

2006

Birim Goldfields Inc.

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***First Quarter
Interim Report
June 30, 2006***

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Birim Goldfields Inc.

Interim Report

As at June 30th, 2006

President's Message

It is a pleasure to provide my first President's message, for the quarter ending June, 30 2006. We continue to be focused on gold exploration in West Africa, a region that has proven to have the capacity to host world-class deposits that can be developed rapidly and profitably. Our overall exploration strategy is to optimize advancing our best targets as rapidly as possible while ensuring that we continue to generate new high quality drill ready targets that have the potential to displace our existing targets, thereby improving the quality of our overall project portfolio.

We have had a very active quarter on all fronts, including: i) the granting of 9 additional successor Prospecting Licenses on the Bui Belt, ii) a new property acquisition on the Sefwi Belt, iii) a comprehensive re-assessment and prioritization of multiple targets generated in the reconnaissance stage, iv) planning and commencement of the follow up program, v) the successful closure of a significant financing which enabled a strategic alliance for Birim with Troy Resources of Australia.

During the quarter, the Minerals Commission of Ghana gave their support to our application for 9 Prospecting Licenses on the Bui Gold Belt, leading to the Minister of Lands, Mines and Forestry of Ghana granting the licenses. The selection of these successor Prospecting Licenses developed through extensive and systematic reconnaissance exploration work on multiple target areas throughout the 7,000 km² Bui Reconnaissance License. These 9 new licenses, along with our existing 4 Prospecting Licenses, brings Birim's portfolio on the Bui Belt to a total of 13 separate concessions, for a total area of 1,350 km².

In May, Birim signed an option agreement with Ghanaian vendor Sagon Mining Ghana Limited for the right to earn 100% of the 168 km² Techimentia Reconnaissance License on the Sefwi Gold Belt (see news release May 1, 2006). Techimentia covers extensions of geological structures that are known to be associated with the nearby gold deposits comprising Newmont's world class Ahafo Gold Project, which is presently a major developing mine site. Birim now has 4 licenses totaling 1,350 km² on the Sefwi Belt, undoubtedly THE emerging gold belt of Ghana.

During this quarter we concluded a comprehensive field-based review of all of our targets on our many properties, leading to the design of a field program aimed at delivering our strategy. The initial focus will be on carrying out scout follow-up drilling on 7 existing drill-ready targets to define and prioritize proceeding to the target definition stage. These targets include Chert Ridge, Akrobi, Badu, Brohani, Tesilima, Chenchu Mountain and Tombe. The drill program began in June 2006 and to date both diamond and reverse circulation drilling have been completed on 3 of these targets. We expect to begin reporting results from this program early in the coming quarter.

In parallel, mapping, ground geophysics, infill soil geochemistry and trenching will be carried out on several other targets in order to raise them to the drill ready stage. Regional reconnaissance work continues on our new licenses, pursuing extensions to known structures and adding new conceptual targets defined from the interpretation of regional data sets including airborne geophysics, satellite imagery and historical mapping.

In order to fund the planned program, Birim undertook and concluded a non-brokered equity financing in May, raising CAD \$6,500,000 by issuing 11,818,181 units at a price of CAD \$0.55 per unit. Each unit consisted of one common share and a half warrant.

We are particularly pleased to have concluded a strategic alliance with Troy Resources NL, who was also the lead in the financing. Troy is an Australian-listed public company with a track record of

developing projects in diverse jurisdictions, cost effectively and on time. Their low cost gold mining operations in Australia and Brazil are expected to produce in excess of 100,000oz this year. These profitable operations leave Troy with a solid balance sheet that includes A\$55 million in cash and investments.

We are also pleased with the confidence in Birim, shown by way of significant participation in the placement, by African Lion 2 Limited, a specialist investor in mining and exploration companies with gold and base metal activities in Africa. We continue to value the support of Sprott Asset Management, SODEMEX (a subsidiary of the Caisse de Dépôt et de placements du Québec) and Royal Bank Investment Management who also took part in the placement.

As of July 24th, 2006, the number of common shares outstanding for Birim was 63,394,786. The Company's cash position was \$6.1 million CDN enabling the Company to continue with the planned aggressive exploration program outlined above. 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.

Vic King
President and Chief Operating Officer
24th July 2006

Birim Goldfields Inc.

Consolidated Balance Sheets

	June 30, 2006 (unaudited)	March 31, 2006 (audited)
Assets		
Current assets		
Cash and cash equivalents	\$ 4,561,932	\$ 803,183
Accounts receivable	25,117	14,715
Prepaid expenses	172,754	183,931
	<u>4,759,803</u>	<u>1,001,829</u>
Prepaid rent	58,935	84,800
Property, plant and equipment (Note 2)	307,626	288,163
Mining interests (Note 3)	15 529 089	14,749,080
	<u>\$ 20,655,453</u>	<u>\$ 16,123,872</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 328,928	\$ 294,747
Shareholders' Equity		
Share Capital (Note 4)	30,211,463	26,022,930
Options (Note 4)	697,868	746,132
Warrants (Note 4)	1,079,988	540,666
Contributed Surplus (Note 4)	707,353	479,485
Deficit	(12,370,147)	(11,960,088)
	<u>20,326,525</u>	<u>15,829,125</u>
	<u>\$ 20,655,453</u>	<u>\$ 16,123,872</u>

See accompanying notes

Birim Goldfields Inc.

Consolidated Statements of Operations and Deficit (unaudited)

	Three-month period ended June 30	
	2006	2005
Revenues		
Interest income, net	\$ 17,191	\$ 14,474
	<hr/>	<hr/>
Administrative expenses		
Stock - based compensation costs (Note 4)	179,604	-
Salaries and fringe benefits	72,064	50,192
Office and general	60,918	51,989
Professional and consulting fees (Note 5)	30,384	35,405
Travel and entertainment	27,345	10,834
Rent (Note 5)	9,375	6,000
	<hr/>	<hr/>
	379,690	154,420
	<hr/>	<hr/>
Net loss	362,499	139,946
Deficit at beginning	11,960,088	10,438,095
Share issue expenses	47,560	430,432
	<hr/>	<hr/>
Deficit at end	\$ 12,370,147	\$ 11,008,473
	<hr/>	<hr/>
Basic and diluted net loss per share	\$ 0.01	\$ 0.01
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See accompanying notes

Birim Goldfields Inc.

Consolidated Statements of Cash Flows (unaudited)

	Three-month period ended June 30	
	2006	2005
Operating activities		
Net loss	\$ (362,499)	\$ (139,946)
Item not affecting cash and cash equivalents		
Stock - based compensation costs	179,604	-
	<u>(182,895)</u>	<u>(139,946)</u>
Net change in non-cash working capital items		
Accounts receivable	(10,402)	(89,421)
Prepaid expenses	11,177	36,129
Accounts payable and accrued liabilities	34,181	(141,040)
	<u>34,956</u>	<u>(194,332)</u>
	<u>(147,939)</u>	<u>(334,278)</u>
Financing activities		
Share capital	4,727,855	3,813,500
Share issue expenses	(47,560)	(345,875)
	<u>4,680,295</u>	<u>3,467,625</u>
Investing activities		
Mineral interests - exploration costs	(756,056)	(312,192)
Additions to property, plant and equipment	(43,416)	(66,596)
Business acquisition	-	(10,231)
Prepaid rent	25,865	-
	<u>(773,607)</u>	<u>(389,019)</u>
Net change in cash and cash equivalents	3,758,749	2,744,328
Cash and cash equivalents at beginning	803,183	959,256
Cash and cash equivalents at end	\$ 4,561,932	\$ 3,703,584

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	\$ -	\$ 33,165
Business acquisition	\$ -	\$ 1,188,000
Warrants (share issue expenses)	\$ -	\$ 84,557
Capitalized amortization (mining interests)	\$ 23,953	\$ 13,111

See accompanying notes.

Birim Goldfields Inc.

Notes to Consolidated Financial Statements

(unaudited)

June 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	\$ 86,383	\$ 268,200
Office equipment	39,641	9,665	29,976
Field equipment	19,154	9,704	9,450
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	\$ 413,378	\$ 105,752	\$ 307,626
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	2005		
	Cost	Accumulated amortization	Net amount
Motor vehicles	\$ 233,872	\$ 24,178	\$ 209,694
Furnitures and fixtures	5,448	1,312	4,136
Office equipment	18,423	2,662	15,761
Field equipment	17,794	4,862	12,932
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	\$ 275,537	\$ 33,014	\$ 242,523
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3. Mining interests

	Balance as at April 1, 2006 \$	Costs \$	Balance as at June 30, 2006 \$
Bui	11,497,684	566,947	12,064,631
Tinga	2,655,062	50,539	2,705,601
Bibiani-Sefwi	596,334	55,639	651,973
Techimentia	-	106,884	106,884
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	14,749,080	780,009	15,529,089
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Birim Goldfields Inc.

Notes to Consolidated Financial Statements

(unaudited)

June 30, 2006 and 2005

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3. Mining interests (cont'd)

	Balance as at April 1, 2005 \$	Costs \$	Balance as at June 30, 2005 \$
Bui	10,394,623	289,911	10,684,534
Tinga	-	1,198,231	1,198,231
Bibiani-Sefwi	280,696	66,203	346,899
	<u>10,675,319</u>	<u>1,554,345</u>	<u>12,229,664</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	8,596,100	4,188,533 *	7,330,000	3,208,891*
Issued following the exercise of options	-	-	550,000	181,665
Business acquisition	-	-	3,300,000	1,188,000
Balance at end	<u>60,172,704</u>	<u>\$ 30,211,463</u>	<u>51,426,604</u>	<u>\$ 25,975,167</u>

* This amount is net of the fair value of the warrants amounting \$539,322 (\$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)

June 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	150,000	0.42
Exercised	-	-	(550,000)	0.33
Matured	(1,000,000)	0.54	-	-
Outstanding and exercisable – End of period	3,815,000	0.45	2,450,000	0.73

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

Options outstanding as at June 30, 2006	Weighted average remaining contractual life (years)	Exercise price
100,000	0.09	\$ 0.56
150,000	0.77	0.42
965,000	1.10	0.40
50,000	1.30	0.39
1,550,000	1.55	0.45
1,000,000	1.97	0.50
3,815,000	1.48	\$ 0.45

Birim Goldfields Inc.

Notes and Comments to Consolidated Financial Statements

(unaudited)

June 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	3.13%
Expected volatility	75%	75%
Dividend yield	Nil	Nil
Weighted average expected life	2 years	2 years
Weighted average cost of option granted	\$0.18	\$0.18

The cost recorded as expenses for the options granted to directors and officers during the period ended June 30, 2006 is \$179,604 (nil in 2005) and the amount of \$179,604 (nil in 2005) has been recorded under the heading Options. In addition, during the period ended June 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 June 30, 2006, the cost of the matured options is \$227,868 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	4,298,050	0.80	4,251,400	0.64
Exercised	-	-	-	-
Matured	-	-	-	-
Outstanding – End of period	8,549,450	0.72	4,251,400	0.64

Birim Goldfields Inc.

Notes and Comments to Consolidated Financial Statements

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June 30, 2006 and 2005

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4. Share capital (cont'd)

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

Exercise price	Warrants outstanding and exercisable as at June 30, 2006	Weighted average remaining contractual life
\$0.65	3,665,000	0.79 year
\$0.55	586,400	0.79 year
\$0.80	4,298,050	1.40 years

5. Related party transactions

During the period, the Company paid \$19,500 (\$19,500 in 2005) in professional service fees and \$6,000 (\$6,000 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.

6. Subsequent event

On July 6, 2006, following the shareholders' approval obtained on July 5, 2006, the Company completed the previously announced private placement by the issuance of 3,222,082 units for an amount of \$1,772,145. Each unit consists of one common share and one half of one common share purchase warrant. Each full warrant entitles the holder to purchase one common share of the Company at a price of \$0.80 for a period of 18 months from the closing. The net proceeds will be used to finance the exploration activities in Ghana and for general working capital purposes.