
BITTERROOT RESOURCES LTD.
CONSOLIDATED FINANCIAL STATEMENTS
JANUARY 31, 2008
(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, 2008, and for three months ended January 31, 2008 and 2007, 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 2008 | October 31 2007 |
|-------------------------------------|--------------------|--------------------|
| | \$ | \$ |
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | 1,913,125 | 3,094,703 |
| Accounts receivable - other | 233,664 | 335,826 |
| Prepaid expenses | 1,992 | 2,656 |
| | <hr/> | <hr/> |
| | 2,148,781 | 3,433,185 |
| Reclamation Deposit | 13,300 | 13,300 |
| Resource Properties (Note 3) | 11,578,694 | 10,520,700 |
| Equipment (Note 4) | 17,720 | 18,954 |
| | <hr/> | <hr/> |
| | 13,758,495 | 13,986,139 |

LIABILITIES

| | | |
|--|---------|---------|
| Current Liabilities | | |
| Accounts payable and accrued liabilities | 77,700 | 307,802 |
| Future Income Taxes (Note 8) | 393,165 | 393,165 |
| | <hr/> | <hr/> |
| | 470,865 | 700,967 |

SHAREHOLDERS' EQUITY

| | | |
|-------------------------------|-------------|-------------|
| Share Capital (Note 5) | 16,644,931 | 17,107,923 |
| Contributed Surplus | 2,236,730 | 2,236,730 |
| Deficit | (5,594,031) | (6,059,481) |
| | <hr/> | <hr/> |
| | 13,287,630 | 13,285,172 |
| | <hr/> | <hr/> |
| | 13,758,495 | 13,986,139 |

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 | 2008 | 2007 |
|--|--------------------|--------------------|
| | \$ | \$ |
| Expenses | | |
| Amortization | 1,234 | 947 |
| Foreign exchange gain | (10,566) | (1,884) |
| Interest and bank charges | 740 | 705 |
| Management fees | 24,000 | 24,000 |
| Office and printing | 22,245 | 16,789 |
| Professional fees | 23,238 | 22,084 |
| Regulatory fees | - | 705 |
| Shareholder information | 4,087 | 2,879 |
| Stock-based compensation (Note 6) | - | 395,792 |
| Transfer agent fees | 2,360 | 2,232 |
| Loss Before Other Items And Income Taxes | (67,338) | (464,249) |
| Other Items | | |
| Interest income | 23,388 | 26,510 |
| Write-off of resource property | (4,092) | (644) |
| | 19,296 | 25,866 |
| Loss Before Income Taxes | (48,042) | (438,383) |
| Future income tax recovery | 513,492 | 702,221 |
| Net Earnings For The Period | 465,450 | 263,838 |
| Deficit, beginning of period | (6,059,481) | (5,399,225) |
| Deficit, End Of Period | (5,594,031) | (5,135,387) |
| Basic And Diluted Earnings (Loss) Per Share | 0.01 | 0.01 |
| Weighted Average Number Of Shares Outstanding | 52,965,455 | 46,131,993 |

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

| THREE MONTH PERIOD ENDED JANUARY 31 | 2008 | 2007 |
|---|--------------------|------------------|
| | \$ | \$ |
| Operating Activities | | |
| Net earnings for the period | 465,450 | 263,838 |
| Items not involving cash: | | |
| Amortization | 1,234 | 947 |
| Write-off of resource property | 4,092 | 644 |
| Future income tax recovery | (513,492) | (702,221) |
| Stock-based compensation | - | 395,792 |
| | <u>(42,716)</u> | <u>(41,000)</u> |
| Changes in non-cash working capital: | | |
| Accounts receivable - other | 102,162 | 43,050 |
| Prepaid expenses | 664 | 2,703 |
| Accounts payable and accrued liabilities | (230,101) | 93,664 |
| | <u>(127,275)</u> | <u>139,417</u> |
| | <u>(169,991)</u> | <u>98,417</u> |
| Financing Activity | | |
| Share issuances | 21,000 | 3,386,601 |
| Investing Activity | | |
| Resource property expenditures, net of recoveries | (1,032,587) | (709,742) |
| Decrease During The Period | (1,181,578) | 2,775,276 |
| Cash and cash equivalents, beginning of period | <u>3,094,703</u> | <u>1,403,712</u> |
| Cash And Cash Equivalents, End Of Period | 1,913,125 | 4,178,988 |

Supplemental disclosure with respect to cash flows

| | 2008 | 2007 |
|--|-------------|-------------|
| | \$ | \$ |
| 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, 2008
(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, 2007 and should be read in conjunction with the audited annual financial statements.

2. Continuing Operations

Bitterroot Resources Ltd. (the "Company"), incorporated in British Columbia, is a public company listed on the TSX Venture Exchange.

The Company is in the exploration stage and its principal business activity is the sourcing and exploration of resource properties.

At January 31, 2008, the Company was in the process of exploring its resource properties and has not yet determined whether the properties contain ore reserves that are economically recoverable. The recoverability of amounts shown for resource properties is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development, and upon future profitable production or proceeds from the disposition thereof.

The Company incurred a gain of \$465,450 for the three month period ended January 31, 2008 (2007 - \$263,838), and had a deficit of \$5,594,031 at January 31, 2008 (October 31, 2007 - \$6,059,481) which has been funded primarily by the issuance of equity. The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon the continued support of its shareholders, obtaining additional financing, and generating revenues sufficient to cover its operating costs.

These consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the consolidated balance sheets.

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

| | GK Property B.C., Canada | Mineral Creek B.C., Canada | North Brenda Property B.C., Canada | SPN Property B.C., Canada | Big Southeaster B.C., Canada | Michigan Lands Michigan, USA | Total |
|---|--------------------------------|-------------------------------------|--|------------------------------------|---------------------------------------|---------------------------------------|------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance – October 31, 2007 | 2,187,153 | 2,413,847 | 1,529,512 | 222,295 | 1,399,680 | 2,768,213 | 10,520,700 |
| Deferred cost during the period: | | | | | | | |
| Acquisition costs | - | - | - | 13,000 | - | - | 13,000 |
| Claims, leases and permits | - | 3,655 | - | 7,325 | 47,920 | - | 69,004 |
| Consulting and professional | 31,653 | 10,044 | 73,971 | 7,363 | 46,973 | 48,754 | 212,480 |
| Drilling | 393,829 | - | 9,672 | - | 196,288 | 6,114 | 625,155 |
| Field supplies | 722 | 1,766 | 1,348 | - | 526 | 189 | 4,551 |
| Fuel | 6,496 | - | 231 | - | 8,633 | - | 15,360 |
| Geochemistry | 11,496 | 599 | 6,357 | 6,993 | 19,838 | - | 45,283 |
| Geophysics | - | - | 94,256 | - | - | 5,689 | 79,487 |
| Ground transportation | 3,737 | 384 | 1,402 | - | 2,485 | 1,100 | 9,108 |
| Other | 1,046 | 940 | 6,445 | - | 1,348 | 7,247 | 14,406 |
| Recovery of costs | - | - | - | - | - | (62,324) | (62,324) |
| Room and board | 5,956 | 759 | - | - | 3,606 | 339 | 10,660 |
| Travel and freight | 853 | - | 848 | 15 | 1,103 | 712 | 3,531 |
| Trenching | 18,293 | - | - | - | - | - | 18,293 |
| | 474,081 | 18,147 | 194,530 | 34,696 | 328,720 | 7,820 | 1,057,994 |
| Balance – January 31, 2008 | 2,661,234 | 2,431,994 | 1,724,042 | 256,991 | 1,728,400 | 2,776,033 | 11,578,694 |

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.

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 has incurred \$600,000 of exploration expenditures and must incur an additional \$1,000,000 of exploration expenditures within a specific area prior to June 30, 2008. The company will receive inflation adjusted payments of \$60,000 (received) per year until the option is exercised. Cameco and Bitterroot also jointly retain the right to acquire 50 percent of each other's interest in an adjoining 184 square mile area of interest by refunding 100 percent of any land acquisition cost incurred.

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

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

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

(ii) State Leases

At January 31, 2008, the Company held leases covering approximately 8,734 acres of State of Michigan mineral rights. State leases are subject to a sliding scale production royalty ranging from 2% to 10.5%, 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 \$259,117 through February 28, 2014. Minimum rental payments due in the next five years are as follows:

| | \$ |
|------|--------|
| 2008 | 29,764 |
| 2009 | 29,964 |
| 2010 | 30,164 |
| 2011 | 24,604 |
| 2012 | 48,007 |

During the three month period ended January 31, 2008, the Company incurred exploration expenditures of \$70,144 relating to the Michigan properties and received and/or accrued recoveries of \$62,324.

(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 (paid) and \$25,000 by June 15, 2008. 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 three month period ended January 31, 2008, the Company incurred expenditures of \$474,081 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. During the year, the Company earned a 55% interest in the property by completing exploration expenditures of \$1,200,000, issuing 450,000 common shares and making cash payments totaling \$160,000 within a three-year period. 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 owns a 75% interest in four adjoining mineral claims.

During the three month period ended January 31, 2008, the Company incurred acquisition and exploration expenditures of \$18,147 relating to the Mineral Creek property.

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

(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.

At October 31, 2007, management of the company determined that the majority of the claims were not economically viable. Consequently, all project costs were written off.

(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 paid \$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 completed \$50,000 of exploration expenditures and issued an additional 50,000 common shares to the vendors at a fair value of \$33,500. 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 three month period ended January 31, 2008, the Company incurred acquisition and exploration expenditures of \$194,530 relating to the North Brenda property.

(f) SPN Property, B.C., Canada

On December 29, 2006, the Company entered into an agreement to acquire a 100% interest in the SPN claims, which are located approximately 20 kilometres southeast of Barriere, B.C. In order to earn a 100% interest, the Company paid \$10,000 and issued 50,000 common shares at a value of \$30,000. Prior to the first anniversary, the Company completed \$50,000 of exploration expenditures and issued 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 a 2% net smelter return royalty, of which the Company can purchase half by paying \$1,000,000.

During the period ended January 31, 2008, the Company incurred acquisition and exploration expenditures of \$34,696 relating to the SPN property.

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

On June 1, 2006, the Company entered into an agreement to acquire a 100% interest in the Big Southeaster property which adjoins the south side of the Mineral Creek property.

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. Prior to the first anniversary, the Company issued 50,000 shares at a value of \$29,500. Prior to the second anniversary, the Company is required to issue an additional 50,000 common shares and complete \$50,000 of exploration expenditures. 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 return royalty, of which the Company can purchase half by paying \$1,000,000.

During the period ended January 31, 2008, the Company incurred acquisition and exploration expenditures of \$328,720 relating to the Big Southeaster property.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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4. Equipment

| | January 31 2008 | | October 31 2007 | |
|------------------------|--------------------|-----------------------------|--------------------|-------------------|
| | Cost | Accumulated Amortization | Net Book Value | Net Book Value |
| | \$ | \$ | \$ | \$ |
| Computer hardware | 9,396 | 7,682 | 1,714 | 1,853 |
| Furniture and fixtures | 8,350 | 1,550 | 6,800 | 7,157 |
| Leasehold improvements | 5,655 | 5,309 | 346 | 365 |
| Field equipment | 28,095 | 19,235 | 8,860 | 9,579 |
| | 51,496 | 33,776 | 17,720 | 18,954 |

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, 2007 | 52,927,955 | 17,107,923 |
| Issued for cash | | |
| Pursuant to private placements | - | 21,000 |
| Resource property option payments | 50,000 | 13,000 |
| Mineral claim payments | 50,000 | 16,500 |
| Future income taxes on expenditures renounced to shareholders | - | (513,492) |
| Balance - January 31, 2008 | 53,027,955 | 16,644,931 |

On October 25, 2007, the Company issued 2,060,714 units priced at \$0.35 per unit. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire an additional share of the company at \$0.50, expiring October 5, 2009. The Company received \$700,250 of the total \$721,250 proceeds of the private placement in the October 31, 2007 year end. The remaining \$21,000 was received in the three month period ended January 31, 2008.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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5. Share Capital (Cont'd)

(c) Warrants

The following share purchase warrants (convertible to an equivalent number of common shares) were outstanding at October 31, 2007 and January 31, 2008:

| Number Of Warrants | Exercise Price | Expiry Date |
|---------------------------|-----------------------|--------------------|
| | \$ | |
| 123,998 | 0.75 | June 7, 2008 |
| 2,300,000 | 0.80 | November 17, 2008 |
| 2,060,714 | 0.50 | October 5, 2009 |
| <hr/> | | |
| 4,484,712 | | |

6. 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.

Pursuant to the option plan, options granted in respect of investor relations activities are subject to vesting restrictions such that one-quarter of the options vest three months from the date of grant and in each subsequent three-month period thereafter such that the entire option will have vested twelve months after the award date. Vesting restrictions may also be applied to certain other options grants, at the discretion of the directors.

The following stock options were outstanding and exercisable at January 31, 2008:

| Number Of Options | Exercise Price | Expiry Date |
|--------------------------|-----------------------|--------------------|
| | \$ | |
| 125,000 | 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 |
| 100,000 | 0.99 | April 14, 2012 |
| 585,000 | 0.35 | September 14, 2012 |

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7. Related Party Transactions

The following is a summary of related party transactions and balances for the three month period ended January 31, 2008 and 2007, not disclosed elsewhere in the financial statements:

Management fees of \$24,000 (2007 - \$24,000) were incurred from a company controlled by a director in common. 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.

8. Income Taxes

The tax effects of temporary differences that give rise to significant portions of the future tax assets and liabilities at January 31, 2008 are presented below:

| | |
|---|------------------|
| | \$ |
| Net operating loss carry-forwards | 488,640 |
| Capital loss carry-forwards | 41,869 |
| Resource properties | (1,053,417) |
| Equipment | 11,242 |
| Share issuance costs | 118,501 |
| Total future income tax asset (liability) | <u>(393,165)</u> |
| Valuation allowance | <u>-</u> |
| Net future income tax liability | <u>(393,165)</u> |

The Company has approximately \$1,432,000 of losses for tax purposes which may be used to reduce income taxes of future years and will expire as follows:

| | |
|------|------------------|
| | \$ |
| 2008 | 106,000 |
| 2009 | 104,000 |
| 2010 | 114,000 |
| 2014 | 179,000 |
| 2015 | 242,000 |
| 2026 | 273,000 |
| 2027 | <u>414,000</u> |
| | <u>1,432,000</u> |

The Company also has certain allowances in respect of resource development and exploration costs of \$4,665,099 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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9. 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 are as follows:

| | January 31 2008 | October 31 2007 |
|--------|--------------------|--------------------|
| | \$ | \$ |
| Canada | 8,820,381 | 7,771,441 |
| U.S.A. | 2,776,033 | 2,768,213 |
| | <u>11,596,414</u> | <u>10,539,654</u> |

10. Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivable - other, reclamation deposit, and accounts payable. 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 due to their short term maturities, unless otherwise noted.

11. 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).

12. Subsequent Events

- a) The Company granted incentive stock options to acquire 350,000 common shares at \$0.36 per share expiring February 7, 2013.
- b) The Company issued 5,097,000 flow-through common shares priced at \$0.35 in a non-brokered private placement to several Canadian investors, for gross proceeds of \$1,783,950.

13. Comparative Figures

Certain figures from the previous year have been reclassified to conform to the current period'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, 2008

As of March 28, 2008

SUMMARY OF ACTIVITIES

In the quarter ended January 31, 2008, the majority of Bitterroot Resources Ltd.'s Canadian exploration expenditures were on drilling and associated costs on the Big Southeaster, North Brenda and GK projects, all of which are in British Columbia. In Michigan, the majority of exploration expenditures were for consulting and professional costs incurred on the Cameco uranium project. Total exploration expenditures in the quarter, excluding recoveries and acquisition costs were \$1,107,318. Share issuances and funding from Cameco Corporation contributed \$83,324 to Bitterroot's working capital during the quarter, while expenses (net of stock-based compensation) were \$67,338.

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. On Vancouver Island, BC, the Company currently owns a 55 percent interest, and is in the process of earning a 75 percent interest, in the Mineral Creek gold property near Port Alberni, BC. Bitterroot is also earning a 100 percent interest in the adjoining Big Southeaster gold/base metals project. In southern BC, the Company continued exploration of the GK gold project and 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 earning a 65% interest in a 56 square-mile area of interest. The Company also currently holds leases over 8,700 acres of State-owned mineral rights.

During the quarter ended January 31, 2008, commodity prices remained relatively strong, although North American equity markets declined significantly. The Company is exposed to commodity price risk due to the nature of the mineral exploration business. Management currently seeks to minimize political risk by operating in road-accessible locations in Canada (southern BC and Vancouver Island) and the United States of America (Upper Peninsula of Michigan).

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, 2008 and the audited annual consolidated financial statements and MD&A for the year ended October 31, 2007.

OVERALL PERFORMANCE

Results of Operations

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

Michigan Uranium Joint Venture

During and subsequent to the quarter ended January 31, 2008, Bitterroot, on behalf of its funding-partner Cameco Corporation ("Cameco"), continued project permitting activities. On February 14, 2008, the USDA Forest Service issued a "Decision Notice & Finding of No Significant Impact" regarding Bitterroot's planned exploration program. This decision has been appealed and will be subject to the USDA Forest Service's 45-day appeal resolution period. The 2008 exploration program, consisting of geophysical surveys and core drilling is currently expected to start mid-year. Cameco can earn a 65 percent interest in Bitterroot's mineral rights within a 56 square-mile area of interest. Cameco must incur \$1,000,000 of total qualifying exploration expenditures within this area prior to June 30, 2008 to earn its interest. This deadline is in the process of being extended due to unexpected permitting delays which postponed the 2008 winter drilling program. Bitterroot's management expects that Cameco will complete its earn-in through planned funding of the 2008 exploration program.

In the quarter ended January 31, 2008, Bitterroot spent \$70,144 on its Michigan projects, net of stock-based compensation, mainly on consulting and professional costs. Cameco paid the Company \$62,324 for its annual inflation-adjusted option payment. Subsequent to the end of the quarter, Cameco refunded approximately \$99,200 of exploration costs and management fees incurred during and subsequent to the end of the quarter.

Mineral Creek Gold Project, British Columbia

Bitterroot's joint venture partner Mineral Creek Ventures Inc. has extracted approximately 200 tonnes of gold-mineralized vein from an adit driven on the Lower Linda vein (see Bitterroot news release dated February 6, 2008 for details). Results from underground chip sampling have confirmed that the Lower Linda Vein hosts extremely high grades (ranging from 29.5 to 1,795 grams Au/tonne) of coarse native gold over mineable widths (0.60 to 1.60 metres). Previous core drilling has identified high grade gold mineralization in the Lower Linda vein along a strike length of 270 metres and 40 metres down-dip. The Lower Linda vein system presents a unique opportunity for Bitterroot and Mineral Creek Ventures to develop a low-capital cost, low-impact, high-grade gold mine. The Lower Linda vein is part of a series of gold-bearing veins which are present in the Linda area. There is excellent potential to expand the dimensions of the Lower Linda vein and define additional veins which have previously returned high gold grades in drill core. Drilling of the Linda veins and other structurally-controlled gold targets on the 60 square-kilometre Mineral Creek property is planned to resume concurrent with the commencement of bulk sampling in April 2008.

Test-milling gravity equipment is currently being sourced. On-site milling of material from the Lower Linda vein is currently planned to commence in mid-2008. Mineral Creek Ventures Inc. has received all permits to allow extraction of a 5,000-tonne bulk sample from the Linda veins. Bitterroot and Mineral Creek will share the costs and proceeds from the first 2,500 tonnes mined on a 50/50 basis, with the costs and proceeds of the next 2,500 tonnes shared on a 55% Bitterroot / 45% Mineral Creek basis.

In the quarter ended January 31, 2008, Bitterroot spent \$18,147 on the Mineral Creek project, net of stock-based compensation, mainly on geological consulting. Mr. P.E. Michael Becherer, P.Geo is the Qualified Person responsible for the design and implementation of exploration programs on the Mineral Creek project. Initial Analytical procedure was by Au-GRA21, 30g Fire Assay, with gravimetric finish. Check assay procedure was by Au-SCR21, 1,000g Screen Metallics Gold, Double Minus. Both assays were done by ALS Chemex in North Vancouver, BC.

Big Southeaster Gold/VMS Project, British Columbia

Bitterroot's drilling contractor completed 40 diamond-drill holes totaling 11,286 metres on the Big Southeaster property between December 2006 and December 2007. Of these holes, 22 (totaling 6,679 metres) tested a gold-bearing zone associated with the Mineral Creek fault zone and 18 holes (totaling 4,607 metres) tested a cluster of polymetallic copper/zinc/gold showings in the Regina area.

The 22 holes drilled in the Lizard Lake area are within a 700 x 700 metre zone associated with the Mineral Creek fault. Drilling intersected several hundred narrow quartz-carbonate vein, shear-breccia and fault-hosted intervals which returned anomalous gold values (greater than 0.4 grams Au/Tonne), generally associated with pyrite and arsenopyrite. The best gold results (greater than 1.0 grams Au/Tonne) were intersected by eight holes along a strike length of 250 metres and are found from surface to 180 metres down-dip. This poorly-constrained zone is open along strike and down-dip.

The 18 holes drilled in the Regina area tested Sicker Group volcanic rocks with zones of silica alteration and local, thin concentrations of jasper or minor chert. Most drill holes contain sections of mineralization similar to that in surface showings - chalcopyrite and sphalerite, often associated with quartz-pyrite veining and sometimes with massive/semi-massive pyrite intervals up to 1.7 metres wide. These pyrite-rich zones returned assay values of up to 2.9% Cu and 5.6% Zn over core lengths of 0.2 metres. The geological environment and characteristics are suggestive of syngenetic and/or epigenetic mineralizing processes. Follow-up laboratory analyses and geological interpretation of the data are underway.

In the quarter ended January 31, 2008, Bitterroot spent \$328,720 on the Big Southeaster project, net of stock-based compensation, mainly on drilling, geological consulting and claims. Mr. John Wilson, P.Geo is the Qualified Person responsible for the design and implementation of the exploration program on the Big Southeaster project. Analyses are being done at Acme Analytical Laboratories Ltd. in Vancouver, BC, by ICP-MS, fire assay and ICP-ES.

GK Gold/Silver Project, British Columbia

During and subsequent to the quarter ended January 31, 2008, Bitterroot's geological consultants continued core-logging and sampling of 17 holes (3,428 metres) which were drilled at the Blue Jay and Hornet zones in November-December of 2007.

Drilling on the Blue Jay zone intersected sulphide mineralization in all 13 drill holes (2,682 Metres) completed. Mineralization consists of sulphide-enriched vein-breccias and stockworks containing pyrite, arsenopyrite, quartz and carbonate, with subordinate tourmaline and chalcopyrite. In 2007, trenching of the Blue Jay zone returned values of up to 6.75 grams Au/tonne over 9 metres (see BTT news release dated October 31, 2007). Drilling on the Hornet zone intersected similar sulphide mineralization in all four holes (746 metres) drilled. Trenching of the Hornet zone has yielded values of up to 22.1 grams Au/tonne across 5.0 metres within sulphide-mineralized rock (see BTT news release dated November 12, 2007). Mineralization occurs in at least five sub-parallel, steeply dipping sulphide-bearing zones, the largest of which has a minimum strike length of 250 metres. All of these zones remain open along strike and down dip. Core logging, sampling and assaying are currently underway, with results expected in approximately two months. The scope of additional exploration programs will be determined following receipt of these results.

In the quarter ended January 31, 2008, Bitterroot spent \$474,081 on the GK Project, net of stock-based compensation, mainly on drilling and geological consulting. Mr. Charles Greig, P.Geo is the Qualified Person responsible for the design and implementation of exploration programs on the GK project. Analyses are done at ALS Chemex in North Vancouver, BC, by ICP-AES and fire assay/AA.

North Brenda Copper/Molybdenum/Gold Project, British Columbia

During October 2007, Bitterroot's drilling contractor completed 1,398 metres of drilling in five holes on the North Brenda property. Core logging, sampling and assaying have been completed, and the data is currently being compiled and interpreted. The drill holes tested portion of the northern extension of the Brenda Mo/Cu mineralized trend, which is defined by highly anomalous Cu/Mo values in soil, Induced Polarization chargeability anomalies and mineralized outcrops. All five of the drill holes contain molybdenite/chalcopyrite-bearing veins and fracture-controlled mineralization with styles and orientations typical of mineralization previously documented in the Brenda deposit. The scope of additional exploration programs will be determined following compilation and interpretation of the drilling results.

In the quarter ended January 31, 2008, Bitterroot spent \$194,530 on the North Brenda project, net of stock-based compensation, mainly on geological consulting and geophysical surveys. Mr. Charles Greig, P.Geo is the Qualified Person responsible for the design and implementation of exploration programs on the North Brenda project. Analyses are being done at ALS Chemex in North Vancouver, BC, by ICP-AES and fire assay/AA.

SPN Copper/Gold Project, British Columbia

Stream-sediment sampling, prospecting and follow-up soil geochemical sampling conducted in 2007 yielded highly anomalous polymetallic silver and base metals (Cu-Zn) geochemistry on the SPN property, suggesting potential for VMS-style mineralization similar to that found elsewhere on the Adams Plateau. In the summer of 2008, exploration work will focus on defining targets for trenching and diamond drilling. This work is expected to include line-cutting, soil sampling, geologic mapping and geophysical surveys.

In the quarter ended January 31, 2008, Bitterroot spent \$34,696 on the SPN project, net of stock-based compensation, mainly on geological consulting, geochemical surveys and land costs. Mr. Charles Greig, P. Geo is the Qualified Person responsible for the design and execution of exploration programs on the SPN project. Analyses were done at ALS Chemex in North Vancouver, BC, by ICP-AES.

Financial Condition

At January 31, 2008, Bitterroot had working capital of \$2,071,081, which included accounts receivable of \$96,221 due from Cameco and \$131,211 due from GST refunds. Resource properties had a book value of \$11,578,694 compared to \$10,520,700 at the beginning of the quarter. For the quarter ended January 31, 2008, cash outflows exceeded cash inflows by \$1,181,578, which when combined with the \$3,094,703 cash balance at the beginning of the quarter, resulted in a year-end cash position of \$1,913,125. Cash outflows were comprised principally of resource property expenditures of \$1,120,318 (excluding recoveries from Cameco and stock-based compensation) and operating expenses of \$66,104 (net of stock-based compensation and amortization).

Summary of Financial Results

During the quarter ended January 31, 2008, the Company had a loss before income tax adjustments of \$48,042, compared to a net loss of \$438,383 in the first quarter of the prior year. The reduced loss during the quarter was mainly attributable to the lack of stock-based compensation charges, which were partially offset by increased foreign exchange losses on \$US dollar cash balances.

SUMMARY OF QUARTERLY RESULTS

The following tables set forth a comparison of revenues and expenses for the previous eight quarters ending with January 31, 2008. Financial information is prepared according to Canadian GAAP and is reported in Canadian dollars.

| | Quarter Ended Jan 31 2008 | Quarter Ended Oct 31, 2007 | Quarter Ended July 31, 2007 | Quarter Ended April 30 2007 |
|--|--------------------------------------|---------------------------------------|--|--|
| Interest Income | 23,388 | 31,445 | 31,939 | 35,567 |
| Income (loss) for the period | 465,450 | (665,779) | (88,593) | (169,722) |
| General and administrative | (67,338) | (100,908) | (119,603) | (129,906) |
| Stock-based compensation | - | (143,055) | - | (82,322) |
| Write-off of resource property | (4,092) | (52,533) | (929) | (634) |
| Net Earnings (Loss) per share Basic and diluted | 0.01 | (0.01) | (0.00) | 0.00 |

| | 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) |

LIQUIDITY

During the quarter ended January 31, 2008, the Company received \$21,000 (before share issue costs) from the final tranche of a private placement (2,060,714 units priced at \$0.35 per unit), which was initiated in the previous quarter.

The Company's working capital at January 31, 2008 was \$2,071,081, compared to working capital of \$3,125,383 at October 31, 2007. Current liabilities were \$77,700, consisting of accounts payable incurred in the normal course of the mineral exploration business.

At January 31, 2008, there were 4,484,712 share purchase warrants outstanding, which are exercisable at between \$0.50 and \$0.80. If exercised, these warrants would generate proceeds to the Company of \$2,963,355. There are also currently 4,715,000 incentive stock options outstanding, which if exercised would provide proceeds to the Company of \$2,522,050.

Bitterroot has sufficient cash reserves to fund its operating expenses in 2008, 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. Subsequent to the end of the quarter, Bitterroot completed a \$1,783,950 flow-through share financing consisting of 5,097,000 shares priced at \$0.35. The proceeds will be used to fund drilling and surface exploration of the Company's gold and base metals projects in British Columbia. In Michigan, most of the 2008 exploration work will be funded by Cameco Corporation. Cameco must incur total qualifying expenditures of \$1,000,000 on the Michigan uranium targets prior to June 30, 2008 to complete earning a 65 percent interest in the area of interest. Cameco's management has indicated that it is prepared to provide funding in excess of this amount. Bitterroot's current cash balance is sufficient to fund its 35 percent share of the project costs once a joint venture is formed. Cameco and Bitterroot are currently in discussions to extend the June 30, 2008 expenditure deadline due to permitting delays which are beyond the control of both parties. 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. 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, 2008.

- The Company incurred management fees of \$24,000 with a company controlled by the President of the Company.

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, 2008 was 53,027,955 common shares with a recorded value of \$16,644,931.
As of the date of this report there are 58,124,955 common shares outstanding.
- c) Options outstanding at January 31, 2008

| Number of Options | Exercise Price | Expiry Date |
|-------------------|----------------|--------------------|
| 125,000 | 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 |
| 100,000 | 0.99 | April 14, 2012 |
| 585,000 | 0.35 | September 14, 2012 |

- d) Warrants outstanding at October 31, 2007

| Number of Warrants | Exercise Price | Expiry Date |
|--------------------|----------------|-------------------|
| 123,998 | \$0.75 | June 7, 2008 |
| 2,300,000 | \$0.80 | November 17, 2008 |
| 2,060,714 | \$0.50 | October 25, 2009 |

Stock-based Compensation

Total compensation expense recognized for stock options granted during the quarter was \$Nil (2007 - \$395,792).

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.