good ground. It is very, very well located. We did a drill program and we had some really good results, but it was a diamond drill program we did. DSO is a soft material and a lot of it wasn't recuperated as well as it could have in the diamond drill program. We know where it is though. We need to go back to do a reverse circulation drill program.



But we drilled 22 holes and the average came out at around 35, 34 % iron, which is really very, very good, better than the average taconite. But not as good as we would like for DSO. Upgrading would certainly be possible though. There's no doubt that the property has value and like any junior, of course, if you have a good property, we'd be very pleased if somebody would make an offer for it. The market is not that great but I think you well know who the customers would be just by looking at the map. We're in touch with everybody there, we know all the players in the area.

Schefferville Project Location Map



Source: Company Filings



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Are you doing any work here there summer?

We've got a person there right now, a geologist that is working for us based in Schefferville. His job is to go over all the old IOC data. There are a lot of Iron Ore Company of Canada holes drilled on the property and our geologist used to work for IOC, so he's going over all the old IOC data and tying it in with our existing data. Also we're going to hire SRK who's active in the area, to do a 43-101 incorporating the 22 drill holes we did. They did an initial technical report for us, so we're going to have them update that with all the drill holes. That will probably be in August.

So that would happen before you would do the RC drilling?

Yes, we want to go over the core again to find out where the DSO sections are. The 22 hole drill program was to test various parts of the property for DSO potential, but we want to go back now and review all of the core with the view of where the DSO may be. When you're doing a program, you're sometimes in a big area, and you don't have time to go over all the data in quite the detail that you would later on. That's why we have that consultant up there right now. So he'll be working for us for a month or two, and then the engineers, SRK will go up and go over everything. After that we'll have a new report. So we are active up there. The reverse circulation drilling, we'll see. As I said, we have a budget of \$ 2 MM. There won't be any drilling out of that \$ 2 MM budget in Schefferville.

Amseco terminated its option to earn an interest in your Urban Barry property. Will you be looking for a new partner? Do you plan to do work here? What do you think of the exploration potential in the area?

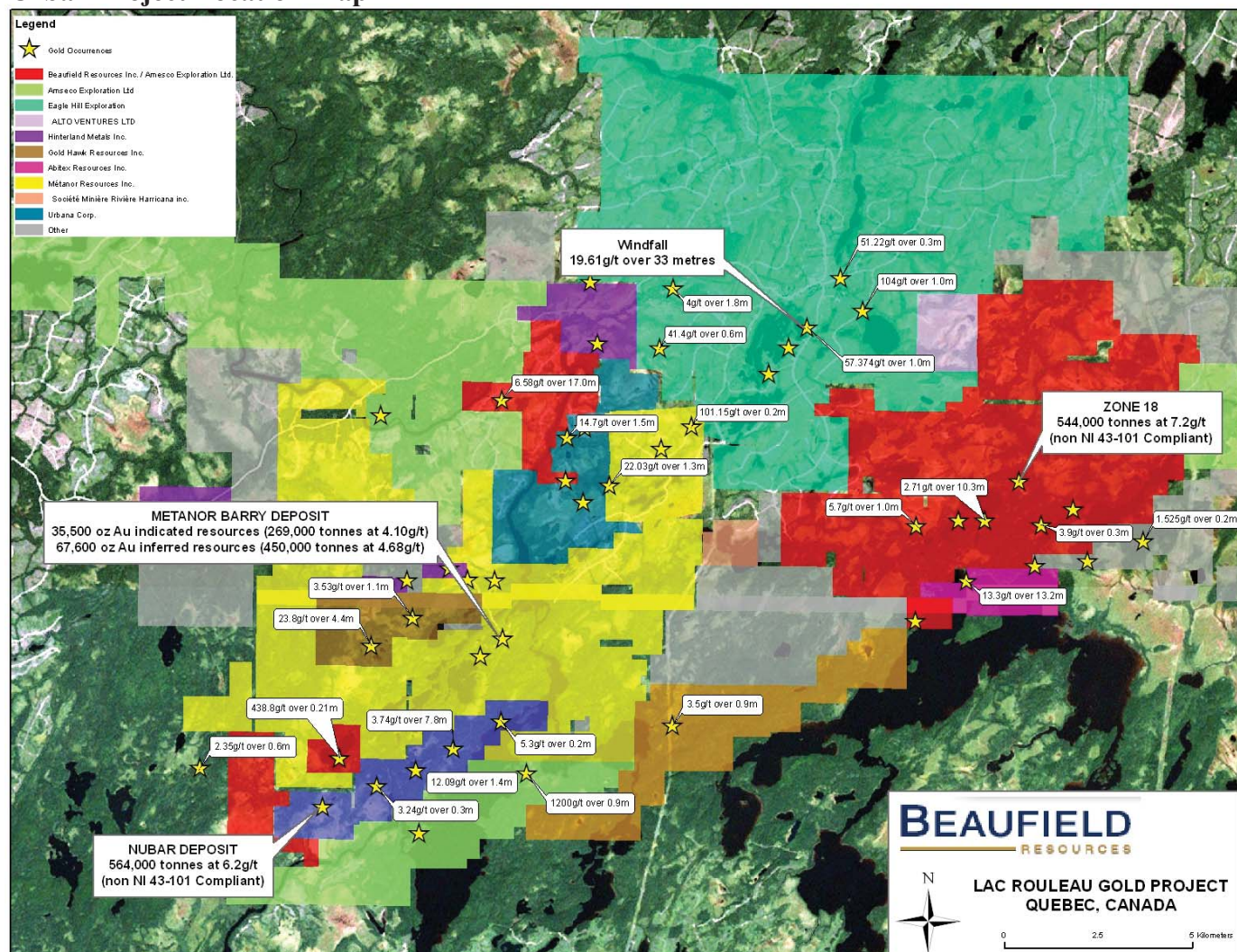
Amsico did a pretty good job up there doing geophysics and drilling a series of targets, but they sort of ran out of money and were not able to complete their earn-in. They spent about a million dollars. We got the property back with all the data but won't have a drill program there this summer. There are targets in there. The drilling they did will help guide our drilling eventually. We've got about three targets there that, in my opinion, are absolutely worth drilling.

Metanor seems pretty excited about their Barry Project in the area.

I visited Metanor on Monday, when I was in Val d'Or. When we drill, we're talking about maybe using their camp for one of our drill set-ups. Their geologist Andre is incredibly enthusiastic about the area. He really likes portions of our property. We've been there since 1986. The other group that's in there is called Bonterra. They've been getting some interesting results, but their property is pretty well completely contained within ours. Some of their better holes are right up against our boundary, the way I understand it. We've also got a historical deposit on our ground called Lac Rouleau. It's got maybe 600,000 tonnes at about 6 g/t, but that's non 43-101. We're going to go in and drill a couple of extra holes in there, and we have some other ideas. I think we've been in that area probably longer than anybody. It's been an area that has had so many disappointments over the years, and that's why Beaufield has spent no money there for over 10 years. Things appear to be changing.



Urban Project Location Map



Anything you want to add?

The main advantage is that we are in great shape financially. We've got \$ 2 million that we'll spend on exploration this year. We've got a good reputation in the business, at least with our suppliers. We're able to get good people. The diversification of properties I think is important.

Thanks to Jens Hansen for participating in this interview. Secutor will continue to follow Beaufield's progress.



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