

2004

Birim Goldfields Inc.

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*Third Quarter
Interim Report
December 31, 2004*

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President's Message

During the third quarter ended December 31, 2004, Birim's exploration activities focused on the extensive soil sampling program being carried out on the Kuri prospect located in the northern region of the Company's wholly owned 7,000 sq. kilometer BUI District in northwestern Ghana, West Africa. The Kuri target area has been host to a large concentration of galamsey (artisanal) workers for a number of years; a clear indication of this region's significant potential for economic concentrations of gold.

Three extensive gold-in-soil anomalies, two of which have strike lengths exceeding five kilometers, were defined by the initial 800 meter x 50 meter reconnaissance soil sampling program completed in the fall of 2004. A total 2,747 soil samples were collected and analyzed and the results were very encouraging; 95 of the soil samples returned values greater than 100ppb gold and an additional 218 samples were greater than 50ppb gold. The maximum value reported was 8,760ppb gold.

All three anomalous zones were followed up by infill sampling at 50-meter intervals along lines 400 meters and 200 meters apart. A total of 1,626 samples were taken of which, 294 samples (7.1%) returned anomalous values greater than 50 ppb with the highest gold value obtained being 14 g/t gold.

The largest and most southern gold anomaly is continuous over five kilometers in a northeast-southwest orientation. Galamsey miners have been intensively working a 1,400 meter-long zone in the central portion of this anomaly. The anomaly can be traced a further 1,700 meters to the northeast as well as another 1,400 meters to the southwest of the current galamsey area. The anomalous zone likely reflects quartz veining and silicification, which as demonstrated by the galamsey activity, has shown to be associated with gold mineralization.

Overall, the detailed sampling program was successful in refining the extent and intensity of the gold-in-soil anomalies initially identified and now allows Birim to determine the zones to be drill tested. A Rotary Air Blast (RAB) drill program is currently being planned to test the best portions of the main anomaly. The program will commence once the application for conversion of this sector into a Prospecting License has been approved.

The Company's cash position at the end of the second quarter was \$CAD 1.6 million, sufficient enough to enable the Company to continue its ongoing aggressive exploration at Kuri and assess new targets areas within the Bui District. As always, Birim's key objective is growth in Ghana and the Company continues to examine additional exploration and/or royalty stream opportunities within this gold-rich country.

Denis Simoneau
President and Chief Executive Officer
February 8th, 2005

Birim Goldfields Inc.

Consolidated Balance Sheets

	December 31, 2004 (unaudited)	March 31, 2004 (restated)
Assets		
Current assets		
Cash and cash equivalents	\$ 1,697,865	\$ 2,859,955
	17,785	
Accounts receivable		
	98,745	
Prepaid expenses	1,814,395	3,067,452
Prepaid expenses	15,108	83,097
	10,356,821	
Mining interests	\$ 12,186,324	\$ 11,549,404
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 292,066	\$ 454,099
Tax payable	-	58,000
	292,066	512,099
Shareholders' Equity		
Share capital (Note 2)	21,335,860	

Stock options (Note 2)	765,677	
Warrants (Note 2)	2,737	26,285
Deficit	(10,210,016)	
	11,894,258	11,037,305
	\$ 12,186,324	\$ 11,549,404

See accompanying notes

Birim Goldfields Inc.

Consolidated Statements of Operations and Deficit (unaudited)

	Three-month period ended December 31		Nine-month period ended December 31	
	2004	2003 (restated)	2004	2003 (restated)
Revenues				
Net gain on disposal of a mineral interest	\$ -	\$ -	\$ -	\$ 2,148,444
Interest income, net of exchange gain (loss)	(21,437)	(122,524)	31,725	(184,148)

	(21,437)	(122,524)	31,725	1,964,296
Administrative expenses				
Compensation cost	-	-	251,485	-
Salaries and fringe benefits	52,636	38,649	153,020	115,970
Office and general	53,147	42,726	152,075	157,259
Travel and entertainment	17,866	65,585	91,247	107,618
Professional and consulting fees	33,908	56,448	100,551	249,744
Rent	6,000	6,000	18,000	18,000
Financing fees	-	-	-	4,191
	163,557	209,408	766,378	652,782
(Net earnings) Net loss	184,994	331,932	734,653	(1,311,514)
Deficit at beginning				
As previously reported	9,624,869	8,529,367	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	10,025,022	8,584,240	9,475,363	10,227,686
Deficit at end	\$ 10,210,016	\$ 8,916,172	\$ 10,210,016	\$ 8,916,172
Basic and diluted (net earnings) net loss per share	\$ 0.01	\$ 0.01	\$ 0.01	\$ (0.04)

See accompanying notes

Birim Goldfields Inc.

Consolidated Statements of Cash Flows

(unaudited)

	Three-month period ended December 31		Nine-month period ended December 31	
	2004	2003 (restated)	2004	2003 (restated)
Operating activities				
Net earnings (Net loss)	\$ (184,994)	\$ (331,932)	\$ (734,653)	\$ 1,311,514
Items not affecting cash and cash equivalents				
Compensation cost	-	-	251,485	-
Net gain on disposal of a mineral interest	-	-	-	(2,148,444)
Net exchange gain	-	(28,953)	-	(92,977)
Financing fees	-	-	-	4,191
	(184,994)	(360,885)	(483,168)	(925,716)
Net change in non-cash working capital items				
Accounts receivable	(4,965)	12,386	56,266	(78,124)
Prepaid expenses	11,569	-	34,701	-
Debentures	-	(704,094)	-	(704,094)
Accounts payable and accrued liabilities	(73,445)	62,225	(162,033)	152,995
Tax payable	-	-	(58,000)	-
	(66,841)	(629,483)	(129,066)	(629,223)
Cash and cash equivalents used in operating activities	(251,835)	(990,368)	(612,234)	(1,554,939)
Financing activity				
Share capital	38,500	263,092	1,298,815	415,379
Cash and cash equivalents generated from financing activity	38,500	263,092	1,298,815	415,379
Investing activities				
Proceeds on disposal of a mineral interest	-	-	-	4,715,629
Mineral interests - exploration costs	(336,181)	(714,407)	(1,916,660)	(1,553,428)
Prepaid expenses	22,663	-	67,989	-
Cash and cash equivalents generated from investing activities	(313,518)	(714,407)	(1,848,671)	3,162,201
Net change in cash and cash equivalents	(526,853)	(1,441,683)	(1,162,090)	2,022,641
Cash and cash equivalents at beginning	2,224,718	5,284,300	2,859,955	1,819,976
Cash and cash equivalents at end	\$ 1,697,865	\$ 3,842,617	\$ 1,697,865	\$ 3,842,617

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)	\$ 9,117	\$ 2,313	\$ 41,306	\$ 15,061
Options exercised	\$ 3,015	\$ 6,403	\$ 9,524	\$ 6,403
Warrants exercised	\$ -	\$ 18,834	\$ 23,548	\$ 18,834

See accompanying notes

Birim Goldfields Inc.

Notes to Consolidated Financial Statements

(unaudited)

December 31, 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 December 31, 2003 by \$15,061. 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 and \$61,693 as mining interest.

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	629,642	272,513
Issued following the exercise of options	1,325,000	356,524	594,000	168,103
Balance at end	40,046,604	\$ 21,335,860	36,283,704	\$ 19,812,765

Birim Goldfields Inc.

Notes to Consolidated Financial Statements

(unaudited)

December 31, 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.

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	(1,325,000)	0.26	(594,000)	0.28
Matured	(50,000)	0.31	-	-
Outstanding – End of period	3,050,000	0.64	2,375,000	0.26

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Notes and Comments to Consolidated Financial Statements

(unaudited)

December 31, 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 December 31, 2004:

Exercise price	Options outstanding and exercisable as at December 2004	Weighted average remaining contractual life (years)
\$0.24	100,000	0.25
\$0.27	750,000	
\$0.54		
\$0.56		

\$1.03

3,050,000	1.10
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(1) Of this number, 100,000 options are not exercisable as at December 31, 2004.
All the other options are exercisable as at December 31, 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 December 31, 2004 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 December 31, 2004, \$41,306 (\$15,061 in 2003) was accounted for as mining interests for options granted to consultants through the vesting period and the amount of \$41,306 (\$15,061 in 2003) has been recorded under the heading Stock Options.

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Notes and Comments to Consolidated Financial Statements

(unaudited)

December 31, 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	(629,642)	0.43
Matured	(430,000)	0,50	-	-
Outstanding – End of period	50,000	0,35	2,767,900	0.48

The following table summarizes information about warrants outstanding and exercisable as at December 31, 2004:

Exercise price	Warrants outstanding and exercisable as at December 31, 2004	Weighted average remaining contractual life (years)
\$0.35	50,000	0.18

3. Related party transactions

During the period, the Company paid \$ 58,500 (\$45,000 in 2003) in professional service fees and \$18,000 (\$18,000 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 December 31, 2003, the Company paid \$141,500 (none in 2004) in professional fees to a company associated to a director.