

**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, 2004

DATE OF REPORT: March 30, 2004

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)

2004/03/30

NAME OF DIRECTOR

George W. Sanders

SIGN (TYPED)

“George W. Sanders”

DATE SIGNED(YY/MM/DD)

2004/03/30

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NAME OF DIRECTOR	SIGN (TYPED)	DATE SIGNED (YY/MM/DD)
Michael S. Carr	<i>"Michael S. Carr"</i>	2004/03/30

George W. Sanders	<i>"George W. Sanders"</i>	2004/03/30
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BITTERROOT RESOURCES LTD.

**UNAUDITED CONSOLIDATED
FINANCIAL STATEMENTS**

JANUARY 31, 2004



NEMETH THODY ANDERSON

Chartered Accountants

NOTICE TO READER

We have compiled the balance sheet of Bitterroot Resources Ltd. as at January 31, 2004, and the statements of operations and deficit, and changes in cash flow for the three month period then ended from information provided by management. We have not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of such information. Readers are cautioned that these statements may not be appropriate for their purposes.

Nemeth Thody Anderson

Chartered Accountants
Vancouver, B.C.
March 25, 2004

BITTERROOT RESOURCES LTD.
CONSOLIDATED BALANCE SHEETS
(UNAUDITED – SEE NOTICE TO READER)

	January 31 2004	October 31 2003
	\$	\$
ASSETS		
Current Assets		
Cash	827,268	88,044
Accounts receivable	8,543	4,040
Prepaid expenses	1,271	1,271
	<u>837,082</u>	<u>93,355</u>
Reclamation Deposit	5,804	5,804
Resource Properties (Note 2)	3,165,420	2,706,577
Property, Plant And Equipment	<u>1,782</u>	<u>1,902</u>
	<u>4,010,088</u>	<u>2,807,638</u>
LIABILITIES		
Current Liability		
Accounts payable and accrued liabilities (Note 5(b))	11,317	9,566
SHAREHOLDERS' EQUITY		
Share Capital (Note 3)	7,215,892	6,077,229
Stock Options	344,543	66,884
Deficit	<u>(3,561,664)</u>	<u>(3,346,041)</u>
	<u>3,998,771</u>	<u>2,798,072</u>
	<u>4,010,088</u>	<u>2,807,638</u>

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 – SEE NOTICE TO READER)

THREE MONTH PERIOD ENDED JANUARY 31	2004	2003
	\$	\$
Revenue		
Interest income	1,230	-
Expenses		
Amortization	120	146
Interest and bank charges	454	357
Foreign exchange (gain) loss	241	52
Management and geological fees	12,000	12,000
Office, printing and travel	11,982	3,953
Professional fees	3,616	8,555
Regulatory fees	8,740	200
Stock-based compensation	177,702	-
Transfer agent fees	1,998	638
	<u>216,853</u>	<u>25,901</u>
Net Loss For The Period	(215,623)	(25,901)
Deficit, beginning of period	<u>(3,346,041)</u>	<u>(2,988,373)</u>
Deficit, End Of Period	<u>(3,561,664)</u>	<u>(3,014,274)</u>
Basic And Diluted Loss Per Share	(0.009)	(0.001)
Weighted Average Number Of Shares Outstanding	<u>24,993,427</u>	<u>20,601,768</u>

Refer to accompanying notes.

BITTERROOT RESOURCES LTD.
CONSOLIDATED STATEMENTS OF CASH FLOW
(UNAUDITED – SEE NOTICE TO READER)

THREE MONTH PERIOD ENDED JANUARY 31	2004	2003
	\$	\$
Operating Activities		
Net loss for the period	(215,623)	(25,901)
Items not involving cash		
Amortization	120	146
Non-cash stock-based compensation	277,659	-
	<u>62,156</u>	<u>(25,755)</u>
Cash applied to changes in non-cash working capital items		
Accounts receivable	(4,503)	3,386
Accounts payable	1,751	12,693
	<u>(2,752)</u>	<u>16,079</u>
	59,404	(9,676)
Financing Activities		
Share issuance, net	1,138,663	18,000
Loan payable	-	3,362
	<u>1,138,663</u>	<u>21,362</u>
Investing Activities		
Purchase of property, plant and equipment	-	(343)
Resource properties	(458,843)	(6,142)
	<u>(458,843)</u>	<u>(6,485)</u>
Increase During The Period	739,224	5,201
Cash, beginning of period	<u>88,044</u>	<u>1,196</u>
Cash, End Of Period	<u>827,268</u>	<u>6,397</u>

Refer to accompanying notes.

BITTERROOT RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED JANUARY 31, 2004
(UNAUDITED – SEE NOTICE TO READER)

1. Basis Of Presentation

These interim financial statements have been prepared using the same accounting policies as used in the financial statements for the year ended October 31, 2003 and should be read in conjunction with the audited annual financial statements.

2. Resource Properties

The current period's expenditures consist of:

	Mistassini Quebec, Canada	GK Project B.C., Canada	Michigan Lands Michigan, USA	Total
	\$	\$	\$	\$
Balance – October 31, 2003	98,009	15,495	2,593,073	2,706,577
Deferred costs during the period				
Consulting and professional	1,488	7,101	6,736	15,325
Field supplies	-	591	-	591
Geochemistry	-	4,235	520	4,755
Geophysics	153,750	-	181,832	335,582
Leases, permits and claims	-	24,205	1,846	26,051
Other	-	-	1,582	1,582
Recovery of costs	-	-	(25,000)	(25,000)
Stock-based compensation	49,979	49,979	-	99,958
	205,217	86,111	167,516	458,844
Balance – January 31, 2004	303,226	101,606	2,760,589	3,165,421

3. Share Capital

(a) Authorized

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

BITTERROOT RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
PAGE TWO

3. Share Capital (Cont'd)

(b) Issued

	Number Of Shares	Value \$
Balance - October 31, 2003	22,274,811	6,077,229
Issued for cash pursuant to private placement	2,468,750	1,056,000
Exercise of warrants	200,000	20,000
Exercise of options	259,000	25,900
Financing and share issuance costs	98,750	36,766
Balance - January 31, 2004	25,301,311	7,215,895

(c) Common Shares Reserved

At January 31, 2004, the Company had reserved a total of 2,261,032 common shares related to director and employee stock options:

Number Of Options	Exercise Price \$	Expiry Date
361,032	0.10	January 10, 2005
710,000	0.10	July 8, 2006
125,000	0.10	February 5, 2007
215,000	0.10	September 9, 2007
350,000	0.15	September 20, 2008
500,000	0.61	January 29, 2009

The weighted average grant-date fair value of options granted during the 365 day period ended January 29, 2004, was \$0.56 per option. Total compensation expense recognized for stock options granted during the period ended January 31, 2004 was \$277,659. Stock-based compensation of \$99,957 was recognized for the 180,000 options granted to consultants and \$177,702 was recognized for the 320,000 options granted to directors of the Company. The following assumptions were used for the Black Scholes Option Pricing Model:

	\$
Volatility percentage	148%
Risk-free interest rate	3.63%
Dividend yield	-
Expected life of options	5 years

BITTERROOT RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
PAGE THREE

3. Share Capital (Cont'd)

(c) Common Shares Reserved (Cont'd)

Subsequent to the period ended, on February 21, 2004, 25,000 common shares were issued on the exercise of options for total proceeds of \$2,500.

(d) Warrants

The following share purchase warrants were outstanding at January 31, 2004:

Number Of Warrants	Exercise Price	Expiry Date
	\$	
1,000,000	0.30	October 23, 2005
1,000,000	0.60	December 5, 2004
1,000,000	0.60	December 5, 2004
	then at 0.70	December 5, 2005
234,375	0.80	December 22, 2004

4. Income Taxes

Income tax expense attributable to income from operations was \$Nil for the period ended January 31, 2004 (2003 - \$Nil).

The tax effects of temporary differences that give rise to significant portions of the future tax assets at January 31, 2004, are presented below:

	2004
	\$
Future Tax Assets	
Net operating loss carry-forwards	314,582
Mineral properties	37,592
Capital loss carry-forwards	43,685
Property, plant and equipment	3,687
Valuation allowance	(399,546)
Net Future Tax Assets	-

In assessing the realizability of future tax assets, management considers whether it is more likely than not that some portion or all of the future tax assets will not be realized. The ultimate realization of future tax assets is dependent upon the generation of future taxable income during the years in which those temporary differences become deductible. Management considers the scheduled reversal of future tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. In order to fully realize the future tax asset, the Company will need to generate future taxable income of approximately \$1,200,000 prior to the expiration of the net operating loss carry-forwards starting in 2004. Taxable income for the three month period ended January 2004 was \$Nil. Based upon the level of historical taxable income and projections for future taxable income over the years which the future tax assets are deductible, management has provided a full valuation allowance for the future tax assets.

BITTERROOT RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
PAGE FOUR

5. Related Party Transactions

The following is a summary of related party transactions and balances for the three month period ended January 31, 2004:

- (a) Management fees of \$12,000 (2003 - \$12,000) were incurred with a company controlled by a director in common with the Company.
- (b) Accounts payable at January 31, 2004, includes \$Nil (2003 - \$56,888) due to a company controlled by a director in common with the Company.

BITTERROOT RESOURCES LTD. QUARTERLY REPORT

For the quarter ending January 31, 2004

Schedule B: Supplementary Information

Securities issued during the period:

Refer to note 3(b) in the accompanying audited financial statements (Schedule A).

Options granted during the period: On January 30, 2004, the company granted incentive stock options to acquire 500,000 common shares at \$0.61 per share, expiring January 29, 2009. Of these options, two consultants were granted a total of 180,000 options and the Company's directors were granted 320,000 options as follows; Terence Ortslan 80,000, Michael Carr 160,000 and George Sanders 80,000.

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 and Analysis

Upper Peninsula, Michigan

Uranium

In February, Bitterroot's geophysical contractor conducted horizontal loop EM surveys on two targets in advance of the first phase of the 2004 drilling program. Cameco Corporation is funding the 2004 exploration program, which will include geophysical surveys, geological mapping, geochemical sampling and drilling. Cameco must incur expenditures of \$350,000 in 2004 to retain its rights under the terms of the option/joint venture agreement. Drilling is expected to begin in June. Additional uranium exploration opportunities in North America are being reviewed.

Copper

Bitterroot owns approximately 204 square miles of mineral rights in the Keweenaw Peninsula of Michigan. This region hosts several of the world's largest sediment and volcanic-hosted redbed copper deposits (White Pine, Calumet-Hecla and Kearsarge). Approximately 14 billion pounds (6.4 million tonnes) of copper plus substantial amounts of by-product silver have been produced from deposits in the region over a time period

spanning from prehistoric times until the White Pine mine closed in 1996. Copper mineralization in the Keweenaw Peninsula typically occurs as native copper or as the sulphide copper mineral chalcocite.

In January 2004, Bitterroot retained Fugro Airborne Surveys to conduct a 1,000 line-kilometre GEOTEM airborne geophysical survey over a previously untested portion of the favourable stratigraphy. The survey covers a structurally complex part of the region, where at least 27 old copper mines, shafts, pits and prospects have been located. Glacial till has also limited previous exploration efforts to areas of outcrop with native copper showings. Since the 1960's, almost no copper exploration drilling has been done in the survey area. Final geophysical data products were received from Fugro in late March and will be interpreted in April. Mr. Jan Klein, P.Eng, P.Geo. is the Qualified Person responsible for interpretation of the geophysical data. Bitterroot's management plans to drill-test several copper/silver targets in the summer of 2004.

Nickel/Copper/PGE

The Company is continuing to pursue nickel/copper/platinum/palladium targets in the Upper Peninsula of Michigan. Kennecott Exploration Company recently announced that it's Eagle Prospect hosts a relatively small tonnage, but high-value Ni/Cu/Co/PGE resource (5 million tonnes @ 3.68% Ni, 3.06% Cu, 0.1% Co and <3 g/tonne Pt+Pd+Au) in the Upper Peninsula. Bitterroot's management believes that there is good potential for discovery of additional high-value deposits of this type in the immediate vicinity of the Eagle Prospect and elsewhere within the Upper Peninsula. The extent of Bitterroot's 2004 Ni/Cu/PGE exploration activities in Michigan will be determined by the success of management's ongoing land acquisition efforts.

Mistassini Region, Quebec

Nickel/Copper/PGE

In January 2004, Bitterroot retained Fugro Airborne Surveys to fly 1,000 line-kilometres of GEOTEM surveys over two of its claim blocks located approximately 325 kilometres north of Chicoutimi, Quebec. Prospecting in 2002 located several ultramafic intrusive bodies, which management believes have good potential to host significant Ni/Cu/PGE deposits. Final geophysical data products will be received from Fugro in the coming weeks. Mr. Jan Klein, P.Eng, P.Geo. is the Qualified Person responsible for interpretation of the geophysical data. Mr. Charles Greig, P.Geo is the Qualified Person responsible for the design and execution of the 2004 field program. Bitterroot has recently designated 120 additional claims in the region and allowed 200 claims to expire. In late 2003, Bitterroot raised C\$700,000 through the sale of flow-through shares. Management expects to spend approximately \$400,000 testing the Quebec Ni/Cu/PGE targets in 2004. A program of prospecting, mapping, sampling and ground geophysics will begin in June, followed by drilling.

GK Project, British Columbia

Gold/Silver

Reconnaissance soil sampling and prospecting was done on the GK claims in November and December 2003, to locate the sources of multi-element (Au, Ag, Cu, Zn and As) regional stream silt and soil geochemical anomalies. Bitterroot's soil sampling identified two large areas with highly anomalous levels of gold, silver, arsenic and copper. The first area of soil averaged 0.290 ppm Au across a 375-metre interval (16 samples @ 25 metre intervals). The second area of soil averaged 0.983 ppm Au across a 200-metre interval (9 samples @ 25 metre intervals), including 1.660 ppm Au across a 125-metre interval (5 samples @ 25 metre intervals). Highly anomalous Ag, As and Cu results are coincident with the Au analyses. These results are very encouraging and suggest there is a robust mineralizing system present on the property. Management believes the road-accessible GK property has the potential to host large-tonnage, intrusion-related Au deposits and/or high-grade Ag/Au/base metals-bearing veins similar to those found at the Highland Bell mine, located 8 km west of the GK property in Beaverdell, BC. In January 2004, the Company staked 230 claims around the original 20-claim GK block. Mr. Charles Greig, P.Geo is the Qualified Person responsible for the design and execution of the 2004 field program. In April 2004, Bitterroot will initiate a C\$300,000 program of detailed soil sampling, geological mapping and trenching. Drilling is planned for the fall of 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 Michigan, U.S.A. The Company currently leases 1,800 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. The company has applied to lease additional State of Michigan mineral rights covering approximately 8,950 acres. In Quebec, the Company currently holds 330 claims covering approximately 17,800 hectares in the Mistassini region. In British Columbia, the Company has staked or optioned a total of 250 claim units in the Beaverdell area of south central BC.

Discussion of Operations and Financial Condition

Michigan Properties

In the quarter ended January 31, 2004, Bitterroot received \$25,000 from Cameco Corporation as per the terms of their ongoing option/joint venture arrangement. Bitterroot remains the project operator and will receive a 10% management fee on the 2004

expenditures. In order to maintain the right to earn an interest in the project, Cameco is required to fund \$350,000 of exploration in 2004.

During the quarter ended January 31, 2004, Bitterroot spent \$192,672 on its projects in Michigan and received payments plus reimbursements from Cameco totalling \$25,156. The majority of the expenditures in Michigan were on airborne geophysical surveys, geochemistry and technical consultants. In January 2004, airborne geophysical (GEOTEM) surveys were flown over Cu/Ag and Ni/Cu/PGE targets in Michigan. Budgets for follow-up drilling of targets generated by these surveys will be determined following completion of geophysical data interpretation and land acquisition activities.

Mistassini Project, Quebec

Bitterroot currently holds 330 claims covering approximately 17,800 hectares in the Mistassini region of northern Quebec. In January 2004, Bitterroot spent \$153,750 on two airborne geophysical (GEOTEM) surveys. Preliminary results of the surveys have been encouraging and the Company has allocated an additional \$200,000 for follow-up prospecting, geophysics and drilling of these targets in 2004. Final results and interpretation of the airborne surveys will be received in April and ground follow-up work is expected to start in June.

GK Project, British Columbia

Expenditures of \$36,132 were recorded on this project during the quarter ended January 31, 2004, mainly for claim staking, consulting and geochemistry. The Company has allocated \$300,000 from its flow-through funds for surface exploration and drilling in 2004.

Expenses

Bitterroot's expenses during the quarter ended January 31, 2004 were \$216,853, which was significantly higher than expenses of \$25,901 in the previous year. The increase was mainly due to new accounting rules, which require the calculated value of stock-based compensation granted to directors and officers during the quarter to be treated as an expense (see Schedule A, note 4). Excluding this non-cash charge, actual cash expenses were \$39,151, which is a 51% increase over expenses incurred in the same period of the previous year. This increase was due to higher investor relations costs, plus increased regulatory and transfer agent fees, which were partially offset by decreased professional (legal) fees.

Financing, Principal Purposes and Milestones

During the quarter ended January 31, 2004, the Company received \$1,145,900 from the following,

- \$20,000 from the exercise of 200,000 common share purchase warrants,

- \$25,900 from the exercise of 259,000 stock options,
- \$400,000 from a private placement consisting of 1,000,000 units at \$0.40, consisting of one common share and one common share purchase warrant,
- \$400,000 from a private placement consisting of 1,000,000 units at \$0.40, consisting of one flow through common share and one common share purchase warrant,
- \$300,000 from a private placement consisting of 468,750 units at \$0.64, consisting of one flow through common share and one half of a common share purchase warrant.

Subsequent to the end of the quarter, the Company received \$2,500 from the exercise of 25,000 options.

Liquidity and Solvency

The Company's working capital at January 31, 2004 was \$825,765, compared to working capital of \$83,789 at October 31, 2003. Current liabilities were \$11,317, consisting of accounts payable incurred in the normal course of business.

During and subsequent to the end of the first quarter, the Company received proceeds of \$1,148,400 from three private placements and the exercise of 200,000 warrants and 284,000 stock options. Included in these proceeds is \$700,000 of flow-through share financing, which is allocated to the GK project in British Columbia (\$300,000) and the Mistassini project in Quebec (\$400,000).

There are currently 3,234,375 common share purchase warrants outstanding, which if exercised prior to December 5, 2004, would generate proceeds to the Company of \$1,687,500. There are also currently 2,236,032 incentive stock options outstanding, which if exercised would provide proceeds to the Company of \$496,103. The Company is currently well funded for its 2004 exploration programs in Michigan (U), British Columbia (Au/Ag) and Quebec (Ni/Cu/PGE). Depending on the results of airborne geophysical surveys and land acquisition activities, additional capital may be required to fund exploration of Cu/Ag and Ni/Cu/PGE targets in Michigan 2004. In the long term, Bitterroot'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 ensuring the exercise of outstanding share purchase warrants and options.

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 30, 2004