

2006

Birim Goldfields Inc.

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***Second Quarter
Interim Report
September 30, 2006***

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Birim Goldfields Inc.

Interim Report

As at September 30th, 2006

President's Message

Our exploration program over the second quarter of 2006 progressed well and entailed a vigorous program of scout and focused follow-up drilling on 7 existing drill-ready prospects in Ghana including Chert Ridge, Akrobi, Badu, Brohani, Tesilima, Chenchu Mountain and Tombe. The scout program was completed on schedule and comprised a total of 22 holes for 2,830m, of which 1,379m was of reverse circulation (RC) drilling, and 1,451m was of diamond drilling.

At the Chert Ridge prospect on the Cluster Property, scout drilling successfully returned 10 meters at 2.23 g/t gold mineralization from a drill fence straddling the south-central portion of this significant 9 km-long target. This result will be aggressively followed up in the coming quarter with a program that will assess the continuity and strike length of the intersected gold mineralization. A total of 24 holes are planned on 9 fences, spaced 150 to 200 meters apart. The planned program will systematically extend drill coverage over 1,600 meters of strike length over the Chert Ridge prospect.

At the Tombe prospect, our understanding of the nature, geometry and orientation of higher grade shoots of mineralization has been enhanced by the strategically sited diamond and RC drill holes completed in the quarter. This understanding of the mineralization at Tombe can now be applied in the pursuit of additional high-grade mineralization in the area.

The diamond drilling carried out on the Brohani and Tesilima prospects confirmed the presence of gold mineralization associated with conglomerate units, as found in the Tarkwa District. However, the widths and grades encountered are unlikely to contribute to a viable economic deposit and therefore no further drilling is planned on these prospects. Results from the scout drilling carried out on the Akrobi and Badu prospects were disappointing and further work integrating the recently completed induced polarization (IP) geophysical survey with detailed mapping, trench and drill data to define potentially more optimal sites, will be carried out before pursuing further drilling on this extensive structure.

Numerous drill ready prospects still remain to be drill tested on our properties on both the Bui and Sefwi Belts. In line with our strategy of advancing these prospects, we will continue with scout RC and diamond drilling to determine which will warrant follow-up and then prioritize those selected to advance to the target definition stage. Further exploration work will also continue on all of our licenses to advance prioritized already-identified anomalies to the scout-drilling stage.

We are excited by the continued progress in the field and expect the next quarter to be as busy as the last. On behalf of the management and Board of Birim Goldfields Inc., I thank you for your continued support and I assure you of our unrelenting efforts aimed at advancing our multiple prospects cost efficiently and expeditiously in order to add value to our strategic land holdings.

As of September 30th, 2006, the number of common shares outstanding for Birim was 63,394,786. The Company has a solid financial position with approximately \$4.9 million CAD in cash and no debt.

Vic King,
President and Chief Operating Officer
November 2, 2006

Birim Goldfields Inc.

Consolidated Balance Sheets

	September 30, 2006 (unaudited)	March 31, 2006 (audited)
Assets		
Current assets		
Cash and cash equivalents	\$ 4,932,497	\$ 803,183
Accounts receivable	54,803	14,715
Prepaid expenses	173,236	183,931
	<hr/>	<hr/>
	5,160,536	1,001,829
Prepaid rent	36,884	84,800
Property, plant and equipment (Note 2)	332,770	288,163
Mining interests (Note 3)	16,571,404	14,749,080
	<hr/>	<hr/>
	\$ 22,101,594	\$ 16,123,872
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Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 175,617	\$ 294,747
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Shareholders' Equity		
Share Capital (Note 4)	31,791,654	26,022,930
Options (Note 4)	665,792	746,132
Warrants (Note 4)	1,271,942	540,666
Contributed Surplus (Note 4)	739,429	479,485
Deficit	(12,542,840)	(11,960,088)
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	21,925,977	15,829,125
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	\$ 22,101,594	\$ 16,123,872
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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	
	2006	2005	2006	2005
Revenues				
Interest income, net	51,295	16,790	68,486	31,264
Administrative expenses				
Stock - based compensation cost (Note 4)	-	163,253	179,604	163,253
Salaries and fringe benefits	45,721	50,198	117,785	100,390
Office and general	46,277	47,782	107,195	99,771
Travel and entertainment	45,776	23,736	73,121	34,570
Professional and consulting fees (Note 5)	30,139	35,326	60,523	70,731
Rent (Note 5)	9,375	6,000	18,750	12,000
Tax	46,700		46,700	
	223,988	326,295	603,678	480,715
Net loss	172,693	309,505	535,192	449,451
Deficit at beginning	12,370,147	11,008,473	11,960,088	10,438,095
Share issue expenses	-	-	47,560	430,432
Deficit at end	\$ 12,542,840	\$ 11,317,978	\$ 12,542,840	\$ 11,317,978
Basic and diluted net loss per share	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01

See accompanying notes

Birim Goldfields Inc.

Consolidated Statements of Cash Flows
(unaudited)

	Three-month period ended September 30		Six-month period ended September 30	
	2006	2005	2006	2005
Operating activities				
Net loss	\$ (172,693)	\$ (309,505)	\$ (535,192)	\$ (449,451)
Item not affecting cash and cash equivalents				
Stock - based compensation cost	-	163,253	179,604	163,253
	(172,693)	(146,252)	(355,588)	(286,198)
Net change in non-cash working capital items				
Accounts receivable	(29,686)	50,577	(40,088)	(38,844)
Prepaid expenses	(482)	34,450	10,695	70,579
Accounts payable and accrued liabilities	(153,311)	133,108	(119,130)	(7,932)
	(183,479)	218,135	(148,523)	23,803
	(356,172)	71,883	(504,111)	(262,395)
Financing activities				
Share capital	1,772,145	40,500	6,500,000	3,854,000
Share issue expenses	-	-	(47,560)	(345,875)
	1,772,145	40,500	6,452,440	3,508,125
Investing activities				
Mineral interests - exploration costs	(1,024,760)	(644,950)	(1,780,816)	(957,142)
Additions to property, plant and equipment	(42,699)	(69,353)	(86,115)	(135,949)
Business acquisition	-	-	-	(10,231)
Prepaid rent	22,051	-	47,916	-
	(1,045,408)	(714,303)	(1,819,015)	(1,103,322)
Net change in cash and cash equivalents	370,565	(601,920)	4,129,314	2,142,408
Cash and cash equivalents at beginning	4,561,932	3,703,584	803,183	959,256
Cash and cash equivalents at end	\$ 4,932,497	\$ 3,101,664	\$ 4,932,497	\$ 3,101,664

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

Options granted (mining interests)	\$ -	\$ -	\$ -	\$ 30,811
Options exercised	\$ -	\$ 7,262	\$ -	\$ 40,427
Business acquisition	\$ -	\$ -	\$ -	\$ 1,188,000
Warrants (share issue expenses)	\$ -	\$ -	\$ -	\$ 84,557
Capitalized amortization (mining interests)	\$ 17,555	\$ 16,578	\$ 41,508	\$ 29,689

See accompanying notes

Birim Goldfields Inc.

Notes to Consolidated Financial Statements

(unaudited)

September 30, 2006 and 2005

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, 2006, specifically the Note 1 on the Nature of activities and going concern and Note 3 on the Summary of significant accounting policies.

2. Property, plant and equipment

	2006		
	Cost	Accumulated amortization	Net amount
Motor vehicles	\$ 354,583	\$ 98,119	\$ 256,464
Office equipment	71,840	13,369	58,471
Field equipment	29,654	11,819	17,835
	<u>\$ 456,077</u>	<u>\$ 123,307</u>	<u>\$ 332,770</u>
	2005		
	Cost	Accumulated amortization	Net amount
Motor vehicles	\$ 303,225	\$ (38,682)	\$ 264,543
Furnitures and fixtures	5,448	(1,473)	3,975
Office equipment	18,423	(3,713)	14,710
Field equipment	17,794	(5,724)	12,070
	<u>\$ 344,890</u>	<u>\$ (49,592)</u>	<u>\$ 295,298</u>

3. Mining interests

	Balance as at April 1, 2006 \$	Costs \$	Balance as at September 30, 2006 \$
Bui	11,497,684	1,428,143	12,925,827
Tinga	2,655,062	28,493	2,683,555
Bibiani-Sefwi	596,334	195,385	791,719
Techimentia	-	170,303	170,303
	<u>14,749,080</u>	<u>1,822,324</u>	<u>16,571,404</u>

Birim Goldfields Inc.

Notes to Consolidated Financial Statements

(unaudited)

September 30, 2006 and 2005

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3. Mining interests (cont'd)

	Balance as at April 1, 2005 \$	Costs \$	Balance as at September 30, 2005 \$
Bui	10,394,623	464,006	10,858,629
Tinga	-	1,610,746	1,610,746
Bibiani-Sefwi	280,696	141,121	421,817
	<u>10,675,319</u>	<u>2,215,873</u>	<u>12,891,192</u>

4. Share capital

Authorized

Unlimited number of common shares, without par value.

Issued

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

	2006		2005	
	Number of Shares	Amount	Number of Shares	Amount
Balance at beginning	51,576,604	\$ 26,022,930	40,246,604	\$ 21,396,611
Issued following a private placement	11,818,182	5,768,724 *	7,330,000	3,208,891*
Issued following the exercise of options	-	-	700,000	229,427
Business acquisition	-	-	3,300,000	1,188,000
Balance at end	<u>63,394,786</u>	<u>\$ 31,791,654</u>	<u>51,576,604</u>	<u>\$ 26,022,929</u>

* This amount is net of the fair value of the warrants amounting \$731,276 (\$456,109 in 2005).

Stock option plan

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.

Birim Goldfields Inc.

Notes and Comments to Consolidated Financial Statements

(unaudited)

September 30, 2006 and 2005

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4. Share capital (cont'd)

Options

The following table presents the options activity since April 1, 2006 and 2005:

	2006		2005	
	Number	Weighted average exercise price \$	Number	Weighted average exercise price \$
Outstanding – Beginning of period	3,815,000	0.46	2,850,000	0.65
Granted	1,000,000	0.50	1,115,000	0.40
Exercised	-	-	(700,000)	0.27
Matured	(1,150,000)	0.54	-	-
Outstanding and exercisable – End of period	3,665,000	0.45	3,265,000	0.65

The following table summarizes information about fixed stock options outstanding and exercisable as at September 30, 2006:

Options outstanding as at September 30, 2006	Weighted average remaining contractual life (years)	Exercise price
150,000	0.52	\$ 0.42
915,000	0.85	0.40
50,000	1.05	0.39
1,550,000	1.30	0.45
1,000,000	1.72	0.50
3,665,000	1.23	\$ 0.45

Notes and Comments to Consolidated Financial Statements

(unaudited)

September 30, 2006 and 2005

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5. Share capital (cont'd)

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

	2005	2005
Weighted average risk-free interest rate	4.38	3.14%
Expected volatility	75%	75%
Dividend yield	Nil	Nil
Weighted average expected life	2 years	2 years
Weighted average cost of option granted	\$0.18	\$0.17

The cost recorded as expenses for the options granted to directors and officers during the period ended September 30, 2006 is \$179,604 (\$163,253 in 2005) and the amount of \$179,604 (\$163,253 in 2005) has been recorded under the heading Options. In addition, during the period ended September 30, 2005, \$30,811 (nil in 2006) was accounted for as mining interests for options granted to technical consultants through the vesting period and the amount of \$30,811 (nil in 2006) has been recorded under the heading Options.

As at September 30, 2006, the cost of the matured options is \$259,944 and has been transferred to contributed surplus.

Warrants

The following table presents the warrant activity since April 1, 2006 and 2005:

	2006		2005	
	Number	Weighted average exercise price \$	Number	Weighted average exercise price \$
Outstanding – Beginning of period	4,251,400	0.64	-	-
Granted	5,909,091	0.80	4,251,400	0.64
Exercised	-	-	-	-
Matured	-	-	-	-
Outstanding – End of period	10,160,491	0.73	4,251,400	0.64

Birim Goldfields Inc.

Notes and Comments to Consolidated Financial Statements

(unaudited)

4. Share capital (cont'd)

The following table summarizes information about warrants outstanding and exercisable as at September 30, 2006:

Exercise price	Warrants outstanding and exercisable as at September 30, 2006	Weighted average remaining contractual life
\$0.65	3,665,000	0.54 year
\$0.55	586,400	0.54 year
\$0.80	4,298,050	1.15 years
\$0.80	1,611,491	1.27 years

5. Related party transactions

During the period, the Company paid \$39,000 (\$39,000 in 2005) in professional service fees and \$12,000 (\$12,000 in 2005) 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.