

Birim Goldfields Inc.

Consolidated Financial Statements
March 31, 2007 and 2006

Birim Goldfields Inc.
2007 Annual Report
For Year Ended March 31st, 2007

REPORT TO SHAREHOLDERS

Birim Goldfields Inc. has been very active in the field and on the corporate front during the course of Fiscal Year 2007. We successfully concluded a non-brokered equity financing for \$6.75 Million CDN, formed a strategic alliance with Troy Resources NL, signed Option Agreements to acquire 100% equity interests in two highly prospective properties in Ghana and Burkina Faso and significantly stepped up our exploration activity on key licenses on both the Bui and Bibiani-Sefwi Belts.

2006/2007 HIGHLIGHTS

EXPLORATION PROGRESS

GHANA – BUI BELT PROPERTIES

- In April 2006 the Minerals Commission in Ghana granted Birim nine additional successor Prospecting Licenses on the Bui Belt, increasing the number of Prospecting Licenses on the belt to thirteen for a total of 1,705 km². The conversion of these licenses enabled Birim to pursue drilling on eight drill-ready targets on the Bui properties. These targets included the Chert Ridge prospect (Cluster License), Akrobi and Badu prospects (Akrobi-Kakum License), Tombe prospect (Chenchu License), Chenchu Mountain prospect (Parabu License), Brohani prospect (Brohani License), Tesilima prospect (Banda Nkwanta License) and the Tinga prospect (Tinga License). In total, this year fieldwork comprised of 12,031 meters (155 holes) of reverse circulation (RC) and diamond drilling, 48.7 km² of gradient array and 11.1 line km of pole-dipole induced polarization (IP) geophysical surveys completed on 6 prospects, 16 trenches totaling 1,002 meters in length were excavated and a total of 1,443 soil samples were taken to refine existing geochemical anomalies.
- At the **Chert Ridge Prospect**, Birim successfully identified two distinct mineralized zones returning potentially economic intersections. Zone A, which has a 220-meter strike extent currently defined, returned intersections of 14 meters at 2.63g/t gold, 12 meters at 3.09g/t gold, 10 meters at 2.23g/t gold, 10 meters at 3.09g/t gold and 12 meters at 2.88g/t gold. Zone B, which has a 500-meter strike extent currently defined, returned intersections of 7 meters at 1.01g/t gold, 12 meters at 1.32g/t gold, 10 meters at 4.79g/t gold and 13 meters at 6.84g/t gold. An Induced Polarization (IP) geophysical survey and geological mapping supported by a soil geochemical anomalism has outlined a 12 km prospective strike extent for the structural corridor hosting these two zones. Follow up drilling to extend the two zones already identified down dip and also to test other similar areas along this extensive strike extent is planned.
- At the **Tombe Prospect**, additional drill testing, trenching and an IP survey have been carried out to assess and resolve the geometry orientation and potential extent of the higher grade mineralized pods and give some indication of the possible controls on mineralization. Tombe is still considered to be a key prospect area and work here should assist in the design of the next drill program.

- The **Far East Prospect** on the Tinga License has an internal resource estimate defined by previous owners, Semafo, of 142,000 ounces (defined at a time that predates NI 43-101). Birim carried out a drilling program on this target in early 2006 which confirmed the model, grades and widths encountered by Semafo as well as extended the mineralized zone along strike and down dip. Birim has also completed an IP geophysical survey over the Far East Prospect as well as defined and drilled 3 other parallel zones within 3 km of Far East. Results of this drilling are still pending. Follow up drilling at Far East and the other prospects at Tinga as well as revised resource NI 43-101 compliant estimate, which will include this year's drilling, is expected to be carried out in the upcoming year.

GHANA – BIBIANI-SEFWI BELT PROPERTIES

- In May 2006 Birim concluded an Option Agreement to acquire a 100% equity interest in the 168 km² Techimentia Reconnaissance License from local vendor Sagon Mining. With the other three licenses, Birim now has a total of ground position of 1,358 km² on the Bibiani-Sefwi Belt. All four licenses are still reconnaissance licenses and consequently only undergone exploration involving stream and soil geochemistry as well as ground geophysics at this stage. A total of 3,651 soil samples were collected and 10.6 km² of gradient array induced polarization (IP) geophysical surveying were completed on Bibiani-Sefwi Belt in the past year.
- On the **Nkenkasu License** soil sampling and IP were completed to cover the projected eastward strike extension of the Ahafo structures, which host the deposits that comprise Newmont's world class >19 million ounce Ahafo Project. It is expected that drill-ready targets will be defined and tested in the new year.
- Several regional soil geochemical grids have been completed over prospective structures identified from the interpretation of the airborne geophysics on the **Techimentia License**. Follow up infill soil geochemistry is planned to refine the regional anomalism to elevate targets to the drill-ready stage in the new year.
- A regional gold soil anomaly was followed up on the **Banda Ahenkro License**, defining the 3km long **Bodi Prospect**. Additional infill soil sampling will provide a drill ready target on this prospect.

BURKINA FASO – HOUNDE BELT

- In March 2007 Birim concluded an Option Agreement to acquire a 100% equity interest in the 223 km² Sangolo Exploration License on the Hounde Belt in Burkina Faso from local vendor Pyramide-M. The Sangolo License lies south of Orezone's Bondigui and Semafo's Mana projects which together contain a total resource of 1.36 million ounces. A significant active artisanal gold working site provides immediate focus and will be drilled early in the new year.

FINANCING:

- In May 2006, Birim concluded a successful non-brokered equity financing to raise CAD\$ 6,750,000. Troy Resources, an Australian-listed gold producer took part in the financing, acquiring an approximately 8.3% interest in Birim Goldfields. Troy and Birim have also entered into a strategic alliance whereby Troy can elect to exercise first rights to participate in any of Birim's projects in Ghana.
- On April 17th, 2007, Birim announced that an additional CAD\$ 2,700,000 had been received by the company following the full exercise of warrants expiring on April 13th, 2007.

OUTLOOK:

We will be maintaining the momentum built up in fiscal year 2007 with an aggressive exploration program on all of our properties in Ghana and Burkina Faso. Our fully equipped and motivated exploration team is well placed to implement the work programs designed for the current year. We will pursue our more advanced prospects with the objective of defining gold resources, pursuing other drill-ready targets with scout drilling and continue to refine existing gold anomalies in order to elevate them to the drill-ready stage. In addition, we will continue to leverage our knowledge of the region to identify and acquire new properties that have the potential to enhance the prospectivity of our extensive property portfolio.

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 targets cost efficiently and expeditiously in order to add value to our strategic land holdings.

Victor J King

President and Chief Executive Officer
June 11, 2007

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Auditors' Report

To the Shareholders of Birim Goldfields Inc.

We have audited the consolidated balance sheets of **Birim Goldfields Inc.** (an exploration company) as at March 31, 2007 and 2006 and the consolidated statements of operations, deficit and cash flows for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2007 and 2006 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants

Quebec, Quebec, Canada
May 14, 2007

Birim Goldfields Inc.
 (an exploration company)
 Consolidated Balance Sheets
 As at March 31, 2007 and 2006

	2007 \$	2006 \$
Assets		
Current assets		
Cash and cash equivalents	2,391,579	803,183
Accounts receivable	78,110	14,715
Prepaid expenses	147,164	183,931
	<u>2,616,853</u>	<u>1,001,829</u>
Prepaid rent	-	84,800
Property, plant and equipment (Note 3)	422,335	288,163
Mining interests (Note 4)	18,865,199	14,749,080
	<u>21,904,387</u>	<u>16,123,872</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	417,200	294,747
Shareholders' Equity		
Share capital (Note 5)	32,235,967	26,022,930
Options (Note 5)	712,339	746,132
Warrants (Note 5)	892,143	540,666
Contributed Surplus (Note 5)	739,429	479,485
Deficit	(13,092,691)	(11,960,088)
	<u>21,487,187</u>	<u>15,829,125</u>
	<u>21,904,387</u>	<u>16,123,872</u>
Nature of activities and going concern (Note 1)		
Contingency (Note 10)		
Subsequent event (Note 12)		

The accompanying notes are an integral part of these consolidated financial statements.

Approved by the Board of Directors

(Signed) Lewis V. Lawrick, Director

(Signed) Denis Simoneau, Director

Birim Goldfields Inc.
 (an exploration company)
 Consolidated Statements of Operations and Deficit
 For the years ended March 31, 2007 and 2006

	2007	2006
	\$	\$
Interest income, net	136,033	62,451
Expenses		
Office and general	337,910	256,109
Stock-based compensation cost (Note 5)	226,151	391,717
Salaries and fringe benefits	215,219	203,903
Travelling and entertainment	150,115	88,065
Professional fees (Note 7)	135,300	127,722
Consulting fees	46,674	62,496
Rent (Note 7)	37,500	24,000
Taxes	71,804	-
	<u>1,220,673</u>	<u>1,154,012</u>
Net loss of the year	<u>1,084,640</u>	<u>1,091,561</u>
Deficit – Beginning of year	11,960,088	10,438,095
Share issue expenses	47,963	430,432
Deficit – End of year	<u>13,092,691</u>	<u>11,960,088</u>
Basic and diluted net loss per share (Note 8)	<u>0.02</u>	<u>0.02</u>

The accompanying notes are an integral part of these consolidated financial statements.

Birim Goldfields Inc.
(an exploration company)
Consolidated Statements of Cash Flows
For the years ended March 31, 2007 and 2006

	2007 \$	2006 \$
Cash flows from operating activities		
Net loss of the year	(1,084,640)	(1,091,561)
Items not affecting cash and cash equivalents		
Stock-based compensation cost	226,151	391,717
Consulting fees	-	20,496
	<u>(858,489)</u>	<u>(679,348)</u>
Net change in non-cash working capital items		
Accounts receivable	(63,395)	(7,146)
Prepaid expenses	36,767	(44,511)
Accounts payable and accrued liabilities	122,453	9,706
	<u>95,825</u>	<u>(41,951)</u>
	<u>(762,664)</u>	<u>(721,299)</u>
Cash flows from financing activities		
Share capital	6,564,514	3,854,000
Share issue expenses	(47,963)	(345,875)
	<u>6,516,551</u>	<u>3,508,125</u>
Cash flows from investing activities		
Additions to property, plant and equipment	(233,756)	(222,702)
Business acquisition	-	(10,231)
Mining interests – Exploration costs	(4,016,535)	(2,625,166)
Prepaid rent	84,800	(84,800)
	<u>(4,165,491)</u>	<u>(2,942,899)</u>
Net change in cash and cash equivalents	1,588,396	(156,073)
Cash and cash equivalents – Beginning of year	803,183	959,256
Cash and cash equivalents – End of year	<u>2,391,579</u>	<u>803,183</u>
Additional information		
Items not affecting cash and cash equivalents related to financing and investing activities		
Options granted (mining interests)	-	86,609
Options exercised	-	(40,428)
Capitalized amortization (mining interests)	99,584	67,344
Business acquisition	-	1,188,000
Warrants (share issue expenses)	-	84,557
Additions to mining interests included in accounts payable and accrued liabilities	-	194,603
Interest cashed	62,046	54,865

Birim Goldfields Inc.

(an exploration company)

Notes to Consolidated Financial Statements

March 31, 2007 and 2006

1. Nature of activities and going concern

The Company and its wholly-owned subsidiaries, Birim Goldfields (Ghana) Ltd. and EBI (Ghana) Ltd., are collectively referred to as "Birim" or the "Company". Birim is a mining exploration company with no commercial operations. All current research and exploration activities are being carried out in Ghana and in Burkina Faso. Our activities have been primarily focused on:

- Ghana – Bui Belt including
 - Property acquired from Santa Fe Mining which now comprises 12 Prospecting Licences named Chenchu, Krachikrom, Brohani, Akrobi-Kakum, Cluster, Parabu Tainso West, Nasana, Bui East, Banda Nkwanta, Kuri and Chechewere.
 - Tinga Prospecting Licence acquired from Semafo.
- Ghana – Bibiani-Sefwi Belt including
 - Three exclusive Reconnaissance Licences named Nkenkasu, Banda Ahenkro and Bia Tano
 - The Techimentia Reconnaissance Licence which is the subject of an Option Agreement concluded with Sagon Mining Limited, a local Ghanaian company.
- Burkina Faso – Hounde Belt
 - The Sangolo Licence which is the subject of an Option Agreement with Pyramide-M, a local Burkina Faso company.

The Company maintains an office in Accra, Ghana in addition to its head office in Canada. The exploration and development of mineral deposits involve significant financial risks. The success of the Company will be influenced by a number of factors, including risks associated with exploration and extraction, regulatory issues and environmental and other regulations.

For the year ended March 31, 2007, the Company recorded a loss of \$1,084,640. In addition to ongoing working capital requirements, the Company must secure sufficient funding to meet its existing commitments for exploration and development programs and general and administration costs.

Management is periodically seeking additional forms of financing through the issuance of new equity instruments, the exercise of outstanding common share purchase warrants and the exercise of stock options to continue its activities, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future. Without new funding being available, the Company could be unable to continue its operations, and amounts realized for assets may be less than amounts reflected in these financial statements.

Although management has taken steps to verify title to mining properties in which the Company has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles applicable to a going concern, and do not reflect the adjustments to the carrying value of assets and liabilities, the reported revenue and expenses and the balance sheet classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material.

Birim Goldfields Inc.

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Notes to Consolidated Financial Statements

March 31, 2007 and 2006

2. Summary of significant accounting policies

New accounting standards

In January 2005, the CICA issued four new accounting standards in relation with financial instruments: Section 3855 "Financial Instruments - Recognition and Measurement", Section 3865 "Hedges", Section 1530 "Comprehensive Income", and Section 3251, "Equity".

Section 3855 expands on Section 3860, "Financial Instruments - Disclosure and Presentation", by prescribing when a financial instrument is to be recognized on the balance sheet and at what amount. It also specifies how financial instrument gains and losses are to be presented in the financial statements.

Section 3865 provides alternative treatments to Section 3855 for entities which choose to designate qualifying transactions as hedges for accounting purposes. It replaces and expands on Accounting Guideline AcG-13, "Hedging Relationships", and the hedging guidance in Section 1650 "Foreign Currency Translation", by specifying how hedge accounting is applied and what disclosures are necessary when it is applied.

Section 1530 "Comprehensive Income" introduces a new requirement to temporarily present certain gains and losses outside net income.

Consequently, Section 3250 "Surplus" has been revised as Section 3251 "Equity".

Sections 1530, 3251, 3855 and 3865 apply to fiscal years beginning on or after October 1, 2006. The Company will adopt these new standards on April 1, 2007 and they will not have a significant impact on the consolidated financial statements.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and those of its wholly-owned subsidiaries, Birim Goldfields (Ghana) Ltd. and EBI (Ghana) Ltd., which are companies incorporated under the laws of Ghana.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts of assets and liabilities reported in the financial statements. Those estimates and assumptions also affect the disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks and all short-term investments that are easily convertible to known amounts of cash.

Property, plant and equipment

All property, plant and equipment are stated at historical cost less amortization. Amortization is provided on a straight-line basis over the estimated useful life of each asset.

Birim Goldfields Inc.

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Notes to Consolidated Financial Statements

March 31, 2007 and 2006

2. Summary of significant accounting policies (Cont'd)

The principal rates used for this purpose are :

Motor vehicles 20 %

Office equipment 25%

Field equipment 25 %

Amortization of assets relating to exploration activities is allocated to mining interests.

Mining interests

Costs related to the acquisition, exploration and development of mining properties are capitalized by property until the commencement of commercial production. If commercially profitable ore reserves are developed, the capitalized costs of the related property are reclassified as mining interests and amortized using the unit of production method. If it is determined that capitalized acquisition and exploration costs are not recoverable over the estimated life of the property, or the project is abandoned, the project is written down to its net realizable value.

Share capital

Share capital issued for non-monetary consideration is generally recorded at the quoted market price of the shares over a reasonable period of time before and after the agreement to issue the shares was announced. Share issue expenses are applied against deficit.

Foreign currency transactions

Transactions denominated in currencies other than Canadian dollars are translated into the functional currency as follows: monetary assets and liabilities are translated at the exchange rate in effect at the balance sheet date and revenues and expenses are translated at the average exchange rate for the year. Non-monetary assets and liabilities are translated at historical rates. Exchange gains and losses arising from such translation are reflected in the statements of operations.

Foreign subsidiaries

Birim Goldfields (Ghana) Ltd. and EBI (Ghana) Ltd. are considered to be integrated foreign operations. As a result, the foreign subsidiaries accounts are re-measured into Canadian dollars using the temporal method. Under this method, monetary assets and liabilities are re-measured at the exchange rate in effect at the balance sheet date and non-monetary assets and liabilities are re-measured at historical rates. Revenues and expenses are re-measured at the average rate for the year. Gains and losses resulting from re-measurement are reflected in the statements of operations.

Basic and diluted earnings per share

Basic earnings per share are determined using the weighted average number of common shares outstanding during the year.

Diluted earnings per share are determined using the weighted average number of common shares outstanding during the year, plus the effects of dilutive potential shares outstanding during the year. The calculation of diluted earnings per share is made using the treasury stock method, as if all dilutive potential shares had been exercised at the later of the beginning of the year or the date of issuance, as the case may be, and that the funds obtained thereby be used to purchase common shares of the Company at the average market value of the common shares during the year.

Birim Goldfields Inc.

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Notes to Consolidated Financial Statements

March 31, 2007 and 2006

3. Summary of significant accounting policies (Cont'd)

Income taxes

The Company provides for income taxes using the liability method of tax allocation. Under this method, future income tax assets and liabilities are determined based on deductible or taxable temporary differences between financial statement values and tax values of assets and liabilities using enacted income tax rates expected to be in effect for the year in which the differences are expected to reverse.

The Company establishes a valuation allowance against future income tax assets if, based on available information, it is more likely than not that some or all of the future income tax assets will not be realized.

Stock-based compensation cost

The Company maintains a stock option plan, which is described in Note 5. Under Canadian generally accepted accounting principles, a compensation expense is recognized for this plan when stock options are granted to plan participants. Any consideration received from plan participants upon the exercise of stock options is credited to share capital.

3. Property, plant and equipment

	2007		
	Cost	Accumulated amortization	Net amount
Motor vehicles	\$ 354,583	\$ (134,543)	\$ 220,040
Office equipment	214,636	(30,861)	183,775
Field equipment	34,499	(15,979)	18,520
	<u>\$ 603,718</u>	<u>\$ (181,383)</u>	<u>\$ 422,335</u>
	2006		
	Cost	Accumulated amortization	Net amount
Motor vehicles	\$ 315,921	\$ (65,779)	\$ 250,142
Supplies and other equipment	5,448	(5,448)	-
Office equipment	34,887	(7,437)	27,450
Field equipment	19,154	(8,583)	10,571
	<u>\$ 375,410</u>	<u>\$ (87,247)</u>	<u>\$ 288,163</u>

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4. Mining interests

	Balance as at April 1, 2006	Costs incurred	Balance as at March 31, 2007
Ghana			
Bui *	\$ 11,497,684	\$ 3,055,664	\$ 14,553,348
Tinga	2,655,062	283,686	2,938,748
Bibiani-Sefwi	596,334	353,176	949,510
Techimentia**	-	405,778	405,778
Burkina Faso			
Sangolo***	-	17,815	17,815
	<u>\$ 14,749,080</u>	<u>\$ 4,116,119</u>	<u>\$ 18,865,199</u>

	Balance as at April 1, 2005	Costs incurred	Balance as at March 31, 2006
Bui *	\$ 10,394,623	\$ 1,103,061	\$ 11,497,684
Tinga	-	2,655,062	2,655,062
Bibiani-Sefwi	280,696	315,638	596,334
	<u>\$ 10,675,319</u>	<u>\$ 4,073,761</u>	<u>\$ 14,749,080</u>

The Government of Ghana retains a 10% interest in the equity of the producing Company for all production from Ghanaian mines. In addition, it has the right to acquire an additional 20% interest in the project and to receive royalties ranging from 3% to 12% of total mineral revenues.

* Bui Property, Ghana

In June 1997, the Company acquired from Santa Fe (subsidiary of Newmont Gold Company) a 90% interest in four licenses (including the reconnaissance licence) covering the Bui Structural Belt in West central Ghana.

The Bui property comprised a reconnaissance licence and three prospecting licences, Krachikrom, Chenchu and Brohani. On April 12, 2006, the Minerals Commission of Ghana approved the application of nine prospecting licenses in replacement of the reconnaissance license, including Akrobi-Kakum, Cluster, Parabu Tainso West, Nasana, Bui East, Banda Nkwanta, Kuri and Chechewere..

Birim is the operator of the project until completion of the full bankable feasibility study, at which time Santa Fe can buy back a majority interest of 45.1% by reimbursing Birim four times Birim's historical exploration expenditures in the event a discovery is made on the Bui reconnaissance licence and twice in the event of a discovery made in accordance with the two original prospecting licences (Krachikrom and Chenchu), where Santa Fe has expended larger amounts.

Birim Goldfields Inc.

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Notes to Consolidated Financial Statements

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4. Mining interests (Cont'd)

** Techimentia Property, Ghana

Pursuant to an agreement signed in April, 2006 with a third party, the Company has the option to acquire a 100% undivided interest in a reconnaissance license located in Ghana, forming the Techimentia property. To acquire this interest, the Company must commit to US\$2,500,000 of exploration work and pay US\$320,000 over a four-year period. In addition, the Company will retain an exclusive right to purchase the 1.5 % NSR for a total consideration of US\$2,000,000.

*** Sangolo Property, Burkina Faso

On March 20, 2007, the Company entered into an option agreement with Pyramide-M, a Burkina Faso company, to acquire the 223 km² Sangolo property located on the prospective Hounde Greenstone Belt in Burkina Faso, West Africa.

Under the terms of the agreement, the Company can acquire a 100% interest in the Sangolo Property in exchange for a total of US\$100,000 in cash payments spread over two years, (US\$20,000 on signature, US\$30,000 after Year 1 and US\$50,000 after Year 2). The Company has also committed to a minimum exploration expenditure of US\$150,000 per year over the two years stated. Pyramide-M will retain a 1.5% net smelter royalty, which the Company may exclusively elect to purchase for US\$1,500,000 at any time. The agreement is subject to statutory and regulatory approvals.

5. Share capital

Authorized

Unlimited number of common shares, without par value

Issued

Variation of issued share capital:

	2007		2006	
	Number	Amount	Number	Amount
Balance – Beginning of year	51,576,604	\$ 26,022,930	40,246,604	\$ 21,396,611
Issued following private placements	11,818,182	6,131,609 *	7,330,000	3,208,891*
Issued following the exercise of warrants	117,300	81,428	-	-
Issued following a business acquisition	-	-	3,300,000	1,188,000
Issued following the exercise of options	-	-	700,000	229,428
Balance – End of year	63,512,086	\$ 32,235,967	51,576,604	\$ 26,022,930

* This amount is net of the fair market value of the warrants totalling \$368,391 (\$456,109 in 2006) determined by the Black-Scholes model.

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5. Share capital (Cont'd)

Stock option plan

The Company has a fixed-price common stock option plan. Under the Employee, Director and Consultant Stock 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. In addition, modifications to the option plan need to be approved by the shareholders and no financial assistance is provided by the Company upon the exercise of the options. The number of options granted is determined by the Board of Directors and the aggregate number of options granted to any one individual cannot exceed 5% of the issued and outstanding common shares of the Company. Options are cancelled 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 are cancelled one year after the event. Stock options are also cancelled 90 days following the cancellation of contracts with the consultants. The options are not transferable and are exercisable at any time, unless otherwise specified by the Board of directors.

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

	2007		2006	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding and exercisable –				
Beginning of year	3,815,000	\$ 0.46	2,850,000	\$ 0.65
Granted	1,500,000	0.52	2,715,000	0.43
Exercised	-	-	(700,000)	0.27
Matured	(1,150,000)	0.54	(1,050,000)	1.03
Outstanding and exercisable –				
End of year	4,165,000	\$ 0.46	3,815,000	\$ 0.46

The following table summarizes information about fixed price options outstanding and exercisable as at March 31, 2007:

Options outstanding and exercisable as at March 31, 2007	Weighted average remaining contractual life (years)	Exercise price
150,000	0.02	\$ 0.42
915,000	0.35	0.40
50,000	0.55	0.39
1,550,000	0.80	0.45
1,000,000	1.22	0.50
500,000	2.93	0.56
4,165,000	1.03	\$ 0.46

Birim Goldfields Inc.
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 Notes to Consolidated Financial Statements
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5. Share capital (Cont'd)

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

	2007	2006
Weighted risk-free interest rate	4.20 %	3.35 %
Expected volatility	50%	75%
Dividend yield	Nil	Nil
Weighted average expected life	2.33 years	2 years
Weighted average fair value of options granted	\$0.15	\$0.18

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the stock options granted to key employees, officers, directors and consultants have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide an accurate single measure of the fair value of stock options granted to key employees, officers and directors.

The total compensation costs recorded as expenses for the options granted to directors and officers as well as consultants during the year ended March 31, 2007 is 226,151 and Nil respectively (\$391,717 and \$20,496 in 2006) and the same amount was credited to the options account of the shareholders' equity. In addition, during the year ended March 31, 2006, \$86,609 (Nil in 2007) was accounted for as mining interests for options granted to consultants through the vesting period and the same amount was credited to the options account of the shareholders' equity.

As at March 31, 2007, the cost of the matured options is \$259,944 (\$479,485 in 2006) and has been transferred to Contributed Surplus.

Warrants

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

	Subscriber 2007	Subscriber 2006	Agent
Weighted average risk-free interest rate	4.12 %	3.13 %	3.13 %
Weighted average expected volatility	50 %	75%	75%
Dividend yield	Nil	Nil	Nil
Weighted average expected life	1.5 years	2 years	2 years
Weighted average fair value of warrants granted	\$0.06	\$0.12	\$0.14

Birim Goldfields Inc.
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 Notes to Consolidated Financial Statements
 March 31, 2007 and 2006

5. Share capital (Cont'd)

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

	2007		2006	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding and exercisable –				
Beginning of year	4,251,400	\$ 0.64	-	\$ -
Granted	5,909,091	0.80	4,251,400	0.64
Exercised	(117,300)	0.55	-	-
Matured	-	-	-	-
Outstanding and exercisable –				
End of year	10,043,191	\$ 0.73	4,251,400	\$ 0.64

The following table summarizes information about warrants outstanding and exercisable as at March 31, 2007:

Exercise price	Number of warrants outstanding and exercisable as at March 31, 2007	Weighted average remaining contractual life
\$0.65	3,665,000*	0.04 year
\$0.55	469,100*	0.04 year
\$0.80	4,298,050	0.65 year
\$0.80	1,611,041	0.77 year

* See Note 12 a) – Subsequent event.

6. Income taxes

The Company is entitled to the following tax benefits in Canada, which were not accounted for in the financial statements as at March 31, 2007.

As at March 31, 2007, the Company has accumulated non-capital losses which can be applied against future years' taxable income and which will expire as follows:

2027	\$ 918,000
2026	812,000
2015	749,000
2014	1,087,000
2010	478,000
2009	534,000
2008	664,000
	<u>\$ 5,242,000</u>

Birim Goldfields Inc.
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6. Income taxes (Cont'd)

The unamortized balance, for income tax purposes, of share issue expenses amounts to \$296,631 (\$383,138 in 2006) and will be deductible during the next four years.

7. Related party transactions

During the years ended March 31, 2007 and 2006, the Company paid \$78,000 in professional fees including the secretarial costs, accounting and financial management and \$24,000 in rent, to a company related to a company's 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.

8. Net loss per share

The following table summarizes the reconciliation of the basic weighted average number of shares outstanding and the diluted weighted average number of shares outstanding used in the diluted net loss per share calculations:

	2007	2006
Basic weighted average number of shares outstanding	69,308,436	50,445,782
Options	81,452	84,791
Warrants	-	-
	<hr/>	<hr/>
Diluted weighted average (potentially dilutive) number of shares outstanding	<u>69,389,888</u>	<u>50,530,573</u>
Items excluded from the calculation of potentially dilutive number of shares because the exercise price was greater than the average market price of the common shares		
Options	1,500,000	2,800,000
Warrants	10,043,191	4,251,400

For the years ended March 31, 2007 and 2006, there is no difference between the basic and diluted net loss per share. For the years ended March 31, 2007 and 2006, the dilutive effect of options and warrants was not included in the calculation; otherwise, the effect would have been anti-dilutive. Accordingly, the diluted net loss per share for those years was calculated using the basic weighted average number of shares outstanding.

Birim Goldfields Inc.
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Notes to Consolidated Financial Statements
March 31, 2007 and 2006

9. Financial instruments

Fair value

Cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities are financial instruments whose fair value approximates their carrying value due to their short-term maturity or to current market rates.

Interest rate risk

As at March 31, 2007 and 2006, the Company's exposure to interest rate risk is as follows:

Cash and cash equivalents	Variable return
Accounts receivable and prepaid expenses	Non-interest bearing
Accounts payable and accrued liabilities	Non-interest bearing

Foreign exchange risk

The Company is subject to a variety of currency risks, including the risks that currencies will not be translated at satisfactory rates, that the official translation rates between the different currencies in which the Company operates may not accurately reflect the relative value of goods and services available or required in the foreign jurisdictions in which the Company operates and that inflation will lead to the devaluation of the currencies in the foreign countries in which the Company has operations.

10. Contingency

The Company's operations are subject to governmental laws and regulations regarding environmental protection. Environmental consequences, their impact and their duration are difficult to determine. To the best of its knowledge, management believes that the Company's operations are in compliance with all current applicable laws and regulations. Any liability resulting from site restoration costs will be charged to earnings in the year in which it can be reasonably estimated.

Birim Goldfields Inc.

(an exploration company)

Notes to Consolidated Financial Statements

March 31, 2007 and 2006

11. Segment information by geographic region

The Company is organized under three geographic regions, which are Canada, Ghana and Burkina Faso. The accounting policies used for these reportable segments are consistent with those described in the summary of significant accounting policies. The principal financial information for each of these segments is detailed as follows:

For the year ended March 31, 2007

	Burkina Faso	Ghana	Canada	Total
Interest income, net	\$ -	\$ -	\$ 136,033	\$ 136,033
Office and general	-	-	(337,910)	(337,910)
Stock-based compensation costs	-	-	(323,758)	(323,758)
Salaries and fringe benefits	-	-	(215,219)	(215,219)
Travelling and entertainment	-	-	(150,115)	(150,115)
Professional fees	-	-	(135,300)	(135,300)
Consulting fees	-	-	(46,674)	(46,674)
Rent	-	-	(37,500)	(37,500)
Taxes	-	-	(71,804)	(71,804)
Net loss for the year	\$ -	\$ -	\$ (1,182,247)	\$ (1,182,247)
Segment assets	\$ 17,815	\$ 19,082,687	\$ 2,803,885	\$ 21,904,387
Additions to mining interests / property, plant and equipment	\$ 17,815	\$ 4,229,859	\$ -	\$ 4,247,674

For the year ended March 31, 2006

	Ghana	Canada	Total
Interest income, net	\$ -	\$ 62,451	\$ 62,451
Stock-based compensation costs	-	(391,717)	(391,717)
Office and general	-	(256,109)	(256,109)
Salaries and fringe benefits	-	(203,903)	(203,903)
Professional fees	-	(127,722)	(127,722)
Travelling and entertainment	-	(88,065)	(88,065)
Consulting fees	-	(62,496)	(62,496)
Rent	-	(24,000)	(24,000)
Net loss for the year	\$ -	\$ (1,091,561)	\$ (1,091,561)
Segment assets	\$ 15,404,944	\$ 718,928	\$ 16,123,872
Additions to mining interests / property, plant and equipment	\$ 4,240,230	\$ -	\$ 4,240,230

Birim Goldfields Inc.

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Notes to Consolidated Financial Statements

March 31, 2007 and 2006

12. Subsequent event

Warrants exercised

In April 2007, 4,119,100 warrants were exercised for a cash consideration of \$2,630,505. These funds will be used for exploration works and the working capital of the Company.

Management Discussion and Analysis

Caution regarding forward-looking information

Statements contained in this document which are not historical facts are forward-looking statements that involve risk, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. Factors that could cause such differences, without limiting the generality of the following, include: volatility and sensitivity to market metal prices impact of change in foreign currency exchange rates and interest rates; imprecision in reserves estimates; environmental risks including increased regulatory burdens; unexpected geological conditions; adverse mining conditions; political risks arising from operating in certain developing countries; changes in government regulations and policies, including laws and policies; and failure to obtain necessary permits and approvals from government authorities; and other development and operating risks.

Although the Company believes that the assumptions inherent in the forward-looking statements are plausible, undue reliance should not be placed on these statements, which only apply as of the date of this document. The Company disclaims any intention or obligation to update or revised any forward-looking statement, whether as a result of new information, future events or otherwise.

Selected Annual Information

	2007	2006	2005
Statements of operations			
Interest income, net	\$ 136,033	\$ 62,451	\$ 24,450
Net loss	\$ 1,084,640	\$ 1,091,561	\$ 962,732
Basic and diluted net loss per share	\$ 0.02	\$ 0.02	\$ 0.02
Balance sheets			
Cash and cash equivalents	\$ 2,391,579	\$ 803,183	\$ 959,256
Total assets	\$ 21,904,387	\$ 16,123,872	\$ 11,970,602
Shareholders' equity	\$ 21,487,187	\$ 15,829,125	\$ 11,725,739
Dividends	\$ -	\$ -	\$ -

Quarterly Information

	For the three-month period ended			
	March 31	December 31	September 30	June 30
2007/06				
Interest income, net	\$ 27,202	\$ 40,345	\$ 51,295	\$ 17,191
Net loss	\$ 266,681	\$ 282,767	\$ 172,693	\$ 362,499
Basic and diluted net loss per share	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01
	For the three-month period ended			
	March 31	December 31	September 30	June 30
2006/05				
Interest income, net	\$ 10,103	\$ 21,084	\$ 16,790	\$ 14,474
Net loss	\$ 507,553	\$ 134,557	\$ 309,505	\$ 139,946
Basic and diluted net loss per share	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01

The following management discussion and analysis of Birim Goldfields Inc. ("Birim") and its wholly-owned subsidiaries, Birim Goldfields (Ghana) Ltd. ("Birim Ghana") and EBI (Ghana) Ltd. ("EBI"), should be read in conjunction with the consolidated financial statements. In this annual report, Birim, Birim Ghana and EBI are collectively referred to as "the Company".

The Company is a mining exploration Company active in the Republic of Ghana and in Burkina Faso, West Africa.

General

The Company is the holder of Reconnaissance and Prospecting Licences in Ghana, West Africa. It should be noted that the interests in all mineral licenses in Ghana are subject to a 10% free carried interest granted to the Government of Ghana when a project proceeds to the exploitation phase, as stipulated in Clause 43, The Minerals and Mining Act 703 of 2006.

The Akrokeri Prospecting License covering 27 km², is located north-east of AngloGold Ashanti's Obuasi gold deposits on the Ashanti Gold Belt. The Company still holds a 49% interest in this concession; however, all costs and expenses related to the property were written off during the year ended March 31, 2002.

In 1997, the Company acquired from Santa Fe Mining (subsidiary of Newmont Gold Company) an option to acquire a 100% interest in two Prospecting Licenses (Chenchu, Krachikrom encompassed within a large Reconnaissance License (Bui) on the Bui Gold Belt in Ghana. In the Agreement entered into with Newmont Gold Company, under certain circumstances, Newmont retains a back-in right.

On April 12, 2006, the Company announced that the Minerals Commission of Ghana had approved the issuance to Birim of nine Prospecting Licenses, including Parabu, Cluster, Akrobi-Kakum, Tainso West, Chechewere, Nasana, Bui East, Banda Nkwanta and Kuri. These Prospecting Licenses replaced the Bui Reconnaissance License. These nine Prospecting Licenses are in addition to the three Prospecting Licenses, bringing the total land package comprising these twelve Prospecting Licenses to 1,659 km². As at March 31, 2007, the Company holds a 100% interest in the twelve Bui licenses and has expensed \$14,561,135 in exploration activities.

On May 4, 2005, the Company acquired a 90% interest (Government of Ghana: 10%) in three exclusive Reconnaissance Licenses on the prominent Bibiani-Sefwi Gold Belt, including Nkenkasu, Banda Ahenkro and Bia Tano. These three licenses comprise an aggregate ground holding area of 1,190 km².

On June 21, 2005, the Company acquired all of the shares of EBI (Ghana) Ltd. ("EBI"), a wholly-owned subsidiary of Semafo Inc. The principal asset of EBI is comprised of the Tinga Prospecting License, which covers a 43.8 km² area and lies only 10 kilometers west of the Kuri gold prospect located in the northern section of the Bui reconnaissance license. This Prospecting License does not form part of the Agreement with Newmont.

Pursuant to an agreement signed in April, 2006 with a third party, the Company has the option to acquire a 90% interest (Government of Ghana: 10%) in the 168 km² Techimentia Reconnaissance License also located on the Bibiani-Sefwi Gold Belt in Ghana. To acquire this interest, the Company must commit to US\$2,500,000 of exploration work and pay US\$320,000 over a four-year period. In addition, the Company will retain an exclusive right to purchase the 1.5 % NSR for a total consideration of US\$2,000,000.

On March 20, 2007, the Company announced that it has entered into an option agreement with Pyramide-M, a Burkina Faso company, to acquire the 223 km² Sangolo Property located on the prospective Hounde Greenstone Belt in Burkina Faso, West Africa. Under the terms of the agreement, the Company can earn a 100% interest in the Sangolo Property in exchange for a total of US\$100,000 in cash payments spread over two years, (US\$20,000 on signature, US\$30,000 after Year 1 and US\$50,000 after Year 2). The Company will also commit to a minimum exploration expenditure of US\$150,000 per year over the two years stated. Pyramide-M will retain a 1.5% net smelter royalty, which the Company may exclusively elect to purchase for US\$1,500,000 at any time. The agreement is still subject to the finalization of statutory and regulatory approvals.

New accounting standards

In January 2005, the CICA issued four new accounting standards in relation with financial instruments : Section 3855 «Financial Instruments - Recognition and Measurement», Section 3865 «Hedges», Section

1530 «Comprehensive Income», and Section 3251, «Equity».

Section 3855 expands on Section 3860, «Financial Instruments - Disclosure and Presentation», by prescribing when a financial instrument is to be recognized on the balance sheet and at what amount. It also specifies how financial instrument gains and losses are to be presented in the financial statements. Section 3865 provides alternative treatments to Section 3855 for entities which choose to designate qualifying transactions as hedges for accounting purposes. It replaces and expands on Accounting Guideline AcG-13, «Hedging Relationships», and the hedging guidance in Section 1650 «Foreign Currency Translation», by specifying how hedge accounting is applied and what disclosures are necessary when it is applied.

Section 1530 «Comprehensive Income» introduces a new requirement to temporarily present certain gains and losses outside net income.

Consequently, Section 3250 “Surplus” has been revised as Section 3251 “Equity”.

Sections 1530, 3251, 3855 and 3865 apply to fiscal years beginning on or after October 1, 2006. The Management will adopt these new standards on April 1, 2007 and they will not have a significant impact on the consolidated financial statements.

Critical Accounting Estimates

Critical accounting estimates used in the preparation of the consolidated financial statements include the Company's estimate of recoverable value of its mining properties and related deferred exploration costs as well as the value of stock-based compensation and the useful life of the capital assets. These estimates involve considerable judgement and are, or could be, affected by significant factors that are out of the Company's control.

The factors affecting the costs of stock-based compensation include estimates of when stock options and warrants might be exercised and the stock price volatility. The timing for exercise of options is out of the Company's control and will depend upon a variety of factors including the market value of the Company's share and financial objectives of the stock-based instrument holders. The Company used historical data and the market liquidity to determine volatility in accordance with the Black-Scholes model, however the future volatility is uncertain and the model has its limitations.

The Company's recoverability of its recorded value of its mining properties and associated deferred explorations costs is based on market conditions for minerals, underlying mineral resources associated with the properties and future costs that may be required for ultimate realization through mining operations or by sale. The Company is in an industry that is dependent on a number of factors including environmental, legal and political risk, the existence of economically recoverable reserves, the abilities of the Company to obtain necessary financing to complete the development and future profitable production or the proceeds of disposition thereof.

Results of operations

During the year, the Company reported a net loss of \$1,084,640 (\$0.02 per share), compared to a net loss of \$1,091,561 (\$0.02 per share) for the year ended March 31, 2006. The Company generated a net interest income of \$136,033 (\$62,451 in 2006) from term deposits with a Canadian bank.

During the year ended March 31, 2007, the Company recorded an amount of \$226,151 as stock-based compensation cost (\$391,717 in 2006) following the granting of options to directors and officers. The office and general expenses are principally comprised of the publicity costs (press releases) totalling \$41,948 (\$30,388 in 2006), the directors and officers insurance costs totalling \$50,417 (\$48,056 in 2006), conference costs amounting \$140,390 (\$36,299 in 2006) and trustee fees totalling \$17,006 (\$18,463 in 2006) and the annual report costs of \$6,134 (\$53,852 in 2006). The salaries and fringe benefits, refer to the remuneration of the president (a portion of his remuneration is allocated to the mining interest) and of the chairman of the Board.

The variation in travel and entertainment expenses is principally attributable to the participation to six mining conferences in 2007 compared to only two in 2006 and the arrival since April 1st, 2006, of Mr. Vic King as President and Chief Operating Officer of the Company. The travel and entertainment expenses are principally attributable to the costs associated to the conferences of Toronto, Vancouver, New York, San Francisco, Cape Town and Tampa. In addition, a travel costs include expenses related to a trip by directors of the Company to Ghana to visit the mining properties. Rent refers to the UK and Montreal offices.

The professional fees are comprised of legal fees and fees paid to an officer for financial services rendered for the management of the financial information including secretarial costs (\$12,000), accounting (\$24,000) and financial management (\$42,000) for a total amount of \$78,000 (\$78,000 in 2006) (see Note 8 to the consolidated financial statements for more details). The consulting fees of \$45,000 (\$42,000 in 2006) relate to the investor relations costs and no amount was recorded in 2007 (\$20,496 in 2006) for the options granted to the investor relations consultant.

In addition, during the year ended March 31, 2007, the Company, through its wholly-owned subsidiary Birim Goldfields (Ghana) Ltd., paid an amount of \$71,804 as a tax on a 2004 mining interests sale.

Cash Flow Statements

Operating

Operating activities, before net changes in non-cash working capital items generated negative cash flows of \$858,489 compared to \$679,348 in 2006. The working capital items generated cash flows of \$95,825 compared to \$41,951 required in 2006.

Financing

During the year ended March 31, 2007, the Company issued 11,818,182 (7,330,000 in 2006) common shares following private placements for an amount of \$5,768,724 (\$3,208,891 in 2006) net of the fair value of warrants amounting to \$368,391 (\$456,109 in 2006) and didn't not issued any (700,000 in 2006) common shares following the exercise of stock options (\$229,428 in 2006). During the year ended March 31, 2007, the Company issued 117,300 (none in 2006) common shares following the exercise of warrants for a consideration of \$81,428 (none in 2006).

Investing

During the year ended March 31, 2006, the Company issued 3,300,000 common shares for a consideration of \$1,188,000 and incurred expenses of \$10,231 for the acquisition of EBI (Ghana) Ltd., which owned the Tinga concession located in Ghana.

During the year ended March 31, 2007, the Company incurred \$4,016,535 in exploration costs (See press releases filed on SEDAR (www.sedar.com) for the results on the exploration work) compared to \$2,625,166 for the year ended March 31, 2006.

Work completed during the year

Over the past year, the focus of operations for Birim Goldfields has been diverse, both in the field and on a corporate level.

In Ghana, on the Bui Belt, Birim successfully converted the 7,000 km² Bui Reconnaissance License to nine additional Prospecting Licenses. Together with the pre-existing three Prospecting Licenses and the Tinga Prospecting License, Birim now has thirteen Prospecting Licenses on the Bui Belt for an aggregate of 1,705 km². On the Bibiani-Sefwi Belt, Birim has concluded an Option Agreement with a local vendor to acquire the

Techimentia Reconnaissance License, which will bring the total number of licenses on the belt to four for an aggregate of 1,358 km². In Burkina Faso, Birim has entered into an option agreement with Pyramide-M, a local company, to acquire the 223 km² Sangolo Property located on the prospective Hounde Greenstone Belt.

In the field we have undertaken a comprehensive re-assessment of the multiple targets already identified on our Bui Belt properties, ranked them and commenced with an extensive scout drilling campaign on eight targets, including Chert Ridge, Brohani, Tesilima, Akrobi, Badu, Tombe, Chenchu Mountain and Tinga. We have also undertaken Induced Polarization (IP) geophysical surveys on all of these targets in order to better define the location and relationship between lithologies, structure, alteration and mineralization. Soil geochemistry has also been undertaken on regional, detailed grid and infilled grid scales in order to better identify new targets as well as better define existing anomalies so that they can be elevated to the drill-ready stage.

Initial scout drilling has been followed up at the Chert Ridge Prospect and has been successful in identifying two discrete zones containing potentially economic gold intersections. Zone A, which has a 220-meter strike extent currently defined has best intersections of 14m at 2.63g/t Au, 12m at 3.09g/t Au, 10m at 2.23g/t Au, 10m at 3.09g/t Au and 12m at 2.88g/t Au. Zone B, which has a 500-meter strike extent currently defined has best intersections of intersected 7m at 1.01g/t Au, 12m at 1.32g/t Au, 10m at 4.79g/t Au and 13m at 6.84g/t Au. Results of the IP survey, supported by soil geochemical anomalism highlights a 12km prospective strike extent for the structural corridor hosting the two zones identified so far.

Positive results warranting additional follow up have also been obtained on the Tombe and Tinga Prospects, where the geometry, orientation, extent of higher grade zones and questions relating to the possible mineralization models are being resolved. Drilling carried out at Brohani and Tesilima to test the conglomerate-hosted targets identified, indicated that the grade and thickness intersected would be inadequate to warrant economic extraction and these prospects have been abandoned. Drilling results from the Akrobi, Badu and Chenchu Mountain Prospects did intersect mineralised structures but the grades encountered mean that these prospects do not warrant follow up at this stage.

Regional soil sampling was carried out on the Banda Nkwanta, Nkenkasu and Techimentia on the Bibiani-Sefwi Belt where gold anomalies have been identified that will warrant follow up in the new year.

Consolidated balance sheets

The cash and cash equivalents are comprised on hand at bank in Ghana and Montréal and term deposits in Canadian dollars with a Canadian bank at a rate of approximately 4.0%.

The accounts receivable are comprised of federal and provincial sales tax and the interest receivable on term deposits. The prepaid expenses are comprised mainly of the office rent in Ghana for the next year and the directors and officers insurance.

The accounts payable and accrued liabilities are comprised mainly of the amounts due for the operations in Ghana and the accruals (such as audit fees, annual report and legal fees).

As at March 31, 2007, the working capital of the Company is \$2,199,653 compared to \$707,082 as at March 31, 2006.

Results of the fourth quarter

During this quarter, no major events occurred.

Off-balance sheet transactions

There are not off-balance sheet transactions to report.

Financial instruments

Fair value

Cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities are financial instruments whose fair value approximates their carrying value due to their short-term maturity or to current market rates.

Interest rate risk

As at March 31, 2007 and 2006, the Company's exposure to interest rate risk is as follows:

Cash and cash equivalents	Variable return
Accounts receivable and prepaid expenses	Non-interest bearing
Accounts payable and accrued liabilities	Non-interest bearing

Foreign exchange risk

The Company is subject to a variety of currency risks, including the risks that currencies will not be translated at satisfactory rates, that the official translation rates between the different currencies in which the Company operates may not accurately reflect the relative value of goods and services available or required in the foreign jurisdictions in which the Company operates and that inflation will lead to the devaluation of the currencies in the foreign countries in which the Company has operations.

Related party transactions

During the years ended March 31, 2007 and 2006, the Company paid a total amount of \$78,000 in professional fees including secretarial costs (\$12,000), accounting (\$24,000) and financial management (\$42,000) and \$24,000 in rent, to a company related to the company's 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.

Subsequent event

Warrants exercised

In April 2007, 4,119,100 warrants were exercised for a cash consideration of \$2,630,505. These funds will be used for exploration works and the working capital of the Company.

Capital Structure as at June 11, 2007 (outstanding)

Common shares	67,631,186
Options	4,165,000
Warrants	<u>5,909,091</u>
	<u>77,705,277</u>

Business Risks

Risks and uncertainties

The following discussion reviews a number of important risks which management believes could impact the Company's business. There are other risks, not identified below, which currently, or may in the future exist in the Company's operating environment.

Financial risk

If the programs relating to exploration and development are successful, additional funds will be required for further exploration and development work to identify an economic ore body or to bring any such orebody to production. The only source of future funds available to the Company is through the sale of additional equity capital or borrowing of funds.

There is no assurance that such funding will be available to the Company. Furthermore, even if such financing is successfully completed, there can be no assurance that it will be obtained on terms favourable

to the Company or providing the Company with sufficient funds to meet its objectives, which may adversely affect the Company's business and financial condition.

Risk on the uncertainty of title

Although the Company has obtained title opinions with respect to certain of its properties and has taken reasonable measure to ensure proper title to its properties, there is no guarantee that title to any of its properties will not be challenged or impugned. Third parties may have valid claims underlying portions of the Company's interests.

Risk linked with industry conditions

Mineral exploration and development is extremely competitive and involves a high degree of risk. The Company must compete with a number of other companies that have greater technical financial resources. It involves many risks even when combined with experience, knowledge and careful evaluation may prove difficult to overcome.

Many exploration programmes do not result in the discovery of mineralization and any mineralization discovered may not be of sufficient quantity or quality to be profitably mined. Commercial viability of exploiting any gold deposits encountered depends on a number of factors including infrastructure, governmental regulations, in particular those in relation to price, taxes, royalties, governmental involvement in the project in some cases by way of a carried right, importation and exportation. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered of sufficient quantity, quality, size and grade on any of the Company's exploration properties to justify commercial operations nor that any exploration property will be brought into production.

Risk linked with government regulation

The Company's activities entail compliance with the applicable environmental legislation or review processes and obtaining land use and other permits, and similar authorizations of overall mining and exploration operations are subject to the constraints contained in such legislation. The Company believes that it is in compliance in all material respects with such existing laws. Changing government regulations may have an adverse effect on the Company.

Outlook

During the next year, the Company will focus its work on the Bui Belt and Bibiani-Sefwi Belt properties in Ghana as well as the newly acquired Sangolo property on the Hounde Belt in Burkina Faso. Follow up drilling will be carried out on Chert Ridge, Tombe and Tinga. Initial scout drilling will be carried out on other drill ready targets on both the Ghanaian and Burkina Faso properties. In addition, further soil geochemical sampling and ground geophysics will be carried out on anomalies already identified in order to better define them and raise them to the drill ready stage. Ongoing review of our regional databases will continue in order to highlight new prospective areas for ground follow up.

Results from drilling and target generation will determine the level of Birim's financial commitments for the year. The Company will finance its exploration activities primarily from working capital.

Disclosure controls and procedures

Disclosure controls and procedures have been established by the Company to ensure that financial information disclosed by the Company in this MD&A, in the consolidated financial statements, and in the related annual filings of the Company is properly recorded, processed, summarized and reported to its Audit Committee and the Board of Directors. The Company's management has a process to evaluate the effectiveness of the aforementioned controls and procedures, and is satisfied, as at March 31, 2007, that they are adequate for ensuring that complete and reliable financial information is produced.

As at March 31, 2007, the President and the Vice President, Finance also evaluated the design of the Company's internal controls on financial information. These controls were designed to provide reasonable

assurance that the financial information is reliable and that the financial statements are prepared in accordance with Canadian generally accepted accounting principles. They concluded that the Company's internal controls on financial information were adequately and effectively designed to provide reasonable assurance that the financial information is recorded, summarized and disclosed in a timely manner. There were no material changes in the Company's internal controls in 2007.

Additional Information and Continuous Disclosure

This management's discussion and analysis has been prepared as at June 11, 2007. Additional information on the Company is available through regular filings of press releases, quarterly financial statements and annual information form on SEDAR (www.sedar.com).

June 11, 2007

(Signed) Victor J King

(Signed) Michel Rathé

Vic King
President

Michel Rathé
Vice President, Finance

Management's Responsibility for Financial Reporting

Management is responsible for the preparation of the consolidated financial statements and other financial information relating to the Company included in this annual report. The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and necessarily include amounts based on estimates and judgments of management.

PricewaterhouseCoopers LLP, our external auditors, are engaged to express a professional opinion on the consolidated financial statements. Their audit is conducted in accordance with Canadian generally accepted auditing standards and includes tests and other procedures which allow the auditors to report whether the consolidated financial statements prepared by management are presented fairly in accordance with Canadian generally accepted accounting principles as described in the included report.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting. In furtherance of the foregoing, the Board has appointed an Audit Committee composed of three directors, which are not members of management. The Committee meets with the external auditors to discuss the results of their report prior to submitting the consolidated financial statements to the Board of Directors for its consideration and approval for issuance to shareholders. On the recommendation of the Audit Committee, the Board of Directors has approved the Company's consolidated financial statements.

June 11, 2007

(Signed) Victor J King

Victor J King
President

(Signed) Michel Rathé

Michel Rathé
Vice President, Finance