
BITTERROOT RESOURCES LTD.
CONSOLIDATED FINANCIAL STATEMENTS

APRIL 30, 2005

(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 April 30, 2005 and for six months ended April 30, 2005 and 2004, 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)

	April 30 2005	October 31 2004
	\$	\$
ASSETS		
Current Assets		
Cash	315,335	553,863
Accounts receivable - other	116,627	20,324
Prepaid expenses	-	25,520
	<hr/>	<hr/>
	431,962	599,707
Reclamation Deposit	5,804	5,804
Resource Properties (Note 2)	3,644,589	3,277,906
Equipment (Note 3)	21,272	23,188
	<hr/>	<hr/>
	4,103,627	3,906,605
<hr/>		
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	31,596	141,503
Future Income Taxes (Note 8)	91,819	-
	<hr/>	<hr/>
	123,415	141,503
<hr/>		
SHAREHOLDERS' EQUITY		
Share Capital (Note 4)	7,969,773	7,809,319
Contributed Surplus	934,568	780,925
Deficit	(4,924,129)	(4,825,142)
	<hr/>	<hr/>
	3,980,212	3,765,102
	<hr/>	<hr/>
	4,103,627	3,906,605
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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 April 30 2005	Three Month Period Ended April 30 2004	Six Month Period Ended April 30 2005	Six Month Period Ended April 30 2004
	\$	\$	\$	\$
Expenses				
Amortization	1,922	121	3,643	241
Exploration	9,555	-	9,555	-
Foreign exchange (gain) loss	(253)	236	(1,564)	477
Interest and bank charges	219	181	484	635
Management fees	18,000	12,000	36,000	24,000
Office, printing and travel	16,227	3,382	19,984	10,937
Professional fees	26,722	12,929	37,310	16,545
Regulatory fees	5,879	5,964	5,879	14,704
Shareholder information	11,739	5,666	14,015	10,093
Stock-based compensation	153,643	-	153,643	177,702
Transfer agent fees	5,228	1,004	6,507	3,002
Loss Before Other Items	(248,881)	(41,483)	(285,456)	(258,336)
Other Items				
Interest income	1,021	2,516	1,834	3,746
Write-off of resource property (Note 2)	(1,552)	-	(2,805)	-
Recovery of resource properties written-off	12,198	-	12,198	-
	11,667	2,516	11,227	3,746
Loss Before Income Taxes	(237,214)	(38,967)	(274,229)	(254,590)
Future income tax recovery	(175,242)	-	(175,242)	-
Net Loss For The Period	(61,972)	(38,967)	(98,987)	(254,590)
Deficit, beginning of period	(4,862,157)	(3,561,664)	(4,825,142)	(3,346,041)
Deficit, End Of Period	(4,924,129)	(3,600,631)	(4,924,129)	(3,600,631)
Basic And Diluted Loss Per Share	(0.00)	(0.00)	(0.00)	(0.01)
Weighted Average Number Of Shares Outstanding	29,346,691	25,392,144	28,818,197	25,204,304

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

	Three Month Period Ended April 30 2005	Three Month Period Ended April 30 2004	Six Month Period Ended April 30 2005	Six Month Period Ended April 30 2004
	\$	\$	\$	\$
Operating Activities				
Net loss for the period	(61,972)	(38,967)	(98,987)	(254,590)
Items not involving cash				
Amortization	1,922	121	3,643	241
Write-off of resource properties	1,552	-	2,805	-
Stock-based compensation	153,643	-	153,643	277,659
Future income tax recovery	(175,242)	-	(175,242)	-
	<u>(80,097)</u>	<u>(38,846)</u>	<u>(114,138)</u>	<u>23,310</u>
Changes in non-cash working capital				
Accounts receivable - other	(71,304)	(6,113)	(96,303)	(10,616)
Prepaid expenses	150	-	25,520	-
Accounts payable	(226,997)	(5,817)	(109,907)	(4,066)
	<u>(298,151)</u>	<u>(11,930)</u>	<u>(180,690)</u>	<u>(14,682)</u>
	<u>(378,248)</u>	<u>(50,776)</u>	<u>(294,828)</u>	<u>8,628</u>
Financing Activity				
Share issuance	143,100	40,500	427,515	1,179,163
Investing Activities				
Purchase of property, plant and equipment	(1,727)	-	(1,727)	-
Resource property expenditures, net of recoveries	(13,475)	(153,046)	(369,488)	(6 1,889)
	<u>(15,202)</u>	<u>(153,046)</u>	<u>(371,215)</u>	<u>(611,889)</u>
Increase During The Period	(250,350)	(163,322)	(238,528)	575,902
Cash, beginning of period	<u>565,685</u>	<u>827,268</u>	<u>553,863</u>	<u>88,044</u>
Cash, End Of Period	<u>315,335</u>	<u>663,946</u>	<u>315,335</u>	<u>663,946</u>

BITTERROOT RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED APRIL 30, 2005
(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, 2004 and should be read in conjunction with the audited annual financial statements.

2. Resource Properties

	Mistassini Quebec, Canada	GK Project B.C., Canada	Mineral Creek Property B.C., Canada	Michigan Lands Michigan, USA	Total
	\$	\$		\$	\$
Balance – October 31, 2004	-	450,890	-	2,827,016	3,277,906
Expenditures during the year					
Claims, leases and permits	-	3,100	-	3,215	6,315
Consulting and professional	406	78,022	5,212	904	84,544
Drilling	-	211,045	-	-	211,045
Field supplies	242	2,754	140	41	3,177
Fuel	-	1,151	-	-	1,151
Geochemistry	-	18,785	-	349	19,134
Geophysics	-	771	-	60,204	60,975
Ground transportation	-	5,209	-	-	5,209
Other	2,157	16,611	-	2,372	21,140
Room and board	-	12,582	443	183	13,208
Travel and freight	-	5,442	458	681	6,581
Recovery of costs	-	-	-	(62,991)	(62,991)
	2,805	355,472	6,253	4,958	369,488
	2,805	806,362	6,253	2,831,974	3,647,394
Write-off of resource properties	(2,805)	-	-	-	(2,805)
Balance – April 30, 2005	-	806,362	6,253	2,831,974	3,644,589

(a) Michigan, U.S.A.

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

The Company owns a 100% interest in mineral rights covering approximately 461 square miles in the Upper Peninsula of Michigan, U.S.A. On approximately 204 square miles, the vendor retains a 2% net smelter return royalty (NSR) and the Company has the option to purchase one half of the total 2% NSR royalty by paying \$1,000,000 U.S. on or before December 31, 2048.

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

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

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

On February 18, 2003, the Company entered into an option agreement with Cameco Corporation whereby the Company has granted to Cameco the option to acquire a 65% interest in certain Michigan mineral rights. To earn this interest Cameco must incur total expenditures of \$23,600,000 in the entire area of interest over a period of 18 years, subject to earn-in levels ranging from \$1,000,000 to \$10,000,000 for portions of the area of interest. In order to maintain the right to exercise its option, Cameco must incur expenditures of \$250,000 during the first year, \$350,000 during the second year, \$500,000 during each of the third and fourth years, and \$1,000,000 per year for subsequent years. During the first two years of the agreement, the Company is the project operator and receives total cash payments of \$45,000 plus management fees.

(ii) Federal And State Leases

At April 30, 2005, the Company had been granted prospecting permits covering 1,960 acres of federal mineral rights in Michigan. In the event of a discovery, these lands will be subject to a net smelter returns royalty, the terms of which are negotiated on a case-by-case basis.

At April 30, 2005, the Company held leases covering approximately 1,800 acres of State of Michigan mineral rights. State leases are subject to a sliding scale production royalty ranging from two to seven percent, or to a net smelter returns royalty, the terms of which are negotiated on a case-by-case basis. In order to maintain the leases in good standing, the Company must make aggregate rental payments of \$66,000 through February 28, 2013. Minimum rental payments due in the next five years are as follows:

	\$
2005	5,520
2006	8,400
2007	8,400
2008	8,160
2009	10,560

(b) Mistassini, Quebec, Canada

During the years ended October 31, 2004 and 2003, the Company staked 611 claims in the Otish/Mistassini region of northern Quebec. During the year ended October 31, 2004, management of the Company determined that the majority of the claims were not economically viable. Consequently, all related costs were written-off to operations. Additional expenditures incurred during the six month period ended April 30, 2005, were written-off to operations. At April 30, 2005, the Company had 197 active claims in the region.

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

(c) 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 200,000 common shares at a value of \$54,000, and is required to issue an additional 100,000 shares by June 15, 2005 and pay \$80,000 by June 15, 2006.

(d) Mineral Creek Property, B.C., Canada

During the period ended April 30, 2005, the Company incurred expenditures of \$6,253 relating to the Mineral Creek Property. Subsequent to April 30, 2005, the Company entered into an option agreement to earn an interest in this property (Note 9(a)).

3. Equipment

	April 30 2005		October 31 2004	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Computer hardware	8,149	6,325	1,824	708
Computer software	407	101	306	-
Leasehold improvements	5,654	5,014	640	712
Field equipment	25,609	7,107	18,502	21,768
	39,819	18,547	21,272	23,188

4. Share Capital

(a) Authorized

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

(b) Common Shares Issued

	Number Of Shares	Value \$
Balance, October 31, 2004	27,861,311	7,809,319
Issued for cash		
Exercise of stock options	311,032	31,103
Pursuant to private placement	1,035,000	258,750
Exercise of warrants	477,000	143,100
Share issue costs	-	(5,438)
Future income taxes on expenditures renounced to shareholders	-	(267,061)
Balance - April 30, 2005	29,684,343	7,969,773

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

(b) Common Shares Issued (Cont'd)

During the six month period ended April 30, 2005, the Company issued 1,035,000 flow-through units at a price of \$0.25 per unit. Each flow-through unit consisted of one flow-through common share and one-half of one non-transferable share purchase warrant. Each warrant entitles the holder to acquire an additional common share at \$0.30 per share, expiring December 22, 2005.

(c) Warrants

The following share purchase warrants were outstanding at April 30, 2005:

Number Of Warrants	Exercise Price	Expiry Date
	\$	
2,095,000	0.60	June 30, 2005
163,500	0.50	June 30, 2005
523,000	0.30	October 29, 2005
1,000,000	0.75	December 5, 2005
517,500	0.30	December 22, 2005

5. Stock Option Plan And Stock-Based Compensation

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

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, 2004	2,726,032	0.33
Options granted during the period	500,000	0.39
Options exercised during the period	(311,032)	0.10
Balance - April 30, 2005	2,915,000	0.36

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

The following stock options were outstanding and exercisable at April 30, 2005:

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

The weighted average grant-date fair value of options granted during the six month period ended April 30, 2005 was \$0.31 per option (2004 - \$0.56 per option).

Total compensation expense recognized for stock options granted during the six month period ended April 30, 2005, was \$153,643 (2004 - \$277,659). Stock-based compensation of \$153,643 (2004 \$177,702) was expensed to operations for options granted to directors of the Company, and \$Nil (2004 - \$99,957) was capitalized to resource properties for options granted to consultants.

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

	2005	2004
Volatility percentage	107%	148%
Risk-free interest rate	3.75%	3.63%
Dividend yield	-	-
Expected life of options	5 years	5 years

6. Related Party Transactions

The following is a summary of related party transactions and balances for the three month period ended April 30, 2005 not disclosed elsewhere in the financial statements:

- (a) Management fees of \$36,000 (2004 - \$24,000) were incurred with a company controlled by a director in common with the Company. These fees are recorded at their exchange amounts.
- (b) Stock-based compensation includes stock options granted to directors recorded at a fair value of \$153,643 (2004 - \$177,702).
- (c) Accounts payable at April 30, 2005 includes \$12,840 due to a company controlled by a director in common with the Company.

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

The tax effects of temporary differences that give rise to significant portions of the future tax assets and liabilities at April 30, 2005 are presented below:

	<u>\$</u>
Future Tax Assets	
Net operating loss carry-forwards	331,099
Capital loss carry-forwards	43,709
Equipment	6,606
Share issuance costs	47,159
Valuation allowance	<u>(428,573)</u>
Net Future Tax Assets	<u>-</u>
	<u>\$</u>
Future Tax Liability	
Mineral properties	<u>91,819</u>
Net Future Tax Liability	<u>91,819</u>

8. Segmented Information

(a) Industry Information

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

(b) Geographic Information

The Company's property and equipment in geographic locations at April 30, 2005, are as follows:

	<u>\$</u>
Canada	833,887
U.S.A.	<u>2,837,778</u>
	<u>3,671,665</u>

9. Subsequent Events

Subsequent to April 30, 2005:

- (a) 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, east of Port Alberni, B.C. The Company can earn its interest in the property by completing exploration expenditures of \$1,200,000, issuing 450,000 common shares (250,000 shares issued) and cash payments totaling \$160,000 (\$100,000 paid) 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 cash payment 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 to a private party.
- (b) The Company issued 100,000 common shares valued at \$31,000 for an option payment in the GK Property.
- (c) The Company announced plans to issue up to 2,000,000 flow-through common shares priced at \$0.30 per share in a non-brokered private placement. The Company will also issue up to 1,000,000 non-flow through units priced at \$0.25 per unit, consisting of one common share and one half of a non-transferable common share purchase warrant, also in a non-brokered private placement. Each full warrant will entitle the holder to acquire an additional common share of the Company at \$0.40 for one year. The financing is expected to close in early July 2005 and is subject to the acceptance of the TSX Venture Exchange.

BITTERROOT RESOURCES LTD. MANAGEMENT DISCUSSION & ANALYSIS

For the six months ended April 30, 2005

As of June 29, 2005

Summary of Activities

In the six months ended April 30, 2005, Bitterroot Resources Ltd. continued mineral exploration activities in Michigan and British Columbia. Total exploration expenditures in the period, before cost recoveries, were \$432,479. Equity financings and funding from Cameco Corporation contributed \$495,944 to Bitterroot's working capital during the financial year, while expenses (net of stock-based compensation) were \$131,813.

INTRODUCTION

Bitterroot Resources Ltd. is a mineral resource company engaged directly and indirectly through its subsidiaries, in the acquisition and exploration of mineral properties. On May 1, 2005 the Company entered into an agreement to acquire up to a 75% interest in the 7,129 hectare Mineral Creek gold property near Port Alberni, BC. The Company has also optioned the 250 claim GK gold project in the Beaverdell area of south central BC. In Michigan, Bitterroot's wholly-owned subsidiary owns recorded mineral title interests covering approximately 461 square miles in the Upper Peninsula. The Company currently leases 1,800 acres of mineral rights from the State of Michigan and has been granted prospecting permits covering 1,960 acres of US federal mineral rights. In Quebec, the Company holds 197 mineral claims covering approximately 10,440 hectares in the Mistassini region.

The following Management Discussion and Analysis (MD&A) should be read in conjunction with Bitterroot Resources Ltd.'s (referred to throughout this document as "the Company" or "Bitterroot") consolidated financial statements for the six months ended April 30, 2005 and the audited annual consolidated financial statements and MD&A for the year ended October 31, 2004.

OVERALL PERFORMANCE

Results of Operations

Mineral Creek Gold Project, British Columbia

On May 1, 2005 Bitterroot entered into an agreement whereby the Company has the option to earn up to a 75% interest in the 7,129 hectare Mineral Creek property. Bitterroot can earn an initial 55 percent interest in the property by completing exploration expenditures of C\$1.2 million, issuing 450,000 common shares and making cash payments totalling C\$160,000 within a three year period. Bitterroot can subsequently earn an additional 20 percent interest in the Mineral Creek property by completing further exploration expenditures of C\$800,000, issuing

200,000 common shares and making cash payments totaling C\$100,000 within the following two years. In addition to optioning the Mineral Creek property, Bitterroot will acquire a 75 percent interest in five adjoining mineral claims on 1,562 hectares by issuing 100,000 common shares to a private party. Subsequent to the end of the quarter, Bitterroot issued 350,000 shares and paid \$100,000 to the vendors to fulfill its obligations for the first year of the agreement.

The Mineral Creek Property (formerly known as the Debbie Property), is located on Vancouver Island, 10 kilometres east of Port Alberni, BC and 120 kilometres west of the city of Vancouver. Four areas will be systematically explored for high-grade gold mineralization, based on extremely encouraging results obtained by Westmin Resources Limited between 1985 and 1991. Westmin identified the Linda Zone, 900 Zone, 1050 Zone and Mineral Creek Zone, which host quartz veins with high-grade gold mineralization along a two kilometre-long trend. These zones were discovered but not extensively explored by Westmin, which was focusing on larger-tonnage targets. The project area is accessible by an extensive network of all-weather logging roads and is close to industrial infrastructure, the local power grid and a deep water port. The mild climate, low elevation and proximity to Vancouver will facilitate low-cost exploration. The property has seen three periods of high-grade gold production since the 1860's. The Mineral Creek area hosts a very large and complex gold-mineralized, hydrothermal system with several inter-related styles of mineralization occurring within an 800 metre elevation range. The gold occurrences are hosted by Sicker Group volcanic and sedimentary rocks, which also host volcanogenic massive sulphide (VMS) base metals occurrences and are prospective for additional VMS mineralization.

Between 1985 and 1991, Westmin Resources Limited invested over C\$13 million in surface and underground exploration and identified disseminated and bonanza-style epithermal gold mineralization and volcanogenic massive sulphide mineralization at several locations on the property. Westmin completed over 50,000 metres of drilling, 1,200 metres of trenching, collected 20,000 soil samples and mapped the property at 1:1,000 scale. A 1.8 kilometre-long exploration tunnel and 230 meters of crosscuts and raises were mined to provide drill platforms and bulk samples in the Mineral Creek Zone. These modern, trackless underground workings are in excellent condition and represent an important asset for further exploration and development.

Moderate to very high-grade gold mineralization has been identified in the Linda Zone, the 900 Zone and the 1050 Zone. These zones occur along a two-kilometre east/west trend which Bitterroot and Mineral Creek plan to systematically explore for high-grade gold resources. The high-grade 900 Zone was test-mined on a small scale from 1993 to 1995. Underground workings consist of 240 metres of trackless drift and 135 metres of raises. It is estimated that 1,800 Tonnes of ore grading 51 g Au/Tonne were mined. These workings are a valuable asset for further exploration work. No mapping or exploration drilling has been done from the underground workings and the 900 Zone has not been tested along strike or below this level. The Linda Zone hosts a set of three or four sub-parallel veins. Trench sampling and 12 drill holes suggest a preliminary average grade of 42 g Au/Tonne over 1.85 metres true thickness in the lower Linda vein. Drifting on surface exposures and underground drilling from the Mineral Creek tunnel are planned. The 1050 Zone was tested in 1990 by the last hole ever drilled on the Mineral Creek property, which intersected 287 g Au/Tonne (8.37 oz Au/ton) over 1.7 metres. Core recovery in this zone was only 30%. This zone has not been evaluated and no other holes have been drilled

since. The 1050 Zone is approximately parallel to and 800 metres along strike from the 900 Zone. No drilling has been done between the two zones. The Mineral Creek Zone represents pervasive, low to moderate grade gold distributed within a wide zone of deformed, altered and quartz-veined rock along the Mineral Creek fault. Most of the exploration drilling recommended by Westmin's geologists from the tunnel was not done. High-grade gold has been encountered by limited drilling, in quartz veins generally less than two metres thick which extend at least 300 metres into the hanging wall of the Mineral Creek fault (see table). The high-grade zones described above host primarily coarse, free-milling gold.

Bitterroot Resources Ltd. and Mineral Creek Ventures Inc. plan to systematically explore the two kilometre-long trend which hosts the Mineral Creek, Linda, 900 and 1050 Zones from surface and underground to delineate high-grade gold resources. Mineral Creek Ventures Inc. will be the operator of the project during the option periods. Mineral Creek provides the services of Michael Becherer P. Geo, who is the Qualified Person responsible for the design and execution of exploration programs on the Mineral Creek project. A drill rig is currently in transit to the property. Within the next 60 days, approximately 2,000 meters of core drilling will be undertaken to test and expand the 1050, Gap and Linda zones. Subsequently, underground drilling, mapping and sampling are planned on the 900 and Mineral Creek zones.

In the six months ended April 30, 2005, Bitterroot spent \$6,253 on the Mineral Creek project, mainly on legal and due diligence costs.

GK Gold/Silver Project, British Columbia

The GK project was designed to locate the source of highly anomalous gold/silver/arsenic stream silt and soil anomalies associated with alkaline intrusive and sedimentary rocks. The road-accessible GK claims are located 8 kilometres east of the Highland Bell (Beaverdell) silver mine, which operated for over 90 years. During 2004, over 2,100 soil samples were collected, which defined five coincident zones of anomalous gold, arsenic, copper and silver in soil. In November and December 2004, a nine-hole, 1,879 meter drilling program tested favourable rock types with coincident IP and soil geochemical anomalies. The results of the drilling, mapping and prospecting program indicate that the property is underlain by intrusive, volcanic and sedimentary rocks altered by a large magmatic hydrothermal system. Mineralized or geochemically anomalous zones on the GK Property have a close spatial association with a suite of probable Tertiary-aged alkalic intrusions. The intrusions have been emplaced into a stratified sequence of fine-grained, thinly-bedded siliceous and potassic tuffs and sedimentary rocks of probable Palaeozoic age. The highest and most laterally extensive Au/As soil values are generally coincident with wide intervals of weakly gold-mineralized, brecciated, altered, and mineralized tuffs and sediments. Interpretation of the geological, assay and geochemical data gathered to date suggests that only the most distal portions of the hydrothermal system were tested by drilling. The results of the 2004 exploration program demonstrate that the property is underlain by rocks hosting a hydrothermal system of impressive dimensions and that ample scope remains for further exploration. Several targets are worthy of follow-up, including a narrow high-grade Au intercept in hole 03 and a 106-metre interval of multi-phase, mineralized hydrothermal breccias encountered in hole 08. A comprehensive report on the work done in the first and second quarters is being prepared. Additional mapping, soil sampling and prospecting

are planned in 2005. The extent of future drilling programs will be determined following this work.

In the six months ended April 30, 2005, Bitterroot spent \$355,472 on the GK project, mainly on drilling and related costs, and technical consultants. Mr. Charles Greig, P.Geo is the Qualified Person responsible for the design and execution of the 2005 field program.

Upper Peninsula, Michigan

Exploration in the six months ended April 30, 2005 consisted of a 1,250 line-kilometre airborne geophysical (GEOTEM) survey, which was funded by Cameco Corporation. The airborne survey has identified a number of shallow, untested conductive basement structures with a total strike length of over 25 kilometres. Ground-based horizontal loop EM surveys totalling 21 line-kilometres have been completed. Drilling of these targets has been delayed pending resumption of the Michigan Department of Natural Resources' (DNR) metallic minerals leasing program. Revised lease terms are currently being drafted by DNR staff, but the date of their implementation is not known.

Cameco must spend \$600,000 on exploration prior to June 30, 2005 to maintain its option. As of April 30, 2005, Cameco had spent \$558,838. The remaining funding obligation will be achieved prior to June 30 through expenditures on ground geophysical surveys, geophysical consulting and associated costs. Cameco's next expenditure requirement prior to June 30, 2006 is an additional \$500,000.

In the six months ended April 30, 2005, Bitterroot spent \$67,949 on its Michigan projects, mainly on geophysical surveys. Cameco refunded \$62,991 of these costs to Bitterroot under the terms of their option agreement. Mr. Jan Klein, P.Eng, P.Geo is the Qualified Person responsible for interpretation of the geophysical data.

Financial Condition

As at April 30, 2005, Bitterroot had working capital of \$400,366, which included accounts receivable of \$63,019 due from Cameco and \$53,608 due from GST refunds. Resource properties had a book value of \$3,644,589, compared to \$3,277,906 at the beginning of the financial year. For the six months ended April 30, 2005, cash outflows exceeded cash inflows by \$238,528, which when combined with the \$553,863 cash balance at the beginning of the quarter, results in an ending cash position of \$315,335. The cash inflows were a result of share issuances for net proceeds of \$427,515. Cash outflows were comprised principally of resource property expenditures, (net of recoveries from Cameco), of \$369,488 and operating expenses of \$128,170 (net of stock-based compensation and amortization).

Summary of Financial Results

During the six months ended April 30, 2005, the Company had a Loss Before Other Items of \$285,456 compared to a loss of \$258,336 in the first half of the prior year. The increased loss was mainly attributable to higher professional, transfer agent and management fees, which were partially offset by lower stock-based compensation costs. Excluding stock-based compensation costs, the Loss Before Other Items for the six months ended April 30, 2005, was \$131,813 compared to \$80,634 for first half of the prior year. On this basis, the increased loss in the current year is mainly due to higher exploration expenses, plus increased professional, transfer agent and management fees.

SUMMARY OF QUARTERLY RESULTS

The following tables set forth a comparison of revenues and expenses for the previous eight quarters ending with April 30, 2005. Financial information is prepared according to Canadian GAAP and is reported in Canadian dollars.

Quarter Ended:

	Quarter Ended April 30 2005	Quarter Ended Jan 31 2004	Quarter Ended Oct 31 2004	Quarter Ended July 31 2004
Interest income	1,021	813	1,593	2,046
Income (loss) for the period	(61,972)	(37,015)	(921,734)	(302,777)
General and administrative	(95,238)	(35,762)	(222,963)	(304,823)
Stock-based compensation	(153,643)	-	-	(274,044)
Write-off of resource property	(1,552)	(1,253)	(1,127,406)	-
Net income (loss) per share basic and diluted	(0.00)	(\$0.00)	(\$0.06)	(\$0.01)

Quarter Ended:

	Quarter Ended April 30 2004	Quarter Ended Jan 31 2004	Quarter Ended Oct 31 2003	Quarter Ended July 31 2003
Interest Income	2,516	1,230	-	-
Loss for the period	(38,967)	(215,623)	(88,730)	(19,355)
General and administrative	(41,483)	(39,151)	(30,445)	(19,355)
Stock-based compensation	-	(177,702)	(58,285)	-
Write-off of resource property	-	-	-	-
Net Loss per share, basic and diluted	(\$0.00)	(0.01)	(\$0.00)	(\$0.01)

LIQUIDITY

During the six months ended April 30, 2005, the Company received \$432,953 (before share issue costs) from the following,

- \$31,103 from the exercise of 311,032 stock options,
- \$258,750 from a private placement of 1,035,000 units at \$0.25, consisting of one flow through common share and one half of a common share purchase warrant,
- \$143,100 from the exercise of 477,000 warrants

The Company's working capital at April 30, 2005 was \$400,366, compared to working capital of \$458,204 at October 31, 2004. Current liabilities were \$31,596, consisting of accounts payable incurred in the normal course of business.

As of the date of this report, there are 4,299,000 common share purchase warrants outstanding, which if exercised, would generate proceeds to the Company of \$2,400,900. There are also currently 2,915,000 incentive stock options outstanding, which if exercised would provide proceeds to the Company of \$1,060,300.

On June 22, the Company announced plans to issue up to 2,000,000 flow-through common shares priced at \$0.30 per share in a non-brokered private placement. The Company will also issue up to 1,000,000 non-flow through units priced at \$0.25, consisting of one common share and one half of a non-transferable common share purchase warrant, also in a non-brokered private placement. Each full warrant will entitle the holder to acquire an additional common share of the Company at \$0.40 for one year. The financing is expected to close in early July and is subject to the acceptance of the TSX Venture Exchange. The proceeds of the financing will be used mainly to fund the 2005 drilling and underground exploration programs on the Mineral Creek gold project.

Upon closing of the most recent financing, Bitterroot will have sufficient cash reserves to fund its operating expenses in 2005 and this year's exploration program on the Mineral Creek and GK projects in British Columbia. In Michigan, the majority of the work planned in 2005 will be funded by Cameco. Depending on the results of land acquisition activities and surface exploration, additional capital may be required to fund expanded exploration programs and drilling. In the longer term, Bitterroot's ability to meet its ongoing obligations will be determined by management's success in acquiring mineral properties, obtaining equity financing, negotiating joint venture arrangements and facilitating the exercise of outstanding share purchase warrants and options. Despite current favourable markets for junior resource issuers due to strong commodity prices, there can be no assurance that the Company will be able to continue to raise funds, in which case it may be unable to meet its obligations. Should Bitterroot be unable to realize on its assets and discharge its liabilities in the normal course of business, the realizable value of its assets may be materially less than the amounts recorded on the balance sheets.

RELATED PARTY TRANSACTIONS

The following is a summary of related party transactions and balances for the six months ended April 30, 2005.

- The Company incurred management fees of \$36,000 with a company controlled by the President of the Company.
- The Company had accounts payable of \$12,840 due to a company controlled by the President the Company.
- Stock-based compensation includes stock options granted to directors recorded at a value of \$153,643 (2004- \$177,702).

FORWARD LOOKING STATEMENTS

This MD&A may contain forward-looking statements including, but not limited to, comments regarding the timing and content of upcoming work programs, geological interpretations, receipt of property titles, potential mineral recovery processes etc. Forward-looking statements address future events and conditions and therefore involve inherent risks and uncertainties. Actual results may differ materially from those currently anticipated in such statements.

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 April 30, 2005,
29,684,343 common shares with a recorded value of \$7,969,773.
As of the date of this report there are 30,134,343 common shares outstanding, following the issuance of 350,000 shares for the Mineral Creek property option and 100,000 shares for the GK property option.
- c) Options outstanding at April 30, 2005

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

d) Warrants outstanding at April 30, 2005

Number of Shares	Exercise Price	Expiry Date
523,000	\$ 0.30	October 29, 2005
1,000,000	0.75	December 5, 2005
2,095,000	0.60	June 30, 2005
163,500	0.50	June 30, 2005
517,500	0.30	December 22, 2005

Stock-based Compensation

Options to purchase 500,000 shares at \$0.39 were granted to Directors during the quarter. The weighted average grant-date value of options granted during the six months ended April 30, 2005 was \$0.31 per option (2004- \$0.56). Total compensation expense recognised for stock options granted during the six month period was \$153,643 (2004- \$277,659). Stock-based compensation of \$153,643 (2004- \$177,702) was expensed to operations for options granted to Directors and \$ nil (2004- \$99,957) was capitalized to resource properties for options granted to consultants. These amounts represent the value of stock options granted using the Black-Scholes option-pricing model, which includes management's estimates of volatility and expected life.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

Information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

Management maintains a system of internal controls to provide reasonable assurances that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

Our auditors have not reviewed the contents of this MD&A.

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