
BITTERROOT RESOURCES LTD.
CONSOLIDATED FINANCIAL STATEMENTS
JANUARY 31, 2007
(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, 2007, and for three months ended January 31, 2007 and 2006, 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 2007	October 31 2006
	\$	\$
ASSETS		
Current Assets		
Cash and cash equivalents	4,178,988	1,403,712
Accounts receivable - other	172,818	215,868
Prepaid expenses	1,933	4,636
	<hr/>	<hr/>
	4,353,739	1,624,216
Reclamation Deposit	9,300	9,300
Resource Properties (Note 3)	7,422,767	6,556,517
Equipment (Note 4)	12,102	13,049
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	11,797,908	8,203,082

LIABILITIES

Current Liabilities		
Accounts payable and accrued liabilities	291,762	198,098

SHAREHOLDERS' EQUITY

Share Capital (Note 5)	14,509,232	11,824,852
Contributed Surplus (Note 6)	2,132,301	1,579,357
Deficit	(5,135,387)	(5,399,225)
	<hr/>	<hr/>
	11,506,146	8,004,984
	<hr/>	<hr/>
	11,797,908	8,203,082

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 OPERATIONS AND DEFICIT
(UNAUDITED - PREPARED BY MANAGEMENT)

THREE MONTH PERIOD ENDED JANUARY 31	2007	2006
	\$	\$
Expenses		
Amortization	947	1,393
Foreign exchange gain (loss)	(1,884)	2,068
Interest and bank charges	705	509
Management fees	24,000	18,000
Office and printing	19,668	15,052
Professional fees	22,084	18,171
Property investigation	-	-
Regulatory fees	705	-
Stock-based compensation (Note 7)	395,792	-
Transfer agent fees	2,232	1,970
Loss Before Other Items And Income Taxes	(464,249)	(57,163)
Other Items		
Interest income	26,510	1,891
Recovery (write-off) of resource property	(644)	(16,166)
Write-off of reclamation deposit	-	(5,804)
	25,866	(20,079)
Loss Before Income Taxes	(438,383)	(77,242)
Future income tax recovery	702,221	212,721
Net Earnings For The Period	263,838	135,479
Deficit, beginning of period	(5,399,225)	(4,877,292)
Deficit, End Of Period	(5,135,387)	(4,741,813)
Basic And Diluted Earnings (Loss) Per Share	0.01	0.00
Weighted Average Number Of Shares Outstanding	46,131,993	30,356,994

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

THREE MONTH PERIOD ENDED JANUARY 31	2007	2006
	\$	\$
Operating Activities		
Net earnings for the period	263,838	135,479
Items not involving cash:		
Amortization	947	1,393
Write-off of resource property	644	16,166
Future income tax recovery	(702,221)	(212,721)
Stock-based compensation	395,792	-
Write-off of reclamation deposit	-	5,804
	<u>(41,000)</u>	<u>(53,879)</u>
Changes in non-cash working capital:		
Accounts receivable - other	43,050	58,059
Prepaid expenses	2,703	3,109
Accounts payable and accrued liabilities	93,664	61,184
	<u>139,417</u>	<u>122,352</u>
	<u>98,417</u>	<u>68,473</u>
Financing Activity		
Share issuances	3,386,601	(151,500)
Investing Activity		
Resource property expenditures, net of recoveries	(709,742)	(216,920)
Increase During The Period	2,775,276	3,053
Cash and cash equivalents, beginning of period	<u>1,403,712</u>	<u>920,448</u>
Cash And Cash Equivalents, End Of Period	<u>4,178,988</u>	<u>923,501</u>

Supplemental disclosure with respect to cash flows

	2007	2006
	\$	\$
Cash paid during the year for interest	-	-
Cash paid during the year for income taxes	-	-

BITTERROOT RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED JANUARY 31, 2007
(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, 2006 and should be read in conjunction with the audited annual financial statements.

2. Changes In Accounting Policies

On November 1, 2006, the Company adopted three new accounting standard related to financial instruments that were issued by the Canadian Institute of Chartered Accountants ("CICA"). These accounting policy changes were adopted on a prospective basis with no restatement of prior period financial statements. The new standards and accounting policy changes are as follows:

Financial Instruments - Recognition and Measurement (CICA Handbook Section 3855)

In accordance with this new standard, the Company now classifies all financial instruments as either held-to-maturity, available-for-sale, held for trading or loans and receivables. Financial assets held to maturity, loans and receivables and financial liabilities other than those held for trading, are measured at amortized costs. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Instruments classified as held for trading are measured at fair value with unrealized gains and losses recognized on the statement of operations.

The Company has classified its cash equivalents as held to maturity and, therefore, is already carrying its investments at fair market value and no adjustment needs to be recorded. This change in accounting policy had no material effect on the Company's previous financial statements.

Comprehensive Income (CICA Handbook Section 1530)

Comprehensive income is the change in shareholders' equity during a period from transactions and other events and circumstances from non-owner sources. In accordance with this new standard, the Company would report a consolidated statement of comprehensive income (loss) and a new category, accumulated other comprehensive income, would be added to the shareholders' equity section of the consolidated balance sheet. The components of this new category would include unrealized gains and losses on financial assets classified as available-for-sale and the effective portion of cash flow hedges, if any. For the three month period ended January 31, 2007, there was no comprehensive income (loss) or accumulated other comprehensive income to record.

Hedges (CICA Handbook Section 3865)

The new standard specifies the criteria under which hedge accounting can be applied and how hedge accounting can be executed. The company has not designated any hedging relationships.

BITTERROOT RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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3. Resource Properties

	GK Project B.C., Canada	Mineral Creek Property B.C., Canada	Spences Bridge Project, B.C., Canada	North Brenda Property B.C., Canada	SPN Property B.C., Canada	Big Southeaster Property B.C., Canada	Michigan Lands Michigan, USA	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Balance – October 31, 2006	1,160,279	2,091,699	30,251	476,863	-	41,752	2,755,673	6,556,517
Deferred Costs During The Period								
Acquisition costs	-	-	-	-	30,000	-	-	30,000
Aircraft charter	-	-	-	8,312	-	-	-	8,312
Claims, leases and permits	579	4,645	2,412	599	-	705	47,922	56,862
Consulting and professional	8,963	30,133	1,600	23,281	87	19,983	23,522	107,569
Drilling	-	41,370	-	102,518	-	97,830	180,347	422,065
Field supplies	-	266	-	183	-	69	3,322	3,800
Fuel	299	1,300	-	72	-	1,004	-	3,275
Geochemistry	13,678	7,925	-	7,551	-	630	-	29,784
Geophysics	-	-	-	-	-	-	-	-
Ground transportation	1,390	3,701	-	4,880	-	2,616	7,203	19,790
Other	749	4,255	-	1,891	-	-	18	6,913
Recovery of costs	-	-	-	-	-	-	-	-
Room and board	1,394	6,803	-	51	-	5,756	1,670	15,674
Stock-based compensation	27,647	36,378	-	27,647	-	36,378	29,102	157,152
Travel and freight	142	89	-	80	-	8	4,735	5,054
	54,841	136,825	4,012	177,065	30,087	165,579	297,841	866,250
Write-off of resource properties	-	-	-	-	-	-	-	-
Balance – January 31, 2007	1,215,120	2,228,524	34,263	653,928	30,087	207,331	3,053,514	7,422,767

Title to resource properties involves certain inherent risks due to difficulties of determining the validity of certain claims, as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many resource properties. The Company has investigated title to its resource properties and to the best of its knowledge, title to its properties are in good standing.

(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.

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

On February 18, 2003, the Company entered into an option agreement with Cameco Corporation whereby the Company 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.

BITTERROOT RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
PAGE THREE

3. Resource Properties *(Cont'd)*

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

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

During the period, the Company entered into negotiations with Cameco Corporation to amend the deadlines for minimum exploration expenditures. At all times the existing agreement with Cameco Corporation remained in good standing.

(ii) State Leases

At January 31, 2007, the Company held leases covering approximately 8,095 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. Leases acquired during the period are subject to similar royalty terms, except for an increase in the sliding scale to a maximum of 10.5%. In order to maintain the leases in good standing, the Company must make aggregate rental payments of \$257,881 through February 28, 2014. Minimum rental payments due in the next five years are as follows:

	\$
2007	27,284
2008	27,044
2009	27,524
2010	27,524
2011	21,764

(b) GK Property, B.C., 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 \$30,000 (paid) by June 15, 2006, \$30,000 by June 15, 2007 and \$25,000 by June 15, 2008.

During the period ended January 31, 2007, the Company incurred expenditures of \$54,841 relating to the GK property.

(c) Mineral Creek Property, B.C., 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, 10 kilometres 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 (350,000 shares issued) and making cash payments totaling \$160,000 (paid) within a three-year period. The final 100,000 shares must be issued by the end of the second anniversary of TSX Venture Exchange 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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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3. Resource Properties *(Cont'd)*

(c) Mineral Creek Property, B.C., Canada *(Cont'd)*

During the period ended January 31, 2007, the Company incurred acquisition and exploration expenditures of \$136,825 relating to the Mineral Creek property.

(d) Spences Bridge Project, B.C., 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.

During the period ended January 31, 2007, the Company incurred exploration expenditures of \$4,012 relating to the Spences Bridge property.

(e) North Brenda Property, B.C., Canada

On April 4, 2006, the Company entered into an agreement to acquire a 100% interest in the North Brenda molybdenum/copper/gold property in southwestern British Columbia.

In order to earn a 100% interest in the property, the Company will pay \$10,000 and has issued 50,000 common shares at a value of \$29,500 to the vendors. Prior to the first anniversary, the Company is required to complete \$50,000 of exploration expenditures and issue an additional 50,000 common shares to the vendors. Prior to the second anniversary, the Company is required to issue an additional 50,000 common shares. Prior to the third anniversary, the Company is required to issue common shares with a value of \$50,000. The vendors will also retain a 2% net smelter returns royalty, of which the Company can purchase half by paying \$1,000,000.

During the period ended January 31, 2007, the Company incurred acquisition and exploration expenditures of \$177,065 relating to the North Brenda property.

- (f) The Company entered into an agreement to acquire a 100% interest in the SPN claims, which are located approximately 20 kilometers southeast of Barriere, B.C. In order to earn a 100% interest, the company will pay \$10,000 and issue 50,000 common shares at a value of \$30,000. Prior to the first anniversary, the Company is required to complete \$50,000 of exploration expenditures and issue an additional 50,000 common shares. Prior to the second anniversary, the Company is required to issue an additional 50,000 common shares. Prior to the third anniversary, the Company is required to issue common shares with a value of \$50,000. The vendor will also retain 2% net smelter returns, of which the Company can purchase half by paying \$1,000,000.

During the period ended January 31, 2007, the Company incurred expenditures of \$87 relating to the SPN property, in addition to the above \$30,000 of acquisition costs.

(g) Big Southeaster Property, B.C., Canada

On June 1, 2006, the Company entered into an agreement with Strongbow Exploration Inc. (33%) and Mr. Barry Hanslit (67%) to acquire a 100% interest in their jointly-owned 16 square kilometre property, which adjoins the south side of the Mineral Creek property.

BITTERROOT RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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3. Resource Properties *(Cont'd)*

(g) Big Southeaster Property, B.C., Canada *(Cont'd)*

In order to earn a 100% interest in the claims, the Company has paid \$10,000 and has issued 50,000 shares at a value of \$24,500. The Company must issue 50,000 additional shares before the first and second anniversaries, complete \$50,000 of exploration expenditures before the second anniversary and issue common shares with a value of \$50,000 prior to the third anniversary. The vendors will also retain a 2% net smelter returns royalty, of which the Company can purchase half by paying \$1,000,000.

During the period ended January 31, 2007, the Company incurred acquisition and exploration expenditures of \$165,579 relating to the acquisition of the Big Southeaster property.

4. Equipment

	January 31 2007		October 31 2006	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Computer hardware	8,149	7,101	1,048	1,133
Furniture and fixtures	1,104	348	756	795
Leasehold improvements	5,654	5,222	432	455
Field equipment	25,609	15,743	9,866	10,666
	40,516	28,414	12,102	13,049

5. 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, 2006	42,071,343	11,824,852
Issued for cash		
Exercise of stock options	100,000	10,000
Pursuant to private placements	5,803,165	3,432,374
Exercise of warrants	-	-
Resource property option payments	50,000	30,000
Finders' fees	-	(43,750)
Share issue costs	-	(42,023)
Future income taxes on expenditures renounced to shareholders	-	(702,221)
Balance - January 31, 2007	48,024,508	14,509,232

BITTERROOT RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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5. Share Capital *(Cont'd)*

During the period ended January 31, 2007:

- (a) The Company issued 4,600,001 units priced at \$0.55 per unit. Each unit consisted of one common share and one-half of a common share purchase warrant. One warrant entitled the holder to acquire an additional common share of the Company at \$0.80, expiring November 17, 2008. The securities are subject to a hold period expiring March 17, 2007. A finder's fee of \$20,000 was paid in conjunction with the private placement.
- (b) The Company issued 1,203,164 flow-through common shares priced at \$0.75 per share. The securities are subject to a hold period expiring April 20, 2007. Finder's fees of \$23,750 were paid in conjunction with the private placement.
- (c) Warrants

Warrant transactions are summarized as follows:

	Number Of Warrants
Balance - October 31, 2005	3,950,000
Issued on private placement	2,300,000
Exercised	-
Expired	-
Balance - January 31, 2007	6,250,000

The following share purchase warrants (convertible to an equivalent number of common shares) were outstanding at January 31, 2007:

Number Of Warrants	Exercise Price	Expiry Date
	\$	
3,950,000	0.55	September 30, 2007
2,300,000	0.80	November 17, 2008

A further 391,100 warrants are issuable upon the exercise of the broker options.

(d) Broker options

At January 31, 2007 there were 391,100 broker options outstanding, exercisable at \$0.40 until September 30, 2007. Upon exercise the Company will issue one common share and one share purchase warrant exercisable at \$0.55 until September 30, 2007.

BITTERROOT RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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6. Contributed Surplus

The Company's contributed surplus at January 31, 2007 is comprised of the following:

	\$
Balance - October 31, 2006	1,579,357
Stock-based compensation (Note 6)	552,944
Balance - January 31, 2007	2,132,301

7. 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.

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, 2006	3,440,000	0.46
Options granted	950,000	0.70
Options exercised	(100,000)	(0.10)
Balance - January 31, 2007	4,290,000	0.52

The following stock options were outstanding and exercisable at January 31, 2007:

Number Of Options	Exercise Price \$	Expiry Date
115,000	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
1,125,000	0.53	April 4, 2011
950,000	0.70	January 11, 2012

BITTERROOT RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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7. Stock Option Plan And Stock-Based Compensation *(Cont'd)*

The weighted average contract life remaining on the above stock options is 3.36 years. The weighted average grant-date fair value of options granted during the period ended January 31, 2007, was \$0.52 per option (2006 - \$0.46 per option).

Total compensation expense recognized for stock options granted during the period was \$552,944 (2006 - \$Nil). Stock-based compensation of \$157,153 (2006 - \$Nil) was capitalized to resource properties for options granted to consultants and \$395,792 (2006 - \$Nil) was expensed to operations for options granted to directors of the Company.

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted during the year:

	January 31 2007	October 31 2006
Volatility percentage	118%	127%
Risk-free interest rate	4.04%	4.22%
Dividend yield	-	-
Expected life of options	5 years	5 years

8. Non-Cash Transactions

During the period ended January 31, 2007, the Company issued 50,000 shares in respect of option payments for resource properties, with a fair value of \$30,000.

9. Related Party Transactions

The following is a summary of related party transactions and balances for the period ended January 31, 2007 not disclosed elsewhere in the financial statements:

- (a) Management fees of \$24,000 (2006 - \$18,000) were incurred with a company controlled by a director in common with the Company. These fees were recorded at their exchange amount, which is the amount agreed upon by the transacting parties on terms and conditions similar to non-related entities.
- (b) Accounts payable at January 31, 2007 includes \$25,440 (2006 - \$27,227) due to a company controlled by a director in common with the Company.
- (c) Stock-based compensation includes stock options granted to directors recorded at a fair value of \$395,792 (2006 - \$Nil).

BITTERROOT RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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10. Income Taxes

The tax effects of temporary differences that give rise to significant portions of the future tax assets and liabilities at January 31, 2007 are presented below:

	January 31 2007
	\$
Net operating loss carry-forwards	394,963
Capital loss carry-forwards	83,737
Resource properties	(523,599)
Equipment	9,833
Share issuance costs	123,215
Valuation allowance	(88,149)
	<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.

The Company has approximately \$1,158,000 of losses for tax purposes which may be used to reduce income taxes of future years and will expire as follows:

	\$
2007	113,000
2008	106,000
2009	104,000
2010	114,000
2014	179,000
2015	242,000
2026	<u>300,000</u>
	<u>1,158,000</u>

The Company also has certain allowances in respect of resource development and exploration costs of \$2,761,577 which, subject to certain restrictions, are available to be offset against future taxable income.

BITTERROOT RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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11. 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, 2007, are as follows:

	\$
Canada	4,381,355
U.S.A.	<u>3,053,514</u>
	<u>7,434,869</u>

12. Financial Instruments

The Company's financial instruments consist of cash, accounts receivable - other, reclamation deposit, and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

13. Commitments

The Company is required to make certain cash payments and to issue shares to maintain its resource properties, as described in Note 3(a) (ii), 3(b), 3(c), 3(e), 3(f) and 3(g).

14. Subsequent Events

- (a) 50,000 shares were issued pursuant to the North Brenda Option Agreement.
- (b) On February 21, 2007, the Company received notification that 391,100 broker options were exercised at \$0.40 per option, for total proceeds of \$156,440.

15. Comparative Figures

Certain figures from the previous year have been reclassified to conform to the current year's presentation. Such reclassification is for presentation purposes only and has no effect on previously-reported results.

BITTERROOT RESOURCES LTD.

MANAGEMENT DISCUSSION & ANALYSIS

For the quarter ended January 31, 2007

As of March 30, 2007

SUMMARY OF ACTIVITIES

In the quarter ended January 31, 2007, the majority of Bitterroot Resources Ltd.'s exploration expenditures were for drilling and associated costs on the Michigan Uranium Joint Venture, the Big Southeaster gold property and the North Brenda base metals property. Total exploration expenditures in the quarter, excluding stock-based compensation were \$709,098. Share issuances contributed \$3,386,601 to Bitterroot's working capital during the financial year, while expenses (net of stock-based compensation) were \$68,457.

INTRODUCTION

Bitterroot Resources Ltd. is a mineral resource company engaged directly and indirectly through its wholly-owned subsidiaries, (collectively referred to herein as "the Company" or "Bitterroot"), in the acquisition and exploration of mineral properties. In central Vancouver Island, BC, the Company is currently earning up to a 75 percent interest in the Mineral Creek gold property near Port Alberni, BC and is earning a 100 percent interest in the adjoining Big Southeaster project. In southern BC, the Company is currently drilling the GK gold project and recently completed a ten-hole, 2,418-metre drilling program on the North Brenda copper/molybdenum/gold project. Bitterroot is currently earning 100 percent interests in the GK and North Brenda projects. In Michigan, Bitterroot's wholly-owned subsidiary owns recorded mineral title interests covering approximately 363 square miles in the Upper Peninsula. Under the terms of an option/joint venture agreement with a US subsidiary of Cameco Corporation, Cameco is currently funding exploration on a portion of these lands in order to earn a 65% interest. The Company also currently holds leases over 8,000 acres of State-owned mineral rights, the majority of which are subject to the Cameco option. In Quebec, the Company owns a 100 percent interest in 88 mineral claims covering approximately 4,780 hectares in the Mistassini region.

During the quarter ended January 31, 2007, strength in commodity prices, particularly uranium and gold, has enhanced the Company's ability to raise funds for its mineral exploration programs and working capital. The Company is exposed to commodity price risk due to the nature of the mineral exploration business. Management seeks to minimize political risk by operating in road-accessible locations in Canada and the United States of America.

The following Management Discussion and Analysis (MD&A) should be read in conjunction with Bitterroot Resources Ltd.'s unaudited consolidated financial statements for the quarter ended January 31, 2007 and the audited annual consolidated financial statements and MD&A for the year ended October 31, 2006.

OVERALL PERFORMANCE

Results of Operations

Detailed exploration results are available on www.sedar.com or on the Company's website (www.bitterrootresources.com).

Michigan Uranium Joint Venture

During the quarter ended January 31, 2007, Bitterroot, on behalf of its partner Cameco Corporation, conducted a seven-hole, 1,322-metre drilling program which successfully tested five unconformity-hosted uranium targets. The Proterozoic unconformity was intersected in all holes and graphitic basement conductors were intersected in four of the five target areas. The core samples have been logged and over 200 samples have been shipped to Saskatchewan Research Council's Geoanalytical Laboratories for analysis.

In order to continue to maintain its option under the recently amended agreement, Cameco is required to fund exploration expenditures totalling \$500,000 during the period September 1, 2005 to August 31, 2007. As of the date of this report, Cameco's exploration expenditures for this period total approximately \$440,000 and Bitterroot's management expects that expenditures will exceed \$500,000 prior to August 31, 2007.

In the quarter ended January 31, 2007, Bitterroot spent \$268,739 on its Michigan projects, net of stock-based compensation, mainly on drilling and associated costs. Mr. Jan Klein, P.Eng, P.Geo is the Qualified Person responsible for design, execution and interpretation of the Company's geophysical surveys and selection of drill targets in Michigan. Ms. Georgina Price, P.Geo is the Qualified Person responsible for the logging and sampling of core samples.

Mineral Creek Gold Project, British Columbia

During the period from June to November 2006, the drill tested the Linda Zone, where approximately 4,100 metres of drilling was completed in 44 holes. The Linda Zone has been tested by 44 diamond drill holes. All 44 holes returned significant gold values ranging from trace to very high-grade vein intercepts over commonly narrow widths. A highlight of the drilling results is an interval which returned 390.26 grams gold/Tonne (check assayed 395.19 grams gold/Tonne) over a 0.15 metre true width in the Lower Linda vein. Drilling also intersected a newly discovered parallel vein which initially assayed 25.88 grams gold/Tonne over a 0.10 metre true width, then returned check assays of 188.89 and 185.46 grams gold/Tonne. A third vein with visible gold in outcrop was discovered during construction of Drill Setup 8, which subsequently assayed 14.75 grams gold/Tonne over a true width of 0.15 metres. The Lower Linda vein has been intersected over a strike length of approximately 150 meters and over an elevation range of approximately 100 metres. The vein's dip-length is currently 45 metres and is open at depth. Follow-up drilling of the Linda Zone and several other targets on the Mineral Creek property is expected to resume in the Spring of 2007, as snow conditions permit. The Company's partner, Mineral Creek Ventures Inc. has applied to the BC Ministry of Energy, Mines and Petroleum

Resources for permits to conduct an underground bulk sample of up to 5,000 Tonnes from the Lower Linda vein. This application is currently being reviewed by Ministry staff.

In the quarter ended January 31, 2007, Bitterroot spent \$100,447 on the Mineral Creek project, net of stock-based compensation, mainly on drilling and geological consulting. Mr. Michael Becherer, P.Geol is the Qualified Person responsible for the design and execution of exploration programs on the Mineral Creek property.

Big Southeaster Gold Project, British Columbia

The road-accessible Big Southeaster property was optioned in June 2006. Bitterroot is currently earning a 100 percent interest in the property, which is tied on to the south side of the Mineral Creek property near Port Alberni, BC. The structural and stratigraphic setting is similar to the Mineral Creek property. The Big Southeaster property hosts numerous pits and short adits dug to test exposures of gold and base metals mineralization in Sicker Group volcanic and sedimentary rocks. A drill rig has been operating on the property since early December 2006, utilizing newly constructed logging roads for access into previously inaccessible areas. As of the date of this report, the Company's drilling contractor has completed 2,553 metres of core drilling in eight holes drilled from three sites. Core logging has identified extensive zones of quartz veining, alteration and sulphide-bearing quartz stockworks. Samples have been shipped to the lab for analysis and drilling is continuing.

In the quarter ended January 31, 2007, Bitterroot spent \$129,201 on the Big Southeaster project, net of stock-based compensation, mainly on drilling and geological consulting. John Wilson, P.Geol is the Qualified Person responsible for the design and execution of exploration programs on the Big Southeaster project.

North Brenda Molybdenum/Copper/Gold Project, British Columbia

In January 2007, a ten-hole, 2,418 metre drilling program was initiated on the western half of the North Brenda property to test zones of anomalous lead, zinc, silver and arsenic-in-soil, which are underlain by sedimentary and metavolcanic rocks adjacent to or in contact with the intrusive suite of rocks which host the Brenda Cu/Mo deposit. Core samples are currently being logged and sampled.

Bitterroot is earning a 100 percent interest in the North Brenda claims, which are tied on to the north side of the past-producing Brenda molybdenum/copper mine, approximately 55 kilometres east of Kelowna, BC. Access is via an extensive network of logging roads and the Coquihalla Connector (BC Highway 97C), which crosses the central part of the property. Since the property was optioned, over 100 line-kilometres of grid were cut, followed by detailed soil sampling, geophysical surveys (IP, magnetics and gravity) and geological mapping. This work has identified two main target areas. The eastern half of the property is prospective for intrusion-hosted molybdenum/copper mineralization along the trend of the Brenda Mine mineralized system, as evidenced by mineralized outcrop, anomalous molybdenum/copper soil geochemistry and geophysical response. Additional drilling on these molybdenum/copper targets is planned

In the quarter ended January 31, 2007, Bitterroot spent \$149,418 on the North Brenda project, net of stock-based compensation, mainly on drilling and geological consulting. Charles Greig, P.Geo is the Qualified Person responsible for the design and execution of exploration programs on the North Brenda project.

GK Gold/Silver Project, British Columbia

The 2007 GK Project exploration program started in March 2007, when a drill rig was mobilized to the Romo North gold-in-soil geochemical anomaly, where drilling in 2004 returned an intersection grading 0.31 grams Au/Tonne over a core length of 17.2 metres in pyrite and arsenopyrite-bearing brecciated tuff. As of the date of this report, the Company's drilling contractor has completed 704 metres of core drilling in two holes. Drilling and core logging are continuing, with approximately 1,500 metres of drilling in four holes planned.

During 2006, over 2,000 soil samples were collected, which defined several previously unknown zones of anomalous gold, arsenic, copper and silver in soil. The most prominent of these is the Hornet Zone, which hosts highly anomalous gold-in soil (50 to 5,800 ppb) in an area measuring approximately 500 metres x 175 metres. The Hornet zone also hosts coincident anomalous silver, arsenic and copper values in soil. A grab sample of quartz vein float from within the Hornet Zone returned an assay of 16.2 grams gold/Tonne. In 2007, planned exploration of the Hornet and Blue Jay zones will include construction of access roads, backhoe trenching, geophysical surveys and geological mapping, followed by additional drilling in the second half of the year.

In the quarter ended January 31, 2007, Bitterroot spent \$27,194 on the GK Project, net of stock-based compensation, mainly on geochemical surveys and geological consulting. Charles Greig, P.Geo is the Qualified Person responsible for the design and execution of exploration programs on the GK project.

SPN Copper/Gold Project, British Columbia

In January 2007, Bitterroot entered into an agreement to acquire a 100 percent interest in the SPN Claims, which are located approximately 20 km southeast of Barriere, British Columbia. The 467-claim (9,490 hectares) SPN property was staked to cover a relatively unexplored, road-accessible area which is the source of multi-element (Au, Ag, Cu, Co, Pb, Zn and As) stream silt geochemical anomalies. Bitterroot's 2007 exploration program will start when snow conditions permit in the late spring. This work is expected to include prospecting, soil geochemical surveys, geophysical surveys and geological mapping.

In the quarter ended January 31, 2007, Bitterroot spent \$30,087 on the SPN project, mainly on acquisition costs. Charles Greig, P.Geo is the Qualified Person responsible for the design and execution of exploration programs on the SPN project.

Financial Condition

At January 31, 2007, Bitterroot had working capital of \$4,061,977. Resource properties had a book value of \$7,422,767, compared to \$6,556,517 at the beginning of the financial year. For the quarter ended January 31, 2007, cash inflows exceeded cash outflows by \$2,775,276 which when combined with the \$1,403,712 cash balance at the beginning of the year, resulted in a quarter-end cash position of \$4,178,988. The cash inflows were mainly a result of share issuances for net proceeds of \$3,386,601. Cash outflows were comprised principally of resource property expenditures of \$709,742 and operating expenses of \$68,457 (net of stock-based compensation and amortization).

Summary of Financial Results

During the quarter ended January 31, 2007, the Company had a net loss (net of stock-based compensation and future income tax recoveries) of \$42,591, compared to a net loss of \$77,242 in the first quarter of 2006. The decreased loss was mainly attributable to higher interest income and reduced resource property write-offs., which were partially offset by increased office, management and professional fees.

SUMMARY OF QUARTERLY RESULTS

The following tables set forth a comparison of revenues and expenses for the previous eight quarters ending with January 31, 2007. Financial information is prepared according to Canadian GAAP and is reported in Canadian dollars.

	Quarter Ended Jan 31 2007	Quarter Ended Oct 31 2006	Quarter Ended July 31 2006	Quarter Ended April 30 2006
Interest Income	26,510	15,850	19,929	893
Income (loss) for the period	263,838	(207,407)	(63,482)	(386,524)
General and administrative	(68,457)	(42,323)	(83,631)	(74,701)
Stock-based compensation	(395,792)	(179,656)	-	(305,300)
Write-off of resource property	(644)	(1,278)	(889)	(7,416)
Net Earnings (Loss) per share, basic and diluted	0.01	(\$0.01)	(\$0.00)	(\$0.00)

	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	119,514	(72,676)	(61,972)
General and administrative	(57,163)	(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)

LIQUIDITY

During the quarter ended January 31, 2007, the Company received \$3,442,374 (before share issue costs) from the following,

- \$10,000 from the exercise of 100,000 stock options,
- \$902,373 from a private placement of 1,203,164 flow-through common shares priced at \$0.75 per share
- \$2,530,001 from a private placement of 4,600,001 Units priced at \$0.55 per unit. Each Unit consists of one common share and one half of a common share purchase warrant. Each full warrant entitles the holder to acquire an additional common share of the Company at \$0.80, expiring November 17, 2008.

The Company's working capital at January 31, 2007 was \$4,061,977, compared to working capital of \$1,426,118 at October 31, 2006. Current liabilities were \$291,762 consisting of accounts payable incurred in the normal course of the mineral exploration business.

At January 31, 2006, there were 3,950,000 share purchase warrants exercisable at \$0.55 outstanding. Subsequent to the end of the year, the Company issued 2,300,000 warrants exercisable at \$0.80 as part of a private placement of 4,600,001 units consisting of one common share plus one half of a common share purchase warrant, for gross proceeds of \$2,530,001. In December 2006, the Company issued 1,203,164 flow-through common shares, for gross proceeds of \$902,373. At the date of this report, there are 6,250,000 common share purchase warrants outstanding, which if exercised, would generate proceeds to the Company of \$4,012,500. There are also currently 4,290,000 incentive stock options outstanding, which if exercised would provide proceeds to the Company of \$2,251,550.

Bitterroot has sufficient cash reserves to fund its operating expenses in 2007, plus this year's exploration programs on the Mineral Creek, GK, North Brenda, Big Southeaster, and SPN projects in British Columbia, as required under the terms of their respective option agreements. In Michigan, most of the exploration work currently planned in 2007 will be funded by Cameco Corporation. Cameco must incur expenditures of \$500,000 on the Michigan uranium option prior

to August 31, 2007. As of the date of this report, Cameco's exploration expenditures for this period total approximately \$440,000 and Bitterroot's management expects that expenditures will exceed \$500,000 prior to August 31, 2007. It is currently unknown whether Cameco will continue to fund uranium exploration in Michigan beyond August 31, 2007, as this will be determined following receipt of exploration results from the recently completed drilling program in Michigan. Bitterroot's current cash balance is sufficient to fund this project if Cameco declines to maintain its option on Bitterroot's Michigan uranium targets. 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 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, 2007;

- The Company incurred management fees of \$24,000 with a company controlled by the President of the Company.
- The Company had accounts payable of \$25,440 due to a company controlled by the President the Company.
- Stock-based compensation includes stock options granted to directors recorded at a value of \$395,792.

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 October 31, 2006,
48,024,508 common shares, with a recorded value of \$14,509,232.
As of the date of this report there are 48,465,608 common shares outstanding.

c) Options outstanding at January 31, 2007

Number of Shares	Exercise Price	Expiry Date
115,000	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
1,125,000	0.53	April 4, 2011
950,000	0.70	January 11, 2012

d) Warrants outstanding at October 31, 2006

Number of Shares	Exercise Price	Expiry Date
3,950,000	0.55	September 30, 2007
2,300,000	0.80	November 17, 2008

Stock-based Compensation

The weighted average grant-date value of options granted during the period ended January 31, 2007 was \$0.52 per option (2006-\$nil). Total compensation expense recognised for stock options granted during the period was \$552,944 (2006-\$nil). Stock-based compensation of \$395,792 (2006-\$nil) was expensed to operations for options granted to the Company's Directors and \$157,153 (2006-\$nil) was capitalized to resource properties for options granted to consultants. These amounts represent the value of 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.

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.