
BITTERROOT RESOURCES LTD.
CONSOLIDATED FINANCIAL STATEMENTS
JANUARY 31, 2006
(Unaudited - Prepared By Management)

BITTERROOT RESOURCES LTD.
(UNAUDITED - PREPARED BY MANAGEMENT)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-109 Part 4 Subsection 4.3(3)(a), if an auditor has not performed a review of interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The unaudited interim financial statements of the Company as at January 31, 2006 and for three months ended January 31, 2006 and 2005, were prepared by, and are the responsibility of the Company's management.

The Company's independent auditor did not perform a review of these interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

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

	January 31 2006	October 31 2005
	\$	\$
ASSETS		
Current Assets		
Cash	923,501	920,448
Accounts receivable - other	17,889	75,948
Prepaid expenses	526	3,635
	<hr/>	<hr/>
	941,916	1,000,031
Reclamation Deposit	-	5,804
Resource Properties (Note 2)	4,437,350	4,236,596
Equipment (Note 3)	17,228	18,622
	<hr/>	<hr/>
	5,396,494	5,261,053

LIABILITIES

Current Liabilities		
Accounts payable and accrued liabilities	127,874	66,690

SHAREHOLDERS' EQUITY

Share Capital (Note 4)	9,075,865	9,137,086
Contributed Surplus	934,568	934,568
Deficit	(4,741,813)	(4,877,291)
	<hr/>	<hr/>
	5,268,620	5,194,363
	<hr/>	<hr/>
	5,396,494	5,261,053

APPROVED BY THE DIRECTORS

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

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

BITTERROOT RESOURCES LTD.
CONSOLIDATED STATEMENTS OF EARNINGS AND DEFICIT
(UNAUDITED - PREPARED BY MANAGEMENT)

THREE MONTH PERIOD ENDED JANUARY 31	2006	2005
	\$	\$
Expenses		
Amortization	1,393	1,721
Foreign exchange (gain) loss	2,068	(1,311)
Interest and bank charges	509	265
Management fees	18,000	18,000
Office, printing and travel	15,052	3,757
Professional fees	18,171	12,864
Transfer agent fees	1,970	1,279
Loss Before Other Items	(57,163)	(36,575)
Other Items		
Interest income	1,891	813
Write-off of resource property (Note 2)	(16,166)	(1,253)
Write-off of reclamation deposit	(5,804)	-
	(20,079)	(440)
Loss Before Income Taxes	(77,242)	(37,015)
Future income tax recovery	212,721	-
Net Earnings For The Period	135,479	(37,015)
Deficit, beginning of period	(4,877,292)	(4,825,142)
Deficit, End Of Period	(4,741,813)	(4,862,157)
Basic And Diluted Loss Per Share	(0.00)	(0.00)
Weighted Average Number Of Shares Outstanding	30,356,994	28,306,938

BITTERROOT RESOURCES LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED - PREPARED BY MANAGEMENT)

THREE MONTH PERIOD ENDED JANUARY 31	2006	2005
	\$	\$
Operating Activities		
Net earnings for the period	135,479	(37,015)
Items not involving cash:		
Amortization	1,393	1,721
Write-off of resource property	16,166	1,253
Write-off of reclamation deposit	5,804	-
	<hr/>	<hr/>
	158,842	(34,041)
Changes in non-cash working capital:		
Accounts receivable - other	58,059	(24,999)
Prepaid expenses	3,109	25,370
Accounts payable	61,184	117,090
	<hr/>	<hr/>
	122,352	117,461
	<hr/>	<hr/>
	281,194	83,420
Financing Activity		
Share issuance	(61,221)	284,415
Investing Activity		
Resource property expenditures, net of recoveries	(216,920)	(356,013)
Increase During The Period	3,053	11,822
Cash, beginning of period	<hr/>	<hr/>
	920,448	553,863
Cash, End Of Period	<hr/>	<hr/>
	923,501	565,685

BITTERROOT RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED JANUARY 31, 2006
(UNAUDITED - PREPARED BY MANAGEMENT)

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, 2005 and should be read in conjunction with the audited annual financial statements.

2. Resource Properties

	Mistassini Quebec, Canada	GK Project British Columbia, Canada	Mineral Creek Project British Columbia, Canada	Spences Bridge Project British Columbia, Canada	Michigan Lands Michigan, USA	Total
	\$	\$			\$	\$
Balance – October 31, 2005	-	903,515	545,637	-	2,787,444	4,236,596
Deferred costs during the period						
Aircraft charter	-	-	10,385	-	-	10,385
Consulting and professional	6,750	9,307	58,182	375	1,698	76,312
Claims, leases and permits	8,628	10,307	-	2,412	3,437	24,784
Field supplies	-	46	13,208	-	-	13,254
Fuel	-	-	1,552	-	-	1,552
Geochemistry	-	-	11,161	-	-	11,161
Geophysics	613	-	-	-	-	613
Ground transportation	-	-	5,106	-	-	5,106
Drilling	-	-	115,412	-	-	115,412
Other	175	1,457	4,026	-	532	6,190
Room and board	-	-	11,543	-	-	11,543
Travel and freight	-	149	459	-	-	608
Recovery of costs	-	-	-	-	(60,000)	(60,000)
	16,166	21,266	231,034	2,787	(54,333)	216,920
	16,166	924,781	776,671	2,787	2,733,111	4,453,516
Write-off of resource properties	(16,166)	-	-	-	-	(16,166)
Balance – January 31, 2006	-	924,781	776,671	2,787	2,733,111	4,437,350

(a) Michigan, U.S.A.

(i) Mineral Rights, Michigan, U.S.A.

The Company owns a 100% interest in mineral rights covering approximately 363 square miles in the Upper Peninsula of Michigan, U.S.A. On approximately 106 square miles, the vendor retains a 2% net smelter return royalty (NSR) and the Company has the option to purchase one half of the total 2% NSR royalty by paying \$1,000,000 U.S. on or before December 31, 2048.

BITTERROOT RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
PAGE TWO

2. Resource Properties (Cont'd)

(a) Michigan, U.S.A. (Cont'd)

(i) Mineral Rights, Michigan, U.S.A. (Cont'd)

On February 18, 2003, the Company entered into an option agreement with Cameco Corporation whereby the Company has granted to Cameco the option to acquire a 65% interest in certain Michigan mineral rights. To earn this interest Cameco must incur total expenditures of \$23,600,000 in the entire area of interest over a period of 18 years, subject to earn-in levels ranging from \$1,000,000 to \$10,000,000 for portions of the area of interest. In order to maintain the right to exercise its option, Cameco must incur expenditures of \$250,000 during the first year (incurred), \$350,000 during the second year (incurred), \$500,000 during each of the third and fourth years, and \$1,000,000 per year for subsequent years. The company will receive inflation adjusted payments of \$60,000 (received) per year.

(ii) Federal And State Leases

At January 31, 2006, the Company had been granted prospecting permits covering 1,960 acres of federal mineral rights in Michigan. In the event of a discovery, these lands will be subject to a net smelter returns royalty, the terms of which are negotiated on a case-by-case basis.

At January 31, 2006, the Company held leases covering approximately 1,800 acres of State of Michigan mineral rights. State leases are subject to a sliding scale production royalty ranging from two to seven percent, or to a net smelter returns royalty, the terms of which are negotiated on a case-by-case basis. In order to maintain the leases in good standing, the Company must make aggregate rental payments of \$66,480 through February 28, 2013. Minimum rental payments due in the next five years are as follows:

	\$
2006	8,400
2007	8,400
2008	8,160
2009	10,560
2010	10,560

(b) Mistassini, Quebec, Canada

During the years ended October 31, 2004 and 2003, the Company staked 611 claims in the Otish/Mistassini region of northern Quebec. During the year ended October 31, 2004, management of the Company determined that the majority of the claims were not economically viable. Consequently, all related costs were written-off to operations. Additional expenditures incurred during the three month period ended January 31, 2006, were written-off to operations. At January 31, 2006, the Company had 197 active claims in the region.

BITTERROOT RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
PAGE THREE

2. Resource Properties (Cont'd)

(c) GK Property, British Columbia, Canada

During the year ended October 31, 2003, the Company was granted an option to acquire a 100% interest in the GK Property located east of the town of Beaverdell, British Columbia. In order to earn this interest, the Company has issued 300,000 common shares at a value of \$85,000, and is required to pay \$80,000 by June 15, 2006.

(d) Mineral Creek Property, British Columbia, Canada

On May 1, 2005, the Company entered into an option agreement with Mineral Creek Ventures Inc., whereby the Company can earn an initial 55% interest in the Mineral Creek Property (formerly known as the Debbie Property) which is located on Vancouver Island, 10km southeast of Port Alberni, B.C. The Company can earn a 55% interest in the property by completing exploration expenditures of \$1,200,000, issuing 450,000 common shares (250,000 shares issued) and making cash payments totaling \$160,000 (\$100,000 paid) within a three-year period. An additional 100,000 shares must be issued by the end of the first anniversary of the approval of the transaction by the TSX Venture Exchange and the final 100,000 shares must be issued by the end of the second anniversary of this approval. The Company can subsequently earn an additional 20% interest in the property by completing further exploration expenditures of \$800,000, issuing 200,000 common shares and making a cash payment of \$50,000 per year, totaling \$100,000 within the following two years. In addition, the Company acquired a 75% interest in five adjoining mineral claims by issuing 100,000 common shares valued at \$34,000 to a private party.

During the period ended January 31, 2006, the Company incurred expenditures of \$231,034 relating to the Mineral Creek Property.

(e) Spences Bridge Project, British Columbia, Canada

On January 17, 2006, the Company acquired 14 claim blocks covering 6,030 hectares located in the Spences Bridge gold belt in southwestern British Columbia.

3. Equipment

	January 31 2006		October 31 2005	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Computer hardware	8,149	6,652	1,497	1,618
Computer software	405	254	151	204
Field equipment	25,609	11,514	14,095	15,237
Furniture and fixtures	1,104	160	944	994
Leasehold improvements	5,655	5,114	541	569
	40,922	23,694	17,228	18,622

BITTERROOT RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
PAGE FOUR

4. Share Capital

(a) Authorized

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

(b) Common Shares Issued

	Number Of Shares	Value \$
Balance, October 31, 2005	33,748,011	9,137,086
Issued for cash		
Exercise of warrants	505,000	151,500
Future income taxes on expenditures renounced to shareholders	-	(212,721)
Balance - January 31, 2006	34,253,011	9,075,865

(c) Warrants

The following share purchase warrants were outstanding at January 31, 2006:

Number Of Warrants	Exercise Price \$	Expiry Date
500,000	0.40	July 20, 2006

During the period ended January 31, 2006, 1,000,000 share purchase warrants expired and 505,000 share purchase warrants were exercised yielding proceeds of \$151,500.

5. Stock Option Plan And Stock-Based Compensation

The Company, in accordance with the policies of the TSX Venture Exchange, has a stock option plan in place under which it is authorized to grant options to directors, employees and consultants, to acquire up to 10% of the issued and outstanding common shares. Under the plan, the exercise price of each option equals the market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of five years.

BITTERROOT RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
PAGE FIVE

5. Stock Option Plan And Stock-Based Compensation (Cont'd)

Stock option transactions and the number of stock options outstanding and exercisable are summarized as follows:

	Number Of Options	Weighted Average Exercise Price \$
Balance - October 31, 2005	2,915,000	0.36
Options granted during the period	-	-
Options exercised during the period	-	-
Balance - January 31, 2006	2,915,000	0.36

The following stock options were outstanding and exercisable at January 31, 2005:

Number Of Options	Exercise Price \$	Expiry Date
500,000	0.10	July 8, 2006
100,000	0.10	February 5, 2007
215,000	0.10	September 9, 2007
270,000	0.15	September 20, 2008
480,000	0.61	January 29, 2009
670,000	0.53	May 24, 2009
180,000	0.53	July 5, 2009
500,000	0.39	March 17, 2010

Stock-based compensation of \$Nil was capitalized to resource properties for options granted and \$Nil was expensed to operations for options granted to directors of the company.

6. Related Party Transactions

The following is a summary of related party transactions and balances for the three month period ended January 31, 2006 not disclosed elsewhere in the financial statements:

- (a) Management fees of \$18,000 (2005 - \$18,000) were incurred with a company controlled by a director in common with the Company. These fees are recorded at their exchange amounts.
- (b) Accounts payable at January 31, 2006 has \$27,227 (includes \$18,000 management fees) due to a company controlled by a director in common with the Company.

BITTERROOT RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
PAGE SIX

7. Income Taxes

The tax effects of temporary differences that give rise to significant portions of the future tax assets at January 31, 2006 are presented below:

	\$
Future Tax Assets	
Non-capital loss carry-forwards	338,610
Capital loss carry-forwards	41,869
Equipment	8,084
Resource properties	(324,261)
Share issuance costs	40,614
Valuation allowance	<u>(104,916)</u>
Net Future Tax Assets	<u>-</u>

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.

8. Segmented Information

(a) Industry Information

The Company operates in one reportable operating segment, being the acquisition, exploration and development of resource properties.

(b) Geographic Information

The Company's property and equipment in geographic locations at January 31, 2006, are as follows:

	\$
Canada	1,721,467
U.S.A.	<u>2,733,111</u>
	<u>4,454,578</u>

9. Subsequent Events

Subsequent to January 31, 2006:

The Company initiated a brokered private placement with Toll Cross Securities Inc. ("Toll Cross"), as its exclusive agent, consisting of 2,568,332 flow-through common shares priced at \$0.45 per share, and 3,950,000 Units priced at \$0.40 per Unit. Each Unit consists of one common share and one common share purchase warrant. Each warrant will entitle the holder to acquire an additional common share of the Company at \$0.55, expiring September 30, 2007. Toll Cross will receive a cash commission equal to 6% of the gross proceeds of the offering (\$164,145). In addition, Bitterroot will grant 391,100 broker options to Toll Cross. Each broker warrant will entitle Toll Cross Securities to purchase one unit at \$0.40 for a period of 18 months from March 31, 2006.

BITTERROOT RESOURCES LTD. MANAGEMENT DISCUSSION & ANALYSIS

For the quarter ended January 31, 2006

As of March 30, 2006

SUMMARY OF ACTIVITIES

In the quarter ended January 31, 2006, the majority of Bitterroot Resources Ltd.'s exploration expenditures were on drilling programs on the Mineral Creek gold project in British Columbia. Total exploration expenditures in the quarter, before cost recoveries and write-offs were \$276,920. Equity financings and funding from Cameco Corporation contributed \$211,500 to Bitterroot's working capital during the quarter, while expenses were \$57,163.

INTRODUCTION

Bitterroot Resources Ltd. (referred to throughout this document as "the Company" or "Bitterroot") is a mineral resource company engaged directly and indirectly through its wholly-owned subsidiaries, in the acquisition and exploration of mineral properties. In May 2005 the Company entered into an agreement to acquire up to a 75% interest in the 7,129 hectare Mineral Creek gold property near Port Alberni, BC. The Company is earning a 100% interest in the 250-claim GK gold project near Beaverdell in south-central BC. In southwest BC, the Company recently staked 14 claims covering 6,030 hectares in the emerging Spences Bridge gold belt. In the Upper Peninsula of Michigan, Bitterroot and Cameco Corporation have entered into an option/joint venture agreement whereby Cameco has agreed to fund uranium exploration within a 780 square-mile area of interest. Bitterroot's wholly-owned subsidiary owns recorded mineral title interests covering approximately 363 square miles in the Upper Peninsula of Michigan. The Company currently leases 1,800 acres of mineral rights from the State of Michigan and has been granted prospecting permits covering 1,960 acres of US federal mineral rights. In Quebec, the Company currently holds 161 mineral claims covering approximately 8,700 hectares in the Mistassini region.

The following Management Discussion and Analysis (MD&A) should be read in conjunction with Bitterroot Resources Ltd.'s consolidated financial statements for the quarter ended January 31, 2006 and the audited annual consolidated financial statements and MD&A for the year ended October 31, 2005.

OVERALL PERFORMANCE

Results of Operations

Michigan Uranium Joint Venture

In January 2006, representatives of the Michigan Department of Natural Resources advised the Company and others that their goal is to resume metallic minerals leasing in mid-2006, following approval of a revised lease document. Bitterroot and Cameco Corporation plan to resume

exploration drilling in the second half of 2006, subject to the resumption of minerals leasing. Cameco has completed \$600,000 of exploration expenditures in the past three years, and made an annual \$60,000 option payment in January 2006. In order to continue to maintain its option and assuming there are no additional leasing delays, Cameco will be required to fund exploration expenditures totalling \$500,000 in 2006. In the quarter ended January 31, 2006, Bitterroot spent \$5,667 on its Michigan projects, mainly on consulting, leases and permits.

Mineral Creek Gold Project, British Columbia

Bitterroot's surface diamond drilling program commenced in July 2005, initially testing the 1050 Zone with 14 holes drilled from two setups, totaling 1,572 metres. Details of the drilling and high-grade intersections are included in Bitterroot news releases, sections and a plan map dated October 18 and December 29, 2005, which are available on the Company's website (www.bitterrootresources.com) or at www.sedar.com. Bitterroot's drilling in the second half of 2005 intersected the high-grade gold-bearing "294 Fault" structure along 130 metres of strike length and approximately 70 metres down dip. Drilling outside of this area returned traces of gold along related fault structures and indicated that the 1050 Zone is offset by later stage faulting. Additional drilling is required to define the continuity and down-dip extent of the high-grade gold mineralization.

Concurrent with the onset of winter conditions in December 2005, the drill was moved to the road-accessible 900 Zone, where 13 holes totaling 2,118 metres have been completed by Bitterroot to date. Results from the first eight holes indicate the presence of numerous low grade gold-bearing quartz vein breccias within an envelope of quartz-carbonate stockwork which cuts altered basalt and associated sedimentary rocks. Gold grades intersected range from traces up to 11 grams/tonne over narrow widths. Details of the results are summarized in the table below.

DDH #	From	To/m	Interval m(ft)	~ true thickness	Au g/t	Ag g/t	Au oz/t	Ag oz/t	Rec.
BTT - N 1	34.2	38.0	3.8, (12.5')	3.5,(11.5')	0.851	0.32	.025	.009	100%
INCLUDING:									
BTT - N 1	34.2	35.0	0.8, (2.62')		1.215	0.6	.035	.0175	100%
BTT - N 1	35.0	36.5	1.5, (4.92')		0.054	0.2	.0016	.0058	100%
BTT - N 1	36.5	38.0	1.5, (4.92')		1.455	0.3	.0424	.0087	100%
BTT - N 1	39.9	40.5	0.6, (1.97')	0.5,(1.6')	0.569	0.5	.0166	.014	100%
BTT - N 1	49.7	56.0	6.3 (20.6')	6.0,(19.7')	1.05	0.586	.03	.017	100%
INCLUDING:									
BTT - N 1	49.7	51.1	1.4, (4.59')		1.535	0.8	.0448	.023	100%
BTT - N 1	51.1	51.9	0.8, (2.62')		0.999	1.3	.0291	.038	100%
BTT - N 1	51.9	52.3	0.4, (1.3')		0.016	0.3	.00047	.0087	100%
BTT - N 1	52.3	53.8	1.5, (4.92')		0.021	0.2	.0006	.0058	100%
BTT - N 1	53.8	55.3	1.5, (4.92')		0.179	0.3	.005	.0087	100%
BTT - N 1	55.3	55.7	0.4, (1.3')		0.058	0.3	.0017	.0087	100%
BTT - N 1	55.7	56.0	0.3, (0.98')		11.1	1.8	.324	.0525	100%
BTT - N 1	91.3	91.7	0.4, (1.3')	0.3,(1.0')	2.75	31.5	.08	.919	100%
BTT - N 1	123.0	123.2	0.2, (0.65')	0.2,(0.6')	0.924	0.6	.027	.0175	100%
BTT - N 1	164.2	165.7	1.5, (4.92')	1.4,(4.5')	0.545	<0.2	.0159	<.0006	100%
BTT - N 2	9.7	10.0	0.3, (0.98')	0.3,(0.98')	0.541	0.3	.0157	.0087	100%

BTT - N 2	68.5	69.0	0.5, (1.64')	0.5,(1.64')	0.598	0.4	.017	.0116	100%
BTT - N 3	7.9	8.0	0.1, (0.33')	0.1(0.33')	5.26	1.0	.153	.029	60%
BTT - N 3	49.1	49.4	0.3, (0.98')	0.3,(0.98')	1.95	0.7	.057	.02	100%
BTT - N 3	61.2	61.4	0.3, (0.98')	0.3,(0.98')	2.91	0.9	.085	.026	100%
BTT - N 3	101.3	101.6	0.3, (0.98')	0.3,(0.98')	4.12	0.9	.120	.026	100%
BTT - N 4	76.5	76.7	0.2, (0.65')	0.2,(0.65')	7.29	1.1	.212	.032	100%
BTT - N 5	109.4	109.9	0.5, (1.64')	0.5,(1.64')	2.17	1.2	.063	.035	100%
BTT - N 5	117.9	118.4	0.5, (1.64')	0.5,(1.64)	1.475	1.3	.043	.038	100%
BTT - N 6	65.0	65.6	0.6, (1.97')	0.6,(1.97')	1.05	0.7	.03	.02	100%
BTT - N 7	9.5	9.7	0.2, (0.65')	0.2,(0.6')	2.76	0.9	.08	.026	100%
BTT - N 7	53.7	54.5	0.8, (2.62')	0.8,(2.6')	1.64	1.66	.047	.048	100%
INCLUDING:									
BTT - N 7	53.7	54.0	0.3, (0.98')		1.43	2.1	.041	.06	100%
BTT - N 7	54.0	54.5	0.5, (1.64')		1.765	1.4	.051	.04	100%
BTT - N 8	8.8	9.45	0.65, (2.1')	0.6, (2.0')	1.41	1.29	.04	.038	95%
INCLUDING:									
BTT - N 8	8.8	9.0	0.2, (0.65')		1.695	0.6	.049	.017	100%
BTT - N 8	9.0	9.45	0.45, (1.5')		1.28	1.6	.037	.047	95%

Results from five additional holes are pending and surface drilling is continuing. A plan map and cross sections detailing the location of the drill holes and underground workings is being prepared and will be posted on the Company's website shortly. Crews have completed the rehabilitation of the 900 Zone portal and approximately 200 metres of underground workings. Bitterroot's geologists have begun detailed geological mapping and sampling of the underground workings. Underground drilling is planned following procurement of a suitable drilling rig. Additional bulk sampling will be considered if high-grade mineralization is encountered near the existing underground workings.

In the quarter ended January 31, 2006, Bitterroot spent \$231,034 on the Mineral Creek project, mainly on drilling, acquisition costs and geological consulting. Mr. Michael Becherer, P.Geo is the Qualified Person responsible for the design and execution of exploration programs on the Mineral Creek property.

GK Gold/Silver Project, British Columbia

In the summer of 2005, reconnaissance soil and rock geochemical surveys have identified areas with highly anomalous Au/As in soils and rocks southeast and northwest of the main grid area. A program comprising additional geological mapping, line cutting, soil sampling and prospecting was undertaken prior to the onset of winter conditions. Additional line cutting, geophysical surveys, prospecting and sampling are currently planned in the spring of 2006, when snow conditions allow. In the quarter ended January 31, 2006, Bitterroot spent \$21,266 on the GK project, mainly on line cutting and claims renewal and filing fees. Mr. Charles Greig, P.Geo is the Qualified Person responsible for the design and execution of exploration programs on the GK project.

Spences Bridge Gold Project, British Columbia

In late December 2005, Bitterroot acquired by staking 14 claims covering 6,030 hectares located in the emerging Spences Bridge gold belt in southwestern British Columbia. The claims cover exposures of Lower Cretaceous Spences Bridge Group volcanic rocks and Permian to Late Triassic Mount Lytton Complex intrusive rocks. A number of the claims are adjacent to claims staked recently by Strongbow Exploration Inc. and are less than seven kilometres north-northeast of the Strongbow/Almaden Minerals Ltd. Skoonka Creek gold discoveries. The first phase of surface exploration on Bitterroot's claims is expected to start in the spring of 2006, as snow conditions allow. Mr. Charles Greig, P.Geo is the Qualified Person responsible for the project.

Mistassini (Twins) Nickel Project, Quebec

Subsequent to the year-end, data from the 2004 drilling program was re-assessed. Additional data compilation and target development are planned in 2006. In the quarter ended January 31, 2006, Bitterroot spent \$16,166 on the Twins property, mainly on compilation and assessment report preparation and claims renewal and filing fees. Mr. Charles Greig, P.Geo is the Qualified Person responsible for the design and execution of exploration programs on the project.

Financial Condition

At January 31, 2006, Bitterroot had working capital of \$814,042, which included \$17,889 due from GST refunds. Resource properties had a book value of \$4,437,350 compared to \$4,236,596 at the beginning of the financial year. For the quarter ended January 31, 2006, cash inflows exceeded cash outflows by \$3,053, which when combined with the \$920,448 cash balance at the beginning of the year, resulted in a year-end cash position of \$923,501. The cash inflows were a result of share issuances for net proceeds of \$151,500 plus a \$60,000 option payment from Cameco Corporation. Cash outflows were comprised principally of resource property expenditures, (before recoveries from Cameco), of \$276,920 and operating expenses of \$55,770 (net of amortization).

Summary of Financial Results

During the quarter ended January 31, 2006, the Company had a net loss before adjustments for future income tax recoveries of \$77,242, compared to a net loss before adjustments for future income tax recoveries of \$37,015 in the first quarter of prior year. The increased loss was mainly attributable to higher resource property and reclamation deposit write-offs, professional fees, foreign exchange losses on US\$ cash balances and annual meeting costs.

SUMMARY OF QUARTERLY RESULTS

The following tables set forth a comparison of revenues and expenses for the previous eight quarters ending January 31, 2006. Financial information is prepared according to Canadian GAAP and is reported in Canadian dollars.

	Quarter Ended Jan 31 2006	Quarter Ended Oct 31 2005	Quarter Ended July 31 2005	Quarter Ended April 30 2005
Interest income	1,891	2,184	870	1,021
Income (loss) for the period	135,479*	(19,863)	(72,676)	(61,972)
General and administrative	(55,272)	(59,880)	(64,712)	(95,238)
Stock-based compensation	-	-	-	(153,643)
Recovery (write-off) of resource property	(16,166)	90,929	(15,185)	10,646
Net income (loss) per share				
basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)

* includes adjustment for future income tax recovery of \$212,721 as per new accounting rules. Loss before income taxes calculated on the same basis as prior quarters was (\$77,242).

	Quarter Ended Jan 31 2005	Quarter Ended Oct 31 2004	Quarter Ended July 31 2004	Quarter Ended April 30 2004
Interest Income	813	1,593	2,046	2,516
Income (loss) for the period	(37,015)	(921,734)	(302,777)	(38,967)
General and administrative	(35,762)	(45,261)	(30,779)	(41,483)
Stock-based compensation	-	-	(274,044)	-
Write-off of resource property	(1,253)	(1,127,406)	-	-
Net Loss per share,				
basic and diluted	(0.00)	(\$0.04)	(\$0.01)	(\$0.00)

LIQUIDITY

During the quarter ended January 31, 2006, the Company received \$211,500 from the following,

- \$151,500 from the exercise of 505,000 common share purchase warrants,
- \$60,000 option payment from Cameco Corporation

The Company's working capital at January 31, 2006 was \$814,042, compared to working capital of \$933,341 at October 31, 2005. Current liabilities were \$127,874, consisting of accounts payable incurred in the normal course of the mineral exploration business, largely related to ongoing drilling on the Mineral Creek gold project.

At January 31, 2006, there were 500,000 share purchase warrants outstanding, which if exercised, would generate proceeds to the Company of \$200,000. There are also currently 2,915,000 incentive stock options outstanding, which if exercised would provide proceeds to the Company of \$1,060,300.

Subsequent to the end of the quarter, the Company agreed to issue

- 3,950,000 units priced at \$0.40, consisting of one common share and one common share purchase warrant to purchase an additional common share at \$0.55 for 18 months.
- 2,568,332 flow-through common shares priced at \$0.45.

Following this financing, Bitterroot has sufficient cash reserves to fund its 2006 operating expenses and this year's planned exploration programs on the Mineral Creek, Spences Bridge and GK projects in British Columbia. In Michigan, most of the exploration work currently planned in 2006 will be funded by Cameco Corporation. Joint venture partners are being sought for additional exploration programs in Michigan and Quebec. In the longer 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 facilitating the exercise of outstanding share purchase warrants and options. Despite current favourable markets for junior resource issuers due to strong commodity prices, there can be no assurance that the Company will be able to continue to raise funds, in which case it may be unable to meet its obligations. Should Bitterroot be unable to realize on its assets and discharge its liabilities in the normal course of business, the realizable value of its assets may be materially less than the amounts recorded on the balance sheets.

RELATED PARTY TRANSACTIONS

The following is a summary of related party transactions and balances for the quarter ended January 31, 2005.

- The Company incurred management fees of \$18,000 with a company controlled by the President of the Company.
- The Company had accounts payable of \$9,227 due to a company controlled by the President the Company.

FORWARD LOOKING STATEMENTS

This document contains statements about expected or anticipated future events and financial results that are forward-looking in nature and as a result, are subject to certain risks and uncertainties, such as general economic, market and business conditions, regulatory processes and actions, technical issues, new legislation, competitive conditions, the uncertainties resulting from potential delays or changes in plans, the occurrence of unexpected events and the company's ability to execute and implement its future plans. Actual results may differ materially from those projected by management. For such statements, we claim the safe harbour for forward-looking statements within the meaning of the Private Securities Legislation Reform Act of 1995. The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this document.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Outstanding Share Data

- a) Authorized Capital:
100,000,000 common shares without par value
- b) Number and Recorded Value for shares Issued and Outstanding as at January 31, 2006,
34,253,011 common shares, with a recorded value of \$9,075,865.
- c) Options outstanding at January 31, 2006

Number of Shares	Exercise Price	Expiry Date
500,000	0.10	July 8, 2006
100,000	0.10	February 5, 2007
215,000	0.10	September 9, 2007
270,000	0.15	September 20, 2008
480,000	0.61	January 29, 2009
670,000	0.53	May 24, 2009
180,000	0.53	July 5, 2009
500,000	0.39	March 17, 2010

- d) Warrants outstanding at October 31, 2005

Number of Shares	Exercise Price	Expiry Date
500,000	0.40	July 20, 2006

Stock-based Compensation

No options were granted during the quarter. The weighted average grant-date value of options granted during the quarter ended January 31, 2006 was \$ nil per option. Total compensation expense recognised for stock options granted during the quarter was \$ nil. These amounts represent the value of stock options granted using the Black-Scholes option-pricing model, which includes management's estimates of volatility and expected life.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

Information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make

a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements. Management maintains a system of internal controls to provide reasonable assurances that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information. Our auditors have not reviewed the contents of this MD&A.

Additional information on the Company can be found on SEDAR at www.sedar.com.