

2005

Birim Goldfields Inc.

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*First Quarter
Interim Report
June 30, 2005*

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Birim Goldfields Inc.

First Quarter Interim Report

As at June 30th, 2005

President's Message

The first quarter of 2005, ended June 30, 2005 has been a very active and exciting period for Birim Goldfields Inc. especially in the arenas of financing and property acquisition. The Company completed a CDN \$3.6 million oversold brokered financing early in the quarter which was then followed by a number of strategic property acquisitions in Ghana. Exploration began immediately with intensive target definition on the newly acquired licenses on the Bibiani-Sefwi Belt. In addition, Golden Star's increasing activity on the Dunkwa royalty property took shape over the quarter.

On March 16, 2005 Birim announced a bought deal financing with Canaccord Capital Corporation of Vancouver, BC, Canada for 6,000,000 million units* at a price of \$0.50 per unit for gross proceeds of CDN \$3.0 Million. Canaccord was granted and exercised prior to closing, an over allotment option for an additional 1,330,000 Units based on the demand for the financing deal. The financing was completed within a month and closed on April 14th for an aggregate of 7,330,000 units, a total gross proceeds of CDN \$3,665,000. The infusion of capital early in the first quarter was timely for the ongoing exploration and upcoming property acquisitions.

Three weeks hence, on May 4, 2005 Birim announced the exciting news that it had been granted three exclusive Reconnaissance Licences; Nkenkasu, Bia Tano and Banda Ahenkro, on the prominent Bibiani-Sefwi Gold Belt. The addition of these three new concessions (totalling 1,189 km²) to the Company's existing four-concession portfolio (approx. 7,000 km²) on the Bui Belt establishes Birim as one of Ghana's largest mineral rights holders as well as strategically places Birim on all three significant gold belts in Ghana. The Bibiani-Sefwi Gold Belt has produced a total of 3.2 million oz. of gold historically, and still contains at least 20 million ounces of gold.

The Nkenkasu licence (650 km²) straddles the northern extension of the Bibiani Belt and contains numerous prospective structures that are known to be associated with pods of mineralization similar to those connecting the neighbouring chain of Newmont's Ahafo Project deposits to the southwest. The Bia Tano Licence (51 km²) is located within the influence of the western bounding shear of the Bibiani Belt, and lies close to the controlling structures that underlie the Ahafo Mining Leases. The Banda Ahenkro Licence (488 km²) was selected to identify resources that Birim believes could be associated with the important western bounding shear structures of the Bibiani Belt. A reconnaissance exploration program is currently underway for these properties and work programs are being fast tracked in order to quickly bring targets to the drilling stage.

Subsequent to these land holdings, we then announced on June 22nd, the acquisition of the Tinga Prospecting Licence from Semafo Inc. (SMF:TSX) through the purchase of the Ghanaian holding Company, Ebi (Ghana) Limited. Semafo received 3,300,000 common shares of Birim, thereby becoming Birim's second largest institutional shareholder. The Tinga Prospecting Licence covers a 43.8 square kilometer area and lies only 10 kilometers west of Birim's Kuri gold prospect.

Of particular interest on Tinga is the Far East gold zone which is underlain by the same geological environment (Dixcove granites) as Birim's Kuri prospect. In 1999-2000, Semafo undertook a total of 8,308 meters of reverse circulation drilling (100 holes). The work focused on testing the mineralization down to 75 meters. The drilling results showed the Far East gold-bearing structure to

extend over a strike length of 1,400 meters. An in-house estimate by Semafo gave 1,334,300 tonnes at 3.31 g/t containing 142,000 ounces gold as indicated resources. It is understood that this resource is not in accordance with NI 43-101 since no exploration program has been carried out on this property since then, hence prior to the implementation of NI-43101. Birim will now embark on a drilling program which will test the lateral and depth extensions of the Far East Zone. The Tinga prospect enables Birim to gain a strategic hold in the northern region of the Bui District that has the potential for production ounces, thereby increasing the economic potential of this area of Bui.

Kuri remains a highly prospective gold target in its own right and is now drill ready. Once the conversion of the current licence from reconnaissance to prospecting status has been completed, a reverse circulation drilling ("RC") drill program will get underway.

In regards to the Company's Dunkwa royalty property on the Ashanti Gold Belt, Golden Star Resources Ltd. (GSC:TSX) announced in their news release dated March 30, 2005, the commencement of an extensive work program. As stated, the purpose of the work at Dunkwa is to prove up the Mampon reserves and collect relevant data for the completion of permitting and detailed mine planning on this gold deposit. The program includes 3,000 meters of diamond drilling, 18,000 meters of RC and 14,000 meters of Rotary Air Blast ("RAB") drilling at Mampon and along the projected strike of the Main Crush Zone from Opon, in the southern portion of the concession to north of Mampon.

As of June 30th, 2005, the number of common shares outstanding for Birim was 51,426,604. The Company's cash position increased to \$CAD 3.7 million, enabling the Company to proceed with aggressive exploration on all of its prime targets. Birim's exploration mandate has always been focused on the gold mineral prosperity in Ghana, West Africa and within the first quarter we were fortunate enough to obtain additional strategic land holdings within this gold-rich Country.

Denis Simoneau
President and Chief Executive Officer
August 10th, 2005

*Each Unit is comprised of one common share and one half of one share purchase warrant; each whole warrant entitles the holder to acquire one Common Share at a price of \$0.65 within 24 months of closing.

Birim Goldfields Inc.

Consolidated Balance Sheets

	June 30, 2005 (unaudited)	March 31, 2005 (audited)
Assets		
Current assets		
Cash and cash equivalents	\$ 3,703,584	\$ 959,256
Accounts receivable	96,990	7,569
Prepaid expenses	103,291	139,420
	<hr/>	
	3,903,865	1,106,245
Property, plant and equipment (Note 3)	242,523	189,038
Mining interests (Note 4)	12,229,664	10,675,319
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	\$ 16,376,052	\$ 11,970,602
	<hr/>	
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 103,823	\$ 244,863
	<hr/>	
Shareholders' Equity		
Share Capital (Note 5)	25,975,167	21,396,611
Options (Note 5)	764,869	767,223
Warrants (Note 5)	540,666	-
Deficit	(11,008,473)	(10,438,095)
	<hr/>	
	16,272,229	11,725,739
	<hr/>	
	\$ 16,376,052	\$ 11,970,602
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See accompanying notes

Birim Goldfields Inc.

Consolidated Statements of Operations and Deficit (unaudited)

	Three-month period ended June 30	
	2005	2004
Revenues		
Interest income, net	\$ 14,474	\$ 82,368
	<hr/>	<hr/>
Administrative expenses		
Office and general	51,989	53,636
Salaries and fringe benefits	50,192	54,139
Professional and consulting fees	35,405	50,192
Travel and entertainment	10,834	28,441
Rent	6,000	6,000
Stock - based compensation cost	-	227,868
	<hr/>	<hr/>
	154,420	420,276
	<hr/>	<hr/>
Net loss	139,946	337,908
Deficit at beginning	10,438,095	9,475,363
Share issue expenses	430,432	-
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Deficit at end	\$ 11,008,473	\$ 9,813,271
	<hr/>	<hr/>
Basic and diluted net loss per share		
	\$ 0.01	\$ 0.01
	<hr/>	<hr/>

See accompanying notes

Birim Goldfields Inc.

Consolidated Statements of Cash Flows

(unaudited)

	Three-month period ended June 30	
	2005	2004
Operating activities		
Net loss	\$ (139,946)	\$ (337,908)
Item not affecting cash and cash equivalents		
Stock - based compensation cost	-	227,868
	<u>(139,946)</u>	<u>(110,040)</u>
Net change in non-cash working capital items		
Accounts receivable	(89,421)	40,006
Prepaid expenses	36,129	11,567
Accounts payable and accrued liabilities	(141,040)	(61,212)
Tax payable	-	(58,000)
	<u>(194,332)</u>	<u>(67,639)</u>
	<u>(334,278)</u>	<u>(177,679)</u>
Financing activities		
Share capital	3,813,500	399,815
Share issue expenses	(345,875)	-
	<u>3,467,625</u>	<u>399,815</u>
Investing activities		
Mining interests - exploration costs	(312,192)	(1,072,123)
Additions to property, plant and equipment	(66,596)	-
Business acquisition (Note 2)	(10,231)	-
Prepaid expenses	-	22,663
	<u>(389,019)</u>	<u>(1,049,460)</u>
Net change in cash and cash equivalents	2,744,328	(827,324)
Cash and cash equivalents at beginning	959,256	2,859,955
Cash and cash equivalents at end	\$ 3,703,584	\$ 2,032,631
Additional Information		
Options granted (mining interests)	\$ 30,811	\$ 20,760
Options exercised	\$ (33,165)	\$ (6,509)
Warrants exercised	\$ -	\$ (21,291)
Business acquisition (Note 2)	\$ 1,188,000	\$ -
Warrants (share issue expenses)	\$ 84,557	\$ -
Capitalized amortization (mining interests)	\$ 13,111	\$ -

See accompanying notes

Birim Goldfields Inc.

Notes to Consolidated Financial Statements

(unaudited)

June 30, 2005 and 2004

1. 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, 2005, specifically the Note 1 on the Nature of activities and going concern and Note 2 on the Summary of significant accounting policies.

2. Acquisition of EBI (Ghana) Ltd.

On June 22, 2005, the Company acquired 100% of the shares of EBI (Ghana) Ltd., wholly-owned subsidiary of Semafo Inc., which holds a 90% interest into the Tinga concession located in Ghana. The Company recorded this transaction using the acquisition method which is summarized as follows:

Assets acquired

Acquisition costs - Mining interests \$1,188,000

Consideration

Share capital (A) \$1,188,000

(A) The value of the 3,300,000 shares issued as consideration for the acquisition of the 100% shares of EBI (Ghana) Ltd. was determined using the average closing share price on the TSX over a reasonable period before and after the date the terms were agreed to by the parties.

In addition, acquisition costs of \$10,231, have been engaged and paid in cash for the acquisition of the shares of EBI (Ghana) Ltd.

3. Property, plant and equipment

	Balance as at April 1, 2005		Addition		Amortization		Balance as at June 30, 2005
Motor vehicles	\$ 154,135	\$	66,596	\$	(11,037)	\$	209,694
Furnitures and fixtures	4,297		-		(161)		4,136
Office equipment	16,812		-		(1,051)		15,761
Field equipment	13,794		-		(862)		12,932
	<u>\$ 189,038</u>	\$	<u>66,596</u>	\$	<u>(13,111)</u>	\$	<u>242,523</u>

Birim Goldfields Inc.

Notes to Consolidated Financial Statements

(unaudited)

June 30, 2005 and 2004

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4. Mining interests

	Balance as at April 1, 2005 \$	Costs \$	Disposal \$	Balance as at June 30, 2005 \$
Bui	10,394,623	289,911	-	10,684,534
Tinga	-	1,198,231	-	1,198,231
Others	280,696	66,203	-	346,899
	<u>10,675,319</u>	<u>1,554,345</u>	<u>-</u>	<u>12,229,664</u>

	Balance as at April 1, 2004 \$	Costs \$	Disposal \$	Balance as at June 30, 2004 \$
Bui	8,295,838	1,092,883	-	9,388,721
Others	103,017	-	-	103,017
	<u>8,398,855</u>	<u>1,092,883</u>	<u>-</u>	<u>9,491,738</u>

5. Share capital

Authorized

Unlimited number of common shares, without par value.

Issued

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

	2005		2004	
	Number of Shares	Amount	Number of Shares	Amount
Balance at beginning	40,246,604	\$ 21,396,611	36,726,204	\$ 20,003,973
Issued following a private placement	7,330,000	3,208,891 *	-	-
Issued following the exercise of warrants	-	-	260,900	112,606
Issued following the exercise of options	550,000	181,665	1,175,000	315,009
Business acquisition (Note 2)	3,300,000	1,188,000	-	-
Balance at end	<u>51,426,604</u>	<u>\$ 25,975,167</u>	<u>38,162,104</u>	<u>\$ 20,431,588</u>

* This amount is net of the fair value of the warrants amounting \$456,109.

Birim Goldfields Inc.

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5. Common share purchase options (cont'd)

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 9,500,000 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, 2005 and 2004:

	2005		2004	
	Number	Weighted average exercise price \$	Number	Weighted average exercise price \$
Outstanding – Beginning of period	2,850,000	0.65	3,325,000	0.52
Granted	150,000	0.42	1,100,000	0.54
Exercised	(550,000)	0.33	(1,175,000)	0.26
Matured	-	-	-	-
Outstanding – End of period	2,450,000	0.73	3,150,000	0.62

The following table summarizes information about fixed stock options outstanding and exercisable as at June 30, 2005:

Options outstanding as at June 30, 2005	Weighted average remaining contractual life (years)	Exercise price \$
150,000	0.15	0.27
1,000,000	0.96	0.54
100,000	1.09	0.56
1,050,000 (1)	0.54	1.03
2,450,000	0.68	0.73

(1) Of this number, 50,000 options are not exercisable as at June 30, 2005. All the other options are exercisable as at June 30, 2005.

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June 30, 2005 and 2004

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5. Common share purchase options (cont'd)

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

	2005	2004
Risk-free interest rate	3.13%	2.99%
Expected volatility	75%	75%
Dividend yield	Nil	Nil
Weighted average expected life	2 years	2 years
Weighted average cost of option granted	\$0.18	\$0.23

The cost recorded as expenses for the options granted to directors and officer during the period ended June 30, 2005 is nil (\$227,868 in 2004) and the amount of nil (\$227,868 in 2004) has been recorded under the heading Options. In addition, during the period ended June 30, 2005, \$30,811 (\$20,760 in 2004) was accounted for as mining interests for options granted to consultants through the vesting period and the amount of \$30,811 (\$20,760 in 2004) has been recorded under the heading Options.

Warrants

The following table presents the warrant activity since April 1, 2005 and 2004:

	2005		2004	
	Number	Weighted average exercise price \$	Number	Weighted average exercise price \$
Outstanding – Beginning of period	-	-	2,475,000	0.48
Granted	4,251,400	0.64	-	-
Exercised	-	-	(260,900)	0.35
Matured	-	-	-	-
Outstanding – End of period	4,251,400	0.64	2,214,500	0.49

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5. Common share purchase options (cont'd)

The following table summarizes information about warrants outstanding and exercisable as at June 30, 2005:

Exercise price	Warrants outstanding and exercisable as at June 30, 2005	Weighted average remaining contractual life
\$0.65	3,665,000	1.70 years
\$0.55	586,400	1.70 years

6. Related party transactions

During the period, the Company paid \$19,500 (\$19,500 in 2004) in professional service fees and \$6,000 (\$6,000 in 2004) 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.