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**BITTERROOT RESOURCES LTD.**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
*(Prepared By Management)*  
**JANUARY 31, 2003**

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**BITTERROOT RESOURCES LTD.**  
**CONSOLIDATED BALANCE SHEETS**  
(UNAUDITED – PREPARED BY MANAGEMENT)

	January 31 2003	October 31 2002
	\$	\$
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	6,397	1,196
Accounts receivable	1,616	5,002
	8,013	6,198
<b>Reclamation Deposit</b>	5,804	5,804
<b>Resource Properties</b> (Note 1)	2,923,326	2,917,184
<b>Property, Plant And Equipment</b>	2,338	2,140
	2,939,481	2,931,326
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities (Note 4(b))	120,271	107,578
Loan payable (Note 4(c))	3,362	-
	123,633	107,578
<b>SHAREHOLDERS' EQUITY</b>		
<b>Share Capital</b> (Note 2)	5,830,122	5,812,122
<b>Deficit</b>	(3,014,274)	(2,988,374)
	2,815,848	2,823,748
	2,939,481	2,931,326

**APPROVED BY THE DIRECTORS**

(Signed) Michael S. Carr  
Michael S. Carr, Director

(Signed) George W. Sanders  
George W. Sanders, Director

Refer to accompanying notes.

**BITTERROOT RESOURCES LTD.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT**  
(UNAUDITED – PREPARED BY MANAGEMENT)

<b>THREE MONTH PERIOD ENDED JANUARY 31</b>	<b>2003</b>	<b>2002</b>
	<b>\$</b>	<b>\$</b>
<b>Revenue</b>		
Interest income	-	-
<b>Expenses</b>		
Amortization	146	137
Interest and bank charges	357	253
Foreign exchange (gain) loss	52	670
Management and geological fees	12,000	12,000
Office, printing and travel	3,953	3,791
Professional fees	8,555	5,733
Regulatory fees	200	3,278
Transfer agent fees	638	693
	<u>25,901</u>	<u>26,555</u>
<b>Net Loss For The Period</b>	(25,901)	(26,555)
Deficit, beginning of period	<u>(2,988,373)</u>	<u>(2,883,494)</u>
<b>Deficit, End Of Period</b>	<u>(3,014,274)</u>	<u>(2,910,049)</u>
<b>Loss Per Share</b>	<u>(0.001)</u>	<u>(0.001)</u>
<b>Weighted Average Number Of Shares Outstanding</b>	<u>20,601,768</u>	<u>17,800,290</u>

Refer to accompanying notes.

**BITTERROOT RESOURCES LTD.**  
**CONSOLIDATED STATEMENTS OF CASH FLOW**  
(UNAUDITED – PREPARED BY MANAGEMENT)

<b>THREE MONTH PERIOD ENDED JANUARY 31</b>	<b>2003</b>	<b>2002</b>
	\$	\$
<b>Operating Activities</b>		
Net loss for the year	(25,901)	(26,555)
Item not involving cash		
Amortization	146	137
	<u>(25,755)</u>	<u>(26,418)</u>
Cash provided by changes in non-cash working capital items		
Accounts receivable	3,386	2,258
Accounts payable	12,693	15,360
	<u>16,079</u>	<u>17,618</u>
	<u>(9,676)</u>	<u>(8,800)</u>
<b>Financing Activities</b>		
Share issuance	18,000	34,000
Loan payable	3,362	(5,242)
	<u>21,362</u>	<u>28,758</u>
<b>Investing Activities</b>		
Purchase of property, plant and equipment	(343)	-
Resource properties	(6,142)	(17,863)
	<u>(6,485)</u>	<u>(17,863)</u>
<b>Increase During The Period</b>	5,201	2,095
Cash, beginning of period	<u>1,196</u>	<u>(1)</u>
<b>Cash, End Of Period</b>	<u>6,397</u>	<u>2,094</u>

Refer to accompanying notes.

**BITTERROOT RESOURCES LTD.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
FOR THE THREE MONTH PERIOD ENDED JANAUARY 31, 2003  
(UNAUDITED – PREPARED BY MANAGEMENT)

**1. Resource Properties**

The current period expenditures consist of:

<b>JANUARY 31</b>	<b>2003</b>	<b>2002</b>
	\$	\$
<b>Canada</b>		
<b>Nipigon Project</b>		
Consulting and professional	-	800
Geochemistry	-	1,105
Other	-	12
Travel	687	-
	<u>687</u>	<u>1,917</u>
<b>Mistassini Project</b>		
Consulting and professional	550	1,493
Claims	-	13,068
Other	34	461
	<u>584</u>	<u>15,022</u>
	<u>1,271</u>	<u>16,939</u>
<b>U.S.</b>		
<b>Michigan Lands</b>		
Consulting and professional	4,486	309
Leases and permits	462	381
Other	808	234
	<u>5,756</u>	<u>924</u>
Less: Refund of permit fees	<u>885</u>	<u>-</u>
	<u>4,871</u>	<u>924</u>
<b>Increase During The Period</b>	6,142	17,863
Resource properties, beginning of period	<u>2,917,184</u>	<u>2,768,751</u>
<b>Resource Properties, End Of Period</b>	<u>2,923,326</u>	<u>2,786,614</u>

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**BITTERROOT RESOURCES LTD.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**2. Share Capital**

(a) Authorized

The authorized share capital consists of 100,000,000 common shares without par value.

(b) Issued

	<b>Number Of Shares</b>	<b>Value \$</b>
<b>Balance - October 31, 2002</b>	20,554,811	5,812,122
Warrants exercised	<u>180,000</u>	<u>18,000</u>
<b>Balance - January 31, 2003</b>	<u>20,734,811</u>	<u>5,830,122</u>

(c) Warrants

The following share purchase warrants were outstanding at January 31, 2003:

<u>Number Of Warrants</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
640,000	\$ 0.10	September 9, 2004

Each share purchase warrant allows the holder to purchase one common share of the Company at \$0.10 per share.

On January 7, 2003, 180,000 warrants were exercised and the company issued 180,000 common shares at \$0.10 per share, netting the company \$18,000 (Note 4(d)). Subsequent to the end of the first quarter, 440,000 warrants were exercised and the company issued 440,000 common shares at \$0.10 per share, netting the company \$44,000 (Notes 4(e) and 4(f)).

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**BITTERROOT RESOURCES LTD.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**2. Share Capital (con't)**

(d) Common Shares Reserved

At January 31, 2003, the Company had reserved a total of 1,670,032 common shares related to director and employee stock options:

<b>Number Of Options</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
	\$	
511,032	0.10	January 10, 2005
710,000	0.10	July 8, 2006
150,000	0.10	February 5, 2007
299,000	0.10	September 9, 2007

Effective January 1, 2002, the company adopted new CICA Handbook Section 3870 "*Stock-Based Compensation And Other Stock-Based Payments*". This section requires that a fair value based method of accounting be applied to direct awards of stock to employees. This standard allows the company to continue its existing policy, the intrinsic value based method, of recording no compensation cost on the grant of stock options to employees. However proforma information is required which reflects the difference between compensation cost recorded under the intrinsic based method and costs that would have been recorded under the fair value based method. If the Company had determined compensation cost related to its stock option plan based on the fair value at the grant dates for options granted during the period, the Company's net income and earnings per share would have been reduced to the proforma amounts indicated below:

<b>Period Ended January 31</b>	<b>2003</b>
	\$
Net loss, as reported	25,000
Net loss – proforma	37,000
Net loss per share, as reported	0.001
Net loss per share – proforma	0.002

**3. Future Income Taxes**

The company has adopted the new CICA accounting standard of recording the value of future income tax benefits as an asset. However, as there is no certainty of the realization of such assets at this time, no value has been attributed to these benefits in these financial statements.

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**BITTERROOT RESOURCES LTD.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**4. Related Party Transactions**

The following is a summary of related party transactions and balances for the period ended January 31, 2003:

- (a) Management and geological fees of \$12,000 (2002 - \$12,000) were incurred with a company controlled by a director in common with the Company.
- (b) Accounts payable at January 31, 2003, includes \$56,888 (2002 - \$61,669) due to a company controlled by a director in common with the Company.
- (c) The loan payable bears simple interest at 10% per year and is payable to a company controlled by a director in common with the Company.
- (d) The 180,000 warrants exercised on January 7, 2003 were exercised by a director of the Company.
- (e) The 240,000 warrants exercised on February 17, 2003 were exercised by a director of the Company.
- (f) The 200,000 warrants exercised on March 25, 2003 were exercised by a director of the Company.

**Form 51-901F  
Quarterly Report**

**Incorporated as part of: \_\_\_ Schedule A  X  Schedules B & C**

**ISSUER DETAILS:**

NAME OF ISSUER: Bitterroot Resources Ltd.

ISSUER ADDRESS: 218-470 Granville Street, Vancouver, BC, V6C 1V5

CONTACT NAME: Michael S. Carr

CONTACT POSITION: President and Director

CONTACT TELEPHONE NUMBER: 604 922 1351

CONTACT EMAIL ADDRESS: info@bitterrootresources.com

WEB SITE ADDRESS: www.bitterrootresources.com

FOR THE QUARTER ENDED: January 31, 2003

DATE OF REPORT: March 28, 2003

**CERTIFICATE**

**THE SCHEDULES REQUIRED TO COMPLETE THIS REPORT ARE ATTACHED AND THE DISCLOSURE CONTAINED THEREIN HAS BEEN APPROVED BY THE BOARD OF DIRECTORS. A COPY OF THIS REPORT WILL BE PROVIDED TO ANY SHAREHOLDER WHO REQUESTS IT.**

**NAME OF DIRECTOR**

Michael S. Carr

**SIGN (TYPED)**

*“Michael S. Carr”*

**DATE SIGNED(YY/MM/DD)**

2003/03/28

**NAME OF DIRECTOR**

George W. Sanders

**SIGN (TYPED)**

*“George W. Sanders”*

**DATE SIGNED(YY/MM/DD)**

2003/03/28

**BITTERROOT RESOURCES LTD.  
QUARTERLY REPORT**

**For the three months ending January 31, 2003**

**Schedule B: Supplementary Information**

**Securities issued during the period:**

<b>Date</b>	<b>Security</b>	<b>Issue</b>	<b>Number</b>	<b>Price</b>	<b>Proceeds</b>	<b>For</b>	<b>Commission</b>
Jan 7, 2003	Common shares	Warrant exercise	180,000	\$0.10	\$18,000	cash	nil

Subsequent to the end of the quarter, 440,000 warrants expiring September 9, 2004 were exercised at \$0.10.

**Options granted during the period: nil**

There are no shares in escrow or subject to pooling agreements.

The Company's directors are Michael S. Carr, George W. Sanders and Terence S. Ortslan. The Company's officers are Michael S. Carr (President) and Terence S. Ortslan (Secretary).

**Schedule C: Management Discussion**

**Upper Peninsula, Michigan**

On February 18, 2003, Bitterroot entered into an option/joint venture agreement with Cameco Corporation covering exploration targets within a 600 square mile (1,500 square km) area of interest in the Upper Peninsula of Michigan. Data compilation programs and geophysical surveys conducted by Bitterroot and Cameco have identified a number of untested targets within the project area. Drilling is expected to commence in the summer of 2003.

Cameco will have the option to acquire a 65% interest in all targets within the area of interest by incurring total expenditures of \$23,600,000 over a period of 18 years. Portions of the area of interest are subject to earn-in levels ranging from \$1,000,000 to \$10,000,000. Cameco must incur initial expenditures of \$250,000 prior to December 31, 2003 and will be required to spend a total of \$600,000 prior to December 31, 2004 to maintain the right to exercise the option. Minimum annual expenditures by Cameco of \$500,000 will be required during the third and fourth years, increasing to \$1,000,000 per year for subsequent years. During the first two years of the agreement, Bitterroot will be the project operator and receive total payments of \$45,000, plus management fees. In year 3, Cameco will be required to make a payment of \$45,000 to Bitterroot and inflation-adjusted payments of \$60,000 per year thereafter.

The Cameco option currently excludes lands covering the 25 square-kilometre Echo Lake layered mafic intrusion, which was drill-tested by Bitterroot in 1997. The Echo Lake intrusion has potential to host additional reef-type platinum/palladium mineralization along strike from the currently known low-grade mineralized zones. Bitterroot has also identified copper mineralization and areas with highly anomalous alluvial gold concentrations elsewhere on its 100 percent-owned mineral rights. Management plans to advance these targets by conducting additional geochemical and geophysical surveys in 2003.

Michigan experienced a resurgence of metals exploration by major mining companies in 2002. Two major mining companies drilling on two separate projects intersected significant base metals mineralization in 2002. At least four companies will be drill-testing targets in the Upper Peninsula in 2003. In light of the increase in exploration activity in Michigan, Bitterroot is continuing to acquire land in prospective areas and review potential acquisition targets.

### **Mistassini Region, Quebec**

In the summer of 2002, a program of regional heavy mineral sampling and prospecting was carried out in a 20,000 square-kilometre area within the Mistassini radiating dike swarm, southwest and southeast of the Otish Mountains. Approximately 60 heavy mineral samples were collected. The program located six layered mafic intrusive bodies, which are believed to be coeval with the 2.47 billion-year-old Mistassini radiating dike swarm. Follow-up sampling and prospecting is planned in 2003, to determine whether these intrusive bodies have potential to host significant Cu/Ni/PGE deposits. The age and regional setting of these targets are analogous to the Cu/Ni/PGE deposits of the East Bull Lake Suite of intrusions near Sudbury, Ontario and the Cu/Ni/PGE/Cr-bearing layered mafic intrusions of the Baltic (Fennoscandian) Shield of Finland, Sweden and Russia.

In the region north of Lac Mistassini, several companies (Ashton, Dios and Majescor/Canabrava) have announced their intention to follow-up diamond indicator mineral occurrences on lands adjoining Bitterroot's claims. Bitterroot's reconnaissance sampling in 2002 also resulted in the identification of kimberlite indicator minerals in this area. More sampling is planned in 2003.

Bitterroot is reviewing additional gold and base metals opportunities in Quebec, due to the province's favourable geological potential, regulatory environment and financial incentives.

### **Nipigon, Ontario**

During the quarter, Bitterroot reduced the number of claims it held in the region south of Lake Nipigon. Bitterroot has suspended work in the region pending the release of the

results of the Nipigon Geoscience Initiative, which is being funded by the Province of Ontario. This information is expected in late 2003 and 2004.

## **Description of Business**

Bitterroot Resources Ltd. is a mineral resource company engaged directly and indirectly through its subsidiaries, in the acquisition and exploration of mineral properties. The assets of Bitterroot include recorded mineral title interests covering approximately 461 square miles in the Upper Peninsula of the State of Michigan, U.S.A. The Company also leases approximately 1,360 acres of mineral rights from the State of Michigan and has been granted prospecting permits covering 2,360 acres of US federal mineral rights in Michigan. In Ontario, Canada, the Company currently owns 73 mining claims covering approximately 1,170 hectares of Crown lands in the Thunder Bay district. In Quebec, the Company has staked 463 claims covering approximately 25,000 hectares in the Otish/Mistassini region.

## **Discussion of Operations and Financial Condition**

### **Michigan Properties**

Subsequent to the end of the first quarter, on February 18, 2003, an option/joint venture agreement was completed with Cameco Corporation. The agreement will result in the drilling of several targets in the first year, with Cameco funding a total budget of C\$250,000 in 2003. Bitterroot received a \$20,000 payment on signing and will receive a 10% management fee on the balance. During the quarter ended January 31, 2003, the Company spent \$5,756 on its projects in Michigan, mostly on legal costs incurred during negotiation of the Cameco option/joint venture agreement.

### **Mistassini Project, Quebec**

In 2002, Bitterroot staked 463 claims covering approximately 25,000 hectares (62,000 acres) in the Otish/Mistassini region of northern Quebec and conducted reconnaissance and target-specific kimberlite indicator mineral sampling and prospecting on and around the Company's claims. During the first quarter, \$584 was spent on data compilation and report preparation.

### **Nipigon Project, Ontario**

Bitterroot owns 73 mining claims located in the Nipigon/Sibley basin, approximately 30 km. south of Lake Nipigon in the Thunder Bay mining district of Ontario. During the first quarter, \$687 was spent on travel costs.

### **Expenses**

Bitterroot's expenses during the quarter ended January 31, 2003 were \$25,901, down slightly from \$26,555 in the previous year. The decrease in expenses is mainly due to

lower foreign exchange losses and the payment of 2003 annual regulatory fees in the second quarter rather than the first, which was offset by higher professional (audit and legal) fees caused by increased regulatory burdens.

## **Financing, Principal Purposes and Milestones**

Proceeds from the exercise of 180,000 warrants at \$0.10 were used for working capital.

## **Liquidity and Solvency**

The Company's working capital deficiency at January 31, 2003 was (\$115,620). Current liabilities totalled \$123,633, of which \$56,888 was owed to a company owned by a director in common with the Company, consisting of \$55,640 for management fees and \$1248 in expenses paid on behalf of the Company. Accrued interest and a demand loan provided by the same company owned by a director in common with the Company totalled \$3,362. Excluding these amounts, Bitterroot had a working capital deficiency of (\$55,370) at the end of the first quarter. Subsequent to the end of the quarter, 440,000 warrants were exercised at \$0.10, generating proceeds of \$44,000.

There are currently 200,000 common share purchase warrants outstanding, which if exercised would generate proceeds to the Company of \$20,000. There are also 1,670,032 stock options outstanding, which if exercised would provide proceeds to the Company of \$167,003. The Company's ability to meet its ongoing obligations will be determined by management's success in acquiring mineral properties, obtaining equity financing, negotiating joint venture arrangements, and settling outstanding debts.

## **Risk Factors**

The forward-looking information in this document is based on the conclusions of management. The Company cautions investors that due to risks and uncertainties, actual events may differ materially from current expectations.

March 28, 2003