
BITTERROOT RESOURCES LTD.
CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2006
(Unaudited - Prepared By Management)

BITTERROOT RESOURCES LTD.
(UNAUDITED - PREPARED BY MANAGEMENT)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The unaudited interim financial statements of the Company as at April 30, 2006 and for six months ended April 30, 2006 and 2005, were prepared by, and are the responsibility of the Company's management.

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

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

	April 30 2006	October 31 2005
	\$	\$
ASSETS		
Current Assets		
Cash	3,033,115	920,448
Accounts receivable	43,485	75,948
Prepaid expenses	136	3,635
	<u>3,076,736</u>	<u>1,000,031</u>
Reclamation Deposit	-	5,804
Resource Properties (Note 2)	4,830,744	4,236,596
Equipment (Note 3)	15,836	18,622
	<u>7,923,316</u>	<u>5,261,053</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	62,046	66,690
SHAREHOLDERS' EQUITY		
Share Capital (Note 4)	11,672,047	9,137,086
Contributed Surplus (Note 5)	1,317,560	934,568
Deficit	(5,128,337)	(4,877,291)
	<u>7,861,270</u>	<u>5,194,363</u>
	<u>7,923,316</u>	<u>5,261,053</u>

SUBSEQUENT EVENTS (Note 11)

APPROVED BY THE DIRECTORS

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

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

The accompanying notes are an integral part of these financial statements.

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

	Three Month Period Ended April 30 2006	Three Month Period Ended April 30 2005	Six Month Period Ended April 30 2006	Six Month Period Ended April 30 2005
	\$	\$	\$	\$
Expenses				
Amortization	1,393	1,922	2,786	3,643
Exploration	-	9,555	-	9,555
Foreign exchange (gain) loss	522	(253)	2,590	(1,564)
Interest and bank charges	768	219	1,277	484
Management fees	18,000	18,000	36,000	36,000
Office, printing and travel	7,651	16,227	22,703	19,984
Professional fees	23,373	26,722	41,544	37,310
Regulatory fees	7,538	5,879	7,538	5,879
Shareholder information	10,665	11,739	10,665	14,015
Stock-based compensation	305,300	153,643	305,300	153,643
Transfer agent fees	4,791	5,228	6,761	6,507
Loss Before Other Items	(380,001)	(248,881)	(437,164)	(285,456)
Other Items				
Interest income	893	1,021	2,784	1,834
Write-off of resource property (Note2)	(7,416)	(1,552)	(23,582)	(2,805)
Write-off of reclamation deposit	-	-	(5,804)	-
Recovery of resource properties written-off	-	12,198	-	12,198
	(6,523)	11,667	(26,602)	11,227
Loss Before Income Taxes	(386,524)	(237,214)	(463,766)	(274,229)
Future income tax recovery	-	(175,242)	(212,721)	(175,242)
Net Loss For The Period	(386,524)	(61,972)	(251,045)	(98,987)
Deficit, beginning of period	(4,741,813)	(4,862,157)	(4,877,292)	(4,825,142)
Deficit, End Of Period	(5,128,337)	(4,924,129)	(5,128,337)	(4,924,129)
Basic And Diluted Loss Per Share	(0.00)	(0.00)	(0.00)	(0.00)
Weighted Average Number Of Shares Outstanding	36,621,157	29,346,691	35,290,552	28,818,197

The accompanying notes are an integral part of these financial statements.

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

	Three Month Period Ended April 30 2006 \$	Three Month Period Ended April 30 2005 \$	Six Month Period Ended April 30 2006 \$	Six Month Period Ended April 30 2005 \$
Operating Activities				
Net loss for the period	(386,524)	(61,972)	(251,045)	(98,987)
Items not involving cash				
Amortization	1,393	1,922	2,786	3,643
Write-off of resource properties	7,416	1,552	23,584	2,805
Stock-based compensation	305,300	153,643	305,300	153,643
Future income tax recovery	-	(175,242)	-	(175,242)
Write-off of reclamation deposit	-	-	5,804	-
	<u>(72,415)</u>	<u>(80,097)</u>	<u>86,429</u>	<u>(114,138)</u>
Changes in non-cash working capital				
Accounts receivable	(25,596)	(71,304)	32,463	(96,303)
Prepaid expenses	390	150	3,499	25,520
Accounts payable	(65,829)	(226,997)	(4,645)	(109,907)
	<u>(91,035)</u>	<u>(298,151)</u>	<u>31,317</u>	<u>(180,690)</u>
	<u>(163,450)</u>	<u>(378,248)</u>	<u>117,746</u>	<u>(294,828)</u>
Financing Activity				
Share issuance	2,673,874	143,100	2,612,652	427,515
Investing Activities				
Purchase of property, plant and equipment	-	(1,727)	-	(1,727)
Resource property expenditures, net of recoveries	(400,810)	(13,475)	(617,731)	(369,488)
	<u>(400,810)</u>	<u>(15,202)</u>	<u>(212,721)</u>	<u>(371,215)</u>
Increase During The Period	2,109,614	(250,350)	2,112,667	(238,528)
Cash, beginning of period	923,501	565,685	920,448	553,863
Cash, End Of Period	<u>3,033,115</u>	<u>315,335</u>	<u>3,033,115</u>	<u>315,335</u>

Supplemental cash flow information (Note 10)

BITTERROOT RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED APRIL 30, 2006
(UNAUDITED - PREPARED BY MANAGEMENT)

1. Basis Of Presentation

These interim financial statements have been prepared using the same accounting policies as used in the financial statements for the year ended October 31, 2005 and should be read in conjunction with the audited annual financial statements.

2. Resource Properties

	Mistassini Quebec, Canada	GK Project B.C., Canada	Mineral Creek Property B.C., Canada	Spences Bridge Project, B.C., Canada	North Brenda Property B.C., Canada	Michigan Lands Michigan, USA	Total
	\$	\$	\$	\$	\$	\$	\$
Balance – October 31, 2005	-	903,515	545,637	-	-	2,787,444	4,236,596
Deferred Costs During The Period							
Acquisition costs	-	-	-	-	29,500	-	29,500
Aircraft charter	-	-	10,385	-	-	-	10,385
Consulting and professional	11,200	10,094	137,347	375	8,030	8,693	175,739
Claims, leases and permits	8,869	12,035	-	2,413	350	10,859	34,526
Field supplies	-	170	17,663	45	45	425	18,348
Fuel	-	-	3,155	-	-	-	3,155
Geochemistry	2,641	-	20,984	-	-	-	23,625
Geophysics	612	5,000	-	-	-	1,144	6,756
Ground transportation	-	-	6,750	-	-	-	6,750
Drilling	-	-	325,372	-	-	-	325,372
Other	260	2,329	4,836	-	-	2,185	9,610
Room and board	-	-	23,522	-	-	-	23,522
Travel and freight	-	149	5,585	-	-	4,708	10,442
Recovery of costs	-	-	-	-	-	(60,000)	(60,000)
	23,582	29,777	555,599	2,833	37,925	(31,986)	617,730
	23,582	933,292	1,101,236	2,833	37,925	2,755,458	4,854,326
Write-off of resource properties	(23,582)	-	-	-	-	-	(23,582)
Balance – April 30, 2006	-	933,292	1,101,236	2,833	37,925	2,755,458	4,830,744

(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.

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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 (incurred) during the first year, \$350,000 (incurred) during the second year, \$500,000 during each of the third and fourth years, and \$1,000,000 per year for subsequent years. The company will receive inflation adjusted payments of \$60,000 (received) per year.

(ii) Federal And State Leases

At April 30, 2006, the Company had been granted prospecting permits covering 1,960 acres of federal mineral rights in Michigan. In the event of a discovery, these lands will be subject to a net smelter returns royalty, the terms of which are negotiated on a case-by-case basis.

At April 30, 2006, the Company held leases covering approximately 1,800 acres of State of Michigan mineral rights. State leases are subject to a sliding scale production royalty ranging from two to seven percent, or to a net smelter returns royalty, the terms of which are negotiated on a case-by-case basis. In order to maintain the leases in good standing, the Company must make aggregate rental payments of \$66,000 through February 28, 2013. Minimum rental payments due in the next five years are as follows:

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

(b) Mistassini, Quebec, Canada

During the years ended October 31, 2004 and 2003, the Company staked 611 claims in the Otish/Mistassini region of northern Quebec. During the year ended October 31, 2004, management of the Company determined that the majority of the claims were not economically viable. Additional expenditures of \$23,582 were incurred on assessment report preparation and claim renewal fees. During the six month period ended April 30, 2006, these costs were written-off to operations.

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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 300,000 common shares at a value of \$85,000, and is required to pay \$30,000 (paid) by June 15, 2006, \$25,000 by June 15, 2007 and \$25,000 by June 15, 2008.

During the period ended April 30, 2006, the Company incurred expenditures of \$29,777.

(d) 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 kms southeast of Port Alberni, B.C. The Company can earn a 55% interest in the property by completing exploration expenditures of \$1,200,000, issuing 450,000 common shares (250,000 shares issued) and making cash payments totaling \$160,000 (paid) within a three-year period. An additional 100,000 shares must be issued by the end of the first anniversary of the approval of the transaction by the TSX Venture Exchange and the final 100,000 shares must be issued by the end of the second anniversary of this approval. The Company can subsequently earn an additional 20% interest in the property by completing further exploration expenditures of \$800,000, issuing 200,000 common shares and making a cash payment of \$50,000 per year, totaling \$100,000 within the following two years. In addition, the Company acquired a 75% interest in five adjoining mineral claims by issuing 100,000 common shares valued at \$34,000 to a private party.

During the period ended April 30, 2006, the Company incurred expenditures of \$555,599 relating to the Mineral Creek Property.

(e) Spences Bridge Project, British Columbia, Canada

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

During the period ended April 30, 2006, the Company incurred expenditures of \$2,833.

(f) North Brenda Property, British Columbia, 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, Bitterroot will initially pay C\$10,000 and issue 50,000 common shares to the vendors, following receipt of TSX Venture Exchange approval. Prior to the first anniversary, Bitterroot is required to complete C\$50,000 of exploration expenditures and issue an additional 50,000 common shares to the vendors. Prior to the second anniversary, Bitterroot is required to issue an additional 50,000 common shares. Prior to the third anniversary, Bitterroot is required to issue a further \$50,000 worth of Bitterroot's common shares. The vendors will also retain a two percent (2%) net smelter returns royalty on the North Brenda property, of which Bitterroot can purchase half by paying C\$1,000,000.

During the period ended April 30, 2006, the Company incurred expenditures of \$8,425 relating to the North Brenda property.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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3. Equipment

	April 30 2006		October 31 2005	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Computer hardware	8,149	6,773	1,376	1,618
Computer software	407	305	102	204
Field equipment	25,609	12,657	12,952	15,237
Furniture and fixtures	1,104	210	894	994
Leasehold improvements	5,654	5,142	512	569
	40,923	25,087	15,836	18,622

4. Share Capital

(a) Authorized

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

(b) Common Shares Issued

	Number Of Shares	Value \$
Balance, October 31, 2005	33,748,011	9,137,086
Issued for cash		
Exercise of stock options	500,000	50,000
Pursuant to private placement	6,518,332	2,735,749
Exercise of warrants	700,000	229,500
Resource property option payment	50,000	29,500
Share issue costs	-	(297,067)
Future income taxes on expenditures renounced to shareholders	-	(212,721)
Balance - April 30, 2006	41,516,343	11,672,047

During the six month period ended April 30, 2006, the Company issued 2,568,332 flow-through common shares at a price of \$0.45 per share, and 3,950,000 units at a price of \$0.40 per unit. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire an additional common share of the company at \$0.55, expiring September 30, 2007. The Company paid a 6% cash commission and a 6% Broken Option consisting of the right to purchase 391,100 units under the same terms and conditions. This right expires September 30, 2007.

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

(c) Warrants

Warrant transactions are summarized as follows:

	Number Of Warrants
Balance - October 31, 2005	2,005,000
Issued	4,341,100
Exercised	(700,000)
Expired	<u>(1,000,000)</u>
Balance - April 30, 2006	<u>4,646,100</u>

The following share purchase warrants were outstanding at April 30, 2006:

Number Of Warrants	Exercise Price	Expiry Date
	\$	
305,000	0.40	July 20, 2006
3,950,000	0.55	September 30, 2007
391,100	0.55	September 30, 2007

5. Contributed Surplus

The company's contributed surplus is comprised of the following:

	\$
Balance - October 31, 2005	934,568
Stock-based compensation (Note 6)	305,301
Agent's warrants issued (Note 4)	<u>77,691</u>
Balance - April 30, 2006	<u>1,317,560</u>

BITTERROOT RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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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.

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

	Number Of Options	Weighted Average Exercise Price \$
Balance - October 31, 2005	2,915,000	0.36
Options granted during the period	1,125,000	0.53
Options exercised during the period	(500,000)	0.10
Balance - April 30, 2006	3,540,000	0.45

The following stock options were outstanding and exercisable at April 30, 2006:

Number Of Options	Exercise Price \$	Expiry Date
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
1,125,000	0.53	April 4, 2011

The weighted average grant-date fair value of options granted during the six month period ended April 30, 2006 was \$0.27 per option (2005 - \$0.31 per option).

Total compensation expense recognized for stock options granted during the six month period ended April 30, 2006, was \$305,300 (2005 - \$153,643). Stock-based compensation of \$305,300 (2005 - \$153,643) was expensed to operations for options granted to directors of the Company.

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

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

	2006	2005
Volatility percentage	61%	107%
Risk-free interest rate	4.25%	3.75%
Dividend yield	-	--
Expected life of options	5 years	5 years

7. Related Party Transactions

The following is a summary of related party transactions and balances for the three month period ended April 30, 2006 not disclosed elsewhere in the financial statements:

- (a) Management fees of \$36,000 (2005 - \$36,000) 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 \$305,300 (2005 - \$153,643).
- (c) Accounts payable at April 30, 2006 includes \$19,260 (2005 - \$12,840) due to a company controlled by a director in common with the Company.

8. Income Taxes

The tax effects of temporary differences that give rise to significant portions of the future tax assets and liabilities at April 30, 2006 are presented below:

	\$
Future Tax Assets	
Net operating loss carry-forwards	338,610
Capital loss carry-forwards	41,869
Equipment	8,560
Share issuance costs	40,614
Resource properties	(321,732)
Valuation allowance	(107,921)
Net Future Tax Assets	-

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 at April 30, 2006, are as follows:

	\$
Canada	2,091,121
U.S.A.	<u>2,755,459</u>
	<u>4,846,580</u>

10. Supplemental Disclosures With Respect To Cash Flows

	April 30 2006	October 31 2005
Cash paid during the period for income taxes	-	-
Cash paid during the period for interest	-	-

The significant non-cash transactions for the period ended April 30, 2006, were as follows:

- (a) The Company issued 50,000 common shares with a value of \$29,500 pursuant to the option agreement on the North Brenda mineral property (Note 2(f)).
- (b) The Company issued 391,100 common shares with a value of \$57,371 as a finder's fee in connection with the private placement of common shares (Note 4).
- (c) The Company recognized 305,301 of stock-based compensation expense for options granted during the period ended April 30, 2006 (Note 6).

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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11. Subsequent Events

Subsequent to April 30, 2006:

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

In order to earn a 100% interest in the claims, Bitterroot is required to pay Strongbow/Hanslit \$10,000 and issue 50,000 shares, plus 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 transaction is subject to receipt of approval from the TSX Venture Exchange.

On June 14, 2006, the Company issued 50,000 shares to the vendors, and paid \$10,000 on June 21, 2006.

- (b) On May 19, 2006, the Company issued 100,000 shares pursuant to the option agreement with Mineral Creek Ventures Inc.

BITTERROOT RESOURCES LTD.

MANAGEMENT DISCUSSION & ANALYSIS

For the six months ended April 30, 2006

As of June 23, 2006

SUMMARY OF ACTIVITIES

In the six months ended April 30, 2006, the majority of Bitterroot Resources Ltd.'s exploration expenditures were for drilling and related costs on the Mineral Creek gold project in British Columbia. Total exploration expenditures in the period, before cost recoveries and write-offs were \$677,730. Exercising of warrants and options, equity financing and funding from Cameco Corporation contributed \$3,075,249 to Bitterroot's working capital during the period, while expenses, net of stock based compensation were \$131,864.

INTRODUCTION

Bitterroot Resources Ltd. (referred to throughout this document as "the Company" or "Bitterroot") is a mineral resource company engaged directly and indirectly through its wholly-owned subsidiaries, in the acquisition and exploration of mineral properties. In May 2005 the Company entered into an agreement to acquire up to a 75% interest in the 7,129 hectare Mineral Creek gold property near Port Alberni, BC. The Company is earning a 100% interest in the 250-claim GK gold project near Beaverdell in south-central BC. In southwest BC, the Company recently staked 14 claims covering 6,030 hectares in the emerging Spences Bridge gold belt and entered into an option agreement covering the 2,290 hectare North Brenda molybdenum/copper/gold property. In the Upper Peninsula of Michigan, Bitterroot and Cameco Corporation have entered into an option/joint venture agreement whereby Cameco has agreed to fund uranium exploration within a 780 square-mile area of interest. Bitterroot's wholly-owned subsidiary owns recorded mineral title interests covering approximately 363 square miles in the Upper Peninsula of Michigan. The Company currently leases 1,800 acres of mineral rights from the State of Michigan and has been granted prospecting permits covering 1,960 acres of US federal mineral rights.

The following Management Discussion and Analysis (MD&A) should be read in conjunction with Bitterroot Resources Ltd.'s consolidated financial statements for the six months ended April 30, 2006 and the audited annual consolidated financial statements and MD&A for the year ended October 31, 2005.

OVERALL PERFORMANCE

Results of Operations

Michigan Uranium Joint Venture

Representatives of the Michigan Department of Natural Resources have advised the Company and others that their goal is to resume metallic minerals leasing in mid-2006, following

implementation of a revised metallic minerals lease document. Bitterroot and Cameco Corporation currently plan to complete approximately 1,600 metres of drilling in the fall of 2006, subject to the resumption of minerals leasing. Cameco has funded \$600,000 of exploration expenditures in the past three years, and made a \$60,000 option payment in January 2006. In order to continue to maintain its option and assuming there are no additional leasing delays, Cameco will be required to fund exploration expenditures totalling \$500,000 in 2006. In the six months ended April 30, 2006, Bitterroot spent \$28,014 on its Michigan projects, mainly on consulting, leases and permits.

Mineral Creek Gold Project, British Columbia

As of the date of this report, Bitterroot's diamond drilling contractor has completed 6,200 metres of drilling in 41 holes on the Mineral Creek property. In July 2005, drilling started on the 1050 Zone (1,572 metres in 14 holes), then moved to the 900 Zone in December 2005 (2,336 metres in 13 holes), then in the spring of 2006, tested the lower elevations of the Gap fault and lower Mineral Creek fault (1,889 metres in 9 holes). Results from the 1050 and 900 zones have been reported. The Gap fault drilling returned quartz-carbonate altered zones containing geochemically anomalous gold. Assay results from the Mineral Creek zone have not yet been received from ALS Chemex. A second drill rig which can drill from surface and underground arrived on the property in mid-June and both rigs are now testing the Linda Zone. The Linda Zone hosts the Upper, Middle and Lower Linda veins. Previous drilling by Westmin Resources traced the Lower Linda vein over 250 metres of strike length and intersected 4.1 to 34.2 grams Au/tonne over two metres. Trench samples have returned numerous high-grade (>30 grams Au/tonne) intervals from an exposure of the Lower Linda vein, which strikes 060 degrees (see www.bitterrootresources.com home page). Bitterroot's recent road repairs have resulted in the exposure of a previously unknown 30 cm wide vein which strikes 020 degrees and contains visible gold. To date, approximately 406 metres of drilling in 5 holes have been completed on the Linda Zone. Assay results are pending. Drilling on the Linda Zone is expected to continue through July. Concurrent with this work, the company's crews will continue sampling and mapping of the 900 Zone underground workings, plus surface geological mapping and prospecting.

In June, the Company entered into an agreement with Strongbow Explorations Inc. (33%) and Mr. Barry Hanslit (67%) to acquire a 100 percent interest in their jointly-owned 16 square-kilometre Big Southeaster property, which adjoins the south side of the Mineral Creek Property. The claims host occurrences of volcanogenic massive sulphide mineralization and structurally-controlled gold/silver mineralization in Sicker Group volcanic and volcanoclastic rocks. The Regina workings area contains eight adits ranging from two to twenty metres in length which were driven in the 1900's on sulphide-bearing quartz stockwork zones. Gold-bearing, north-south trending quartz-sulphide veins also occur on the property along the trend of Mineral Creek fault. Bitterroot's partner on the Mineral Creek project, Mineral Creek Ventures Inc. owns an extensive database on the Big Southeaster property, including geological maps, geochemical surveys and data from 2,300 metres of drilling completed by Westmin Resources in the 1980's. This material plus additional surface geological and geochemical data will be used to define targets to be drill-tested by Bitterroot in the second half of 2006. In order to earn a 100% interest in the claims, Bitterroot is required to pay Strongbow/Hanslit \$10,000 and issue 50,000 shares,

plus 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.

In the six months ended April 30, 2006, Bitterroot spent \$555,599 on the Mineral Creek project, mainly on drilling and geological consulting. Mr. Michael Becherer, P. Geo is the Qualified Person responsible for the design and execution of exploration programs on the Mineral Creek property.

GK Gold/Silver Project, British Columbia

Line cutting, geophysical surveys (IP, VLF and magnetics), prospecting and sampling have resumed on the GK Project. The current work is focused on expanding the soil sampling and geophysical grids established in 2004. Results of this work are pending. In the six months ended April 30, 2006, Bitterroot spent \$29,777 on the GK project, mainly on line cutting and claims renewal and filing fees. Mr. Charles Greig, P. Geo is the Qualified Person responsible for the GK project.

Spences Bridge Gold Project, British Columbia

In late December 2005, Bitterroot acquired by staking 14 claims covering 6,030 hectares located in the emerging Spences Bridge gold belt in southwestern British Columbia. The first phase of surface exploration, comprising over 300 stream silt samples, prospecting and geological mapping of Bitterroot's claims has been completed. Results of this work are pending. In the six months ended April 30, 2006, Bitterroot spent \$2,833 on the Twins property, mainly on claim staking. Mr. Charles Greig, P. Geo is the Qualified Person responsible for the Spences Bridge project.

North Brenda Molybdenum/Copper/Gold Project, British Columbia

In April, Bitterroot entered into an agreement to acquire a 100 percent interest in the North Brenda molybdenum/copper/gold property in southwestern British Columbia. The 109-claim (2,290 hectares) North Brenda property adjoins the formerly-producing Brenda Mine, an open pit porphyry molybdenum-copper mine which produced 177 million tonnes of ore @ 0.043% Mo and 0.169% Cu. The property straddles Highway 5a, the Okanagan-Coquihalla Connector. Line cutting is currently underway in advance of a six-week program of soil sampling, geophysical surveys, geological mapping and prospecting. This work will locate the historic geochemically anomalous zones and help to define specific drill targets. Exploration will focus on the areas hosting previously documented Mo/Cu mineralization and Pb/Zn soil geochemical anomalies. The distribution of gold in soils will also be determined, in order to target areas with potential for porphyry-style gold mineralization associated with Mo/Cu mineralization, and for potential higher-grade replacement or vein deposits associated with Pb/Zn mineralization. In the six months ended April 30, 2006, Bitterroot spent \$37,925 on the North Brenda property, mainly on acquisition costs and geological consulting. Mr. Charles Greig, P. Geo is the Qualified Person responsible for the North Brenda project.

Mistassini (Twins) Nickel Project, Quebec

Data from the 2004 drilling program has been compiled and re-assessed. Additional data compilation and target development are planned in 2006. In the six months ended April 30, 2006, Bitterroot spent \$23,582 on the Twins property, mainly on geological consulting and claims renewal/filing fees. Mr. Charles Greig, P.Geo is the Qualified Person responsible for the Twins project.

Financial Condition

At April 30, 2006, Bitterroot had working capital of \$3,014,690. Resource properties had a book value of \$4,830,744 compared to \$4,236,596 at the beginning of the financial year. For the quarter ended April 30, 2006, cash inflows exceeded cash outflows by \$2,109,614 which when combined with the \$923,501 cash balance at the beginning of the quarter, resulted in a quarter-end cash position of \$3,033,115. The cash inflows during the quarter were a result of share issuances for net proceeds of \$2,673,874. Cash outflows during the quarter were comprised principally of resource property expenditures of \$400,810 (net of recoveries from Cameco) and operating expenses of \$73,308 (net of stock-based compensation and amortization).

Summary of Financial Results

During the six months ended April 30, 2006, the Company had a net loss before adjustments for future income tax recoveries of \$463,766, compared to a net loss before adjustments for future income tax recoveries of \$274,229 in the first half of the prior year. The increased loss was mainly attributable to higher stock-based compensation plus resource property and reclamation deposit write-offs.

SUMMARY OF QUARTERLY RESULTS

The following tables set forth a comparison of revenues and expenses for the previous eight quarters ending April 30, 2006. Financial information is prepared according to Canadian GAAP and is reported in Canadian dollars.

	Quarter Ended April 30 2006	Quarter Ended Jan 31 2006	Quarter Ended Oct 31 2005	Quarter Ended July 31 2005
Interest income	893	1,891	2,184	870
Income (loss) for the period	(386,524)	135,479*	(19,863)	(72,676)
General and administrative	(74,701)	(55,272)	(59,880)	(64,712)
Stock-based compensation	(305,300)	-	-	-
Recovery (write-off) of resource property	(7,416)	(16,166)	90,929	(15,185)
Net income (loss) per share basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)

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

	Quarter Ended April 30 2005	Quarter Ended Jan 31 2005	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)	(45,261)	(30,779)
Stock-based compensation	(153,643)	-	-	(274,044)
Write-off of resource property	10,646	(1,253)	(1,127,406)	-
Net Loss per share, basic and diluted	(0.00)	(0.00)	(\$0.04)	(\$0.01)

LIQUIDITY

During the six months ended April 30, 2006, the Company received gross proceeds of \$3,075,249 from the following,

- \$229,500 from the exercise of 700,000 common share purchase warrants,
- \$60,000 option payment from Cameco Corporation
- \$50,000 from the exercise of 500,000 stock options
- \$2,735,749 from the issuance of 6,518,332 common shares and units

The Company's working capital at April 30, 2006 was \$3,014,690, compared to working capital of \$933,341 at October 31, 2005. Current liabilities were \$62,046, consisting of management fees and accounts payable incurred in the normal course of the mineral exploration business, largely related to ongoing drilling on the Mineral Creek gold project.

At April 30, 2006, there were 4,646,100 share purchase warrants outstanding, which if exercised, would generate proceeds to the Company of \$2,509,605. There are also currently 3,540,000 incentive stock options outstanding, which if exercised would provide proceeds to the Company of \$1,606,550.

Bitterroot has sufficient cash reserves to fund its 2006 operating expenses and this year's planned exploration programs on the Mineral Creek, Spences Bridge, North Brenda and GK projects in British Columbia. In Michigan, most of the exploration work currently planned in 2006 will be funded by Cameco Corporation. The Company may elect to use up to \$300,000 of its working capital to fund additional drilling on other targets, pending the results of geophysical surveys. Joint venture partners are being sought for additional exploration programs in Michigan and Quebec. In the longer term, Bitterroot's ability to meet its ongoing obligations will be determined by management's success in acquiring mineral properties, obtaining equity financing, negotiating joint venture arrangements and facilitating the exercise of outstanding share purchase warrants and options. Despite relatively 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, 2006.

- The Company incurred management fees of \$36,000 with a company controlled by the President of the Company.
- The Company had accounts payable of \$19,260 due to a company controlled by the President the Company.
- The Company granted stock options to directors with a recorded fair value of \$305,300

FORWARD LOOKING STATEMENTS

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

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Outstanding Share Data

- a) Authorized Capital:
100,000,000 common shares without par value
- b) Number and Recorded Value for shares Issued and Outstanding as at April 30, 2006,
41,516,343 common shares, with a recorded value of \$11,672,047.
- c) Options outstanding at April 30, 2006

Number of Shares	Exercise Price	Expiry Date
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
1,125,000	0.53	April 4, 2011

- d) Warrants outstanding at October 31, 2005

Number of Shares	Exercise Price	Expiry Date
305,000	\$0.40	July 20, 2006
3,950,000	\$0.55	September 30, 2007
391,100	\$0.55	September 30, 2007

Stock-based Compensation

A total of 1,125,000 incentive stock options were granted during the quarter. The weighted average grant-date value of options granted during the six months ended April 30, 2006 was \$0.27 per option. Total compensation expensed to operations for stock options granted during the period was \$305,300. These amounts represent the value of stock options granted to directors 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.