

2004

Birim Goldfields Inc.

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*Second Quarter
Interim Report
September 30, 2004*

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President's Message

During the second quarter ended September 30, 2004, Birim's exploration activities continued to focus on the reconnaissance drill programs being carried out on the 450 meter-long Tombe-Parabu gold anomaly as well as on the extensive soil sampling program being carried out on the Kuri region in the north. Both prospective target areas are located on the Company's wholly owned 7,000 sq. kilometer BUI District in northwestern Ghana, Africa.

Birim completed 417 RC drill holes over the course of Phases I & II of the reconnaissance drilling programs on the Tombe-Parabu target area. Phase I of RC drilling included 15 holes on the Tombe East anomaly and 61 holes into the southern extension of the Tombe anomaly. These infill fences were positioned to improve the density of drill coverage to 200 meter spaced lines. Among the best intersections are 3m @ 2.77 g/t Au in CTR 345 from 15 to 18m, 5m @ 2.18 g/t Au from 41 to 46m in hole CTR 346, 3m @ 1.68 g/t Au in CTR 376 from 11 to 14m, and 2m @ 1.93 g/t Au in CTR 389 from surface.

In Phase II, 12 holes were drilled to investigate, at depth, the northern continuation of the Tombe North Gold Zone and 15 other holes were drilled at Tombe East target to test this gold-in-soil anomaly that is adjacent to, and possibly structurally associated with Tombe North. Drill depths were generally shallow (45 meters vertical depth) to effectively trace the near-surface outline of the entire Tombe-Parabu anomaly and, specifically, the North Gold Zone discovery area. Results indicated that there was significant potential to trace this gold mineralization at depth.

Phase III of the drill program commenced in mid-August with the intent to focus on the Tombe North Gold Zone and to test the depth extent and geometry of this high-grade zone at 100 meters below surface in key areas along the zone. The RC drill program involved a total of 7 re-entries and deepening of existing drill holes. Although the results obtained did not match the significant values reported near surface along this gold trend, this sector remains of interest to Birim and the entire data package is currently under review. All of the drilling done to date has been under the supervision of internationally recognized exploration consultants RSG Global Pty Ltd. of Perth, West Australia.

Concurrent with the drill program at Tombe, an extensive, preliminary soil-sampling program began in July 2004 on the Kuri target area to the north. Kuri is the hot spot of the largest concentration of galamsey (artisanal) mining on the Company's BUI District. In total 2,747 soil samples were collected and analyzed from a grid area that covered approx. 9.6 x 10.0 km. The results were very encouraging; 95 of the soil samples are greater than 100ppb gold and an additional 218 of the soil samples analyzed are greater than 50ppb gold. The maximum value reported was 8,760ppb gold.

Early-stage analysis of these results indicates that there are three broad anomalous zones, two of which have strike lengths exceeding five kilometers. The assessment of the potential at Kuri has only just begun and the Company will be following up with infill soil sampling (200 meters by 50-meters) on all three zones.

The Company's cash position at the end of the second quarter was \$CAD 2.24 million, sufficient enough to enable the Company to continue its ongoing aggressive exploration programs on the multiple targets within the Bui District. In addition, as growth continues to be a key objective for Birim, the Company is vigorously examining additional exploration and/or royalty stream opportunities within gold-rich Ghana.

Denis Simoneau
President and Chief Executive Officer
November 9th, 2004

Birim Goldfields Inc.

Consolidated Balance Sheets

	September 30, 2004 (unaudited)	March 31, 2004 (restated)
Assets		
Current assets		
Cash and cash equivalents	\$ 2,224,718	\$ 2,859,955
Accounts receivable	12,820	74,051
Prepaid expenses	110,314	133,446
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	2,347,852	3,067,452
Prepaid expenses	37,771	83,097
Mining interests	10,011,523	8,398,855
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	\$ 12,397,146	\$ 11,549,404
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Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 365,511	\$ 454,099
Tax payable	-	58,000
	<hr/>	<hr/>
	365,511	512,099
Shareholders' Equity		
Warrants (Note 2)	2,737	26,285
Share capital (Note 2)	21,294,345	20,003,973
Stock options (Note 2)	759,575	482,410
Deficit	(10,025,022)	(9,475,363)
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	12,031,635	11,037,305
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	\$ 12,397,146	\$ 11,549,404
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See accompanying notes

Birim Goldfields Inc.

Consolidated Statements of Operations and Deficit
(unaudited)

	Three-month period ended September 30		Six-month period ended September 30	
	2004	2003 (restated)	2004	2003 (restated)
Revenues				
Net gain on disposal of a mineral interest	\$ -	\$ 2,148,444	\$ -	\$ 2,148,444
Interest income and net exchange gain (loss), net	(29,206)	(121,984)	53,162	(61,624)
	(29,206)	2,026,460	53,162	2,086,820
Administrative expenses				
Compensation cost	23,617	-	251,485	-
Salaries and fringe benefits	50,192	38,639	100,384	77,321
Office and general	44,789	54,372	98,928	114,533
Travel and entertainment	19,745	(5,578)	73,381	42,033
Professional and consulting fees	38,202	154,609	66,643	193,296
Rent	6,000	6,000	12,000	12,000
Financing fees	-	1,053	-	4,191
	182,545	249,095	602,821	443,374
(Net earnings) Net loss	211,751	(1,777,365)	549,659	(1,643,446)
Deficit at beginning				
As previously reported	9,413,118	10,306,732	9,075,210	10,172,813
Accounting for the compensation cost pursuant to the new section (Note 1b)	400,153	54,873	400,153	54,873
As restated	9,813,271	10,361,605	9,475,363	10,227,686
Deficit at end	\$ 10,025,022	\$ 8,584,240	\$ 10,025,022	\$ 8,584,240
Basic and diluted (net earnings) net loss per share	\$ 0.01	\$ (0.05)	\$ 0.01	\$ (0.05)

See accompanying notes

Birim Goldfields Inc.

Consolidated Statements of Cash Flows

(unaudited)

	Three-month period ended September 30		Six-month period ended September 30	
	2004	2003 (restated)	2004	2003 (restated)
Operating activities				
Net income (Net loss)	\$ (211,751)	\$ 1,777,365	\$ (549,659)	\$ 1,643,446
Items not affecting cash and cash equivalents				
Compensation cost	23,617	-	251,485	-
Net gain on disposal of a mineral interest	-	(2,148,444)	-	(2,148,444)
Net exchange (gain) loss	-	1,629	-	(64,024)
Financing fees	-	1,053	-	4,191
	(188,134)	(368,397)	(298,174)	(564,831)
Net change in non-cash working capital items				
Accounts receivable	21,225	(82,530)	61,231	(90,510)
Prepaid expenses	11,565	-	23,132	-
Accounts payable and accrued liabilities	(27,376)	50,363	(88,588)	90,770
Tax payable	-	-	(58,000)	-
	5,414	(32,167)	(62,225)	260
Cash and cash equivalents used in operating activities	(182,720)	(400,564)	(360,399)	(564,571)
Financing activity				
Share capital	860,500	152,287	1,260,315	152,287
Cash and cash equivalents generated from financing activity	860,500	152,287	1,260,315	152,287
Investing activities				
Proceeds on disposal of a mineral interest	-	4,715,629	-	4,715,629
Mineral interests - exploration costs	(508,356)	(540,809)	(1,580,479)	(839,021)
Prepaid expenses	22,663	-	45,326	-
Cash and cash equivalents generated from investing activities	(485,693)	4,174,820	(1,535,153)	3,876,608
Net change in cash and cash equivalents	192,087	3,926,543	(635,237)	3,464,324
Cash and cash equivalents at beginning	2,032,631	1,357,757	2,859,955	1,819,976
Cash and cash equivalents at end	\$ 2,224,718	\$ 5,284,300	\$ 2,224,718	\$ 5,284,300

Cash and cash equivalents are represented by cash and term deposits.

Additional Information

Items not affecting cash and cash equivalents related to financing and investing activities

Stock options granted (mining interests)	\$ 11,429	\$ 4,363	\$ 32,189	\$ 12,748
Options exercised	\$ -	\$ 6,403	\$ 6,509	\$ 6,403
Warrants exercised	\$ 2,257	\$ 18,834	\$ 23,548	\$ 18,834

See accompanying notes

Birim Goldfields Inc.

Notes to Consolidated Financial Statements

(unaudited)

September 30, 2004 and 2003

1. a) General

The accompanying unaudited consolidated financial statements do not include all the disclosure required by generally accepted accounting principles for annual statements and should be read in conjunction with the notes to the Company's audited consolidated financial statements for the year ended March 31, 2004, specifically the Note 1 on the Nature of activities and going concern and Note 2 on the Summary of significant accounting policies.

b) Stock-Based Compensation and Other Stock-Based Payments

On April 1, 2003, the Company adopted retroactively with a restatement for 2004 the new recommendation of Section 3870 of the CICA Handbook entitled "Stock-Based Compensation and Other Stock-Based Payments" under which the costs of options granted to key employees, officers and directors is accounted for as compensation cost under operations. The effect of these new amendments is the increase of the deficit as at March 31, 2003 by \$54,873 and the increase of the mining interests as at September 30, 2003 by \$12,748. In addition, during the year ended March 31, 2004, the Company granted other options to directors and officers for a compensation cost of \$345,280.

2. Share capital

Authorized

Unlimited number of common shares, without par value.

Issued

Changes in the Company's share capital were as follows:

	<u>2004</u>		<u>2003</u>	
	Number of Shares	Amount	Number of Shares	Amount
Balance at beginning	36,726,204	\$ 20,003,973	35,060,062	\$ 19,372,149
Issued following the exercise of warrants	1,995,400	975,363	342,857	136,621
Issued following the exercise of options	1,175,000	315,009	110,000	40,903
Balance at end	39,896,604	\$ 21,294,345	35,512,919	\$ 19,549,673

Birim Goldfields Inc.

Notes to Consolidated Financial Statements

(unaudited)

September 30, 2004 and 2003

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2. Share capital

Common share purchase options

The company has a fixed-price share option plan. Under the Employee, Director and Consultant Share Option Plan, the company may grant options to its key employees, officers, directors and consultants for up to 7,000,000 common shares. Under the plan, the exercise price of each option equals the market price of the company's shares on the date of grant and an option's maximum term is ten years. The number of share options granted is determined by the Board of Directors and the aggregate number of share options granted to any one individual cannot exceed 5% of the issued and outstanding common shares of the company. Options terminate 90 days following the key employee's, officer's or director's date of departure, except in the case of retirement, death or disability, in which case they terminate one year after the event. Options also terminate 90 days following the cancellation of contracts with the consultants. The options are exercisable at any time, unless otherwise specified. There is no vesting period.

The following table presents the stock option activity since April 1, 2004 and 2003:

	<u>2004</u>		<u>2003</u>	
	Number	Weighted average exercise price \$	Number	Weighted average exercise price \$
Outstanding – Beginning of period	3,325,000	0.52	2,769,000	0.26
Granted	1,100,000	0.54	200,000	0.31
Exercised	(1,175,000)	0.26	(110,000)	0.31
Matured	(50,000)	0.31	-	-
Outstanding – End of period	3,200,000	0.62	2,859,000	0.26

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Notes and Comments to Consolidated Financial Statements

(unaudited)

September 30, 2004 and 2003

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2. Common share purchase options (cont'd)

The following table summarizes information about fixed stock options outstanding and exercisable as at September 30, 2004:

Exercise price	Options outstanding and exercisable as at September 2004	Weighted average remaining contractual life (years)
\$0.24	100,000	0.50
\$0.25	100,000	1.90
\$0.27	800,000	0.90
\$0.54	1,000,000	1.70
\$0.56	100,000	1.84
\$1.03	1,100,000 (1)	1.29
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	3,200,000	1.34

(1) Of this number, 100,000 options are not exercisable as at September 30, 2004. All the other options are exercisable as at September 30, 2004.

Options

The fair value of options granted was estimated using the Black-Scholes options pricing model with the following weighted average assumptions :

	2004	2003
Risk-free interest rate	2.98%	3.86 %
Expected volatility	75%	50 %
Dividend yield	Nil	Nil
Weighted average expected life	2 years	2 years
Weighted average cost of option granted	\$0.23	\$0.09

The total compensation cost recorded as expenses for the options granted to directors and officers during the period ended September 30, 2004 and 2003 is \$251,485 (none in 2003) and the amount of \$251,485 (none in 2003) has been recorded under the heading Stock Options. In addition, during the period ended September 30, 2004 and 2003, \$32,189 (\$12,748 in 2003) was accounted for as mining interests for options granted to consultants through the vesting period and the amount of \$32,189 (\$12,748 in 2003) has been recorded under the heading Stock Options.

Notes and Comments to Consolidated Financial Statements
(unaudited)

September 30, 2004 and 2003

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2. Common share purchase options (cont'd)

Warrants

The following table presents the warrant activity since April 1, 2004 and 2003 :

	2004		2003	
	Number	Weighted average exercise price \$	Number	Weighted average exercise price \$
Outstanding – Beginning of period	2,475,400	0,48	3,397,542	0.46
Granted	-	-	-	-
Exercised	(1,995,400)	0,49	(342,857)	0.34
Matured	(430,000)	0,50	-	-
Outstanding – End of period	50,000	0,35	3,054,685	0.47

The following table summarizes information about warrants outstanding and exercisable as at September 30, 2004:

Exercise price	Warrants outstanding and exercisable as at September 30, 2004	Weighted average remaining contractual life (years)
\$0.35	50,000	0.35

3. Related party transactions

During the period, the Company paid \$ 39,000 (\$30,000 in 2003) in professional service fees and \$12,000 (\$12,000 in 2003) in rent, to a company controlled by an officer. 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. In addition, during the period ended September 30, 2003, the Company paid \$141,500 (none in 2004) in professional fees to a company associated to a director.