
BITTERROOT RESOURCES LTD.
CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2007
(Unaudited - Prepared By Management)

BITTERROOT RESOURCES LTD.
(UNAUDITED - PREPARED BY MANAGEMENT)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The unaudited interim financial statements of the Company as at April 30, 2007 and for six months ended April 30, 2007 and 2006, were prepared by, and are the responsibility of the Company's management.

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

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

	April 30 2007	October 31 2006
	\$	\$
ASSETS		
Current Assets		
Cash and cash equivalents	2,987,907	1,403,712
Accounts receivable - other	496,996	215,868
Prepaid expenses	1,300	4,636
	<u>3,486,203</u>	<u>1,624,216</u>
Reclamation Deposit	9,300	9,300
Resource Properties (Note 3)	8,145,613	6,556,517
Equipment (Note 4)	19,890	13,049
	<u>11,661,006</u>	<u>8,203,082</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	85,820	198,098
SHAREHOLDERS' EQUITY		
Share Capital (Note 5)	14,720,492	11,824,852
Contributed Surplus (Note 6)	2,159,803	1,579,357
Deficit	(5,305,109)	(5,399,225)
	<u>11,575,186</u>	<u>8,004,984</u>
	<u>11,661,006</u>	<u>8,203,082</u>

SUBSEQUENT EVENTS (Note 14)

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 2007	Three Month Period Ended April 30 2006	Six Month Period Ended April 30 2007	Six Month Period Ended April 30 2006
	\$	\$	\$	\$
Expenses				
Amortization	1,506	1,393	2,453	2,786
Foreign exchange (gain) loss	1,138	522	(746)	2,590
Interest and bank charges	749	768	1,454	1,277
Management fees	24,000	18,000	48,000	36,000
Office, printing and travel	40,591	18,316	60,259	33,368
Professional fees	49,770	23,373	71,854	41,544
Regulatory fees	9,288	7,538	9,993	7,538
Stock-based compensation	82,322	305,300	478,114	305,300
Transfer agent fees	2,864	4,791	5,096	6,761
Loss Before Other Items	(212,228)	(380,001)	(676,477)	(437,164)
Other Items				
Interest income	35,567	893	62,077	2,784
Write-off of resource property	(634)	(7,416)	(1,278)	(23,582)
Write-off of reclamation deposit	-	-	-	(5,804)
Recovery of resource properties written-off	7,573	-	7,573	-
	42,506	(6,523)	68,372	(26,602)
Loss Before Income Taxes	(169,722)	(386,524)	(608,105)	(463,766)
Future income tax recovery	-	-	702,221	212,721
Net Earnings (Loss) For The Period	(169,722)	(386,524)	94,116	(251,045)
Deficit, beginning of period	(5,135,387)	(4,741,813)	(5,399,225)	(4,877,292)
Deficit, End Of Period	(5,305,109)	(5,128,337)	(5,305,109)	(5,128,337)
Basic And Diluted Loss Per Share	(0.00)	(0.00)	0.00	(0.00)
Weighted Average Number Of Shares Outstanding	48,024,508	36,621,157	47,062,567	35,290,552

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 2007	Three Month Period Ended April 30 2006	Six Month Period Ended April 30 2007	Six Month Period Ended April 30 2006
	\$	\$	\$	\$
Operating Activities				
Net earnings (loss) for the period	(169,722)	(386,524)	94,116	(251,045)
Items not involving cash				
Amortization	1,506	1,393	2,453	2,786
Write-off of resource properties	634	7,416	1,278	23,584
Stock-based compensation	82,322	305,300	478,114	305,300
Future income tax recovery	-	-	(702,221)	-
Write-off of reclamation deposit	-	-	-	5,804
	<u>(85,260)</u>	<u>(72,415)</u>	<u>(126,260)</u>	<u>86,429</u>
Changes in non-cash working capital				
Accounts receivable - other	(324,178)	(25,596)	(281,128)	32,463
Prepaid expenses	633	390	3,336	3,499
Accounts payable and accrued liabilities	(205,942)	(65,829)	(112,278)	(4,645)
	<u>(529,487)</u>	<u>(91,035)</u>	<u>(390,070)</u>	<u>31,317</u>
	<u>(614,747)</u>	<u>(163,450)</u>	<u>(516,330)</u>	<u>117,746</u>
Financing Activity				
Share issuances	156,440	2,673,874	3,700,193	2,612,652
Investing Activities				
Purchase of equipment	(9,294)	-	(9,294)	-
Resource property expenditures, net of recoveries	(723,480)	(400,810)	(1,590,374)	(617,731)
	<u>(732,774)</u>	<u>(400,810)</u>	<u>(1,599,668)</u>	<u>(212,721)</u>
Increase During The Period	(1,191,081)	2,109,614	1,584,195	2,112,667
Cash and cash equivalents, beginning of period	4,178,988	923,501	1,403,712	920,448
Cash And Cash Equivalents, End Of Period	2,987,907	3,033,115	2,987,907	3,033,115

Supplemental cash flow information (Note 10)

BITTERROOT RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED APRIL 30, 2007
(UNAUDITED - PREPARED BY MANAGEMENT)

1. Basis Of Presentation

These interim financial statements have been prepared using the same accounting policies as used in the financial statements for the year ended October 31, 2006 and should be read in conjunction with the audited annual financial statements.

2. Changes In Accounting Policies

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

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

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

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

Comprehensive Income (CICA Handbook Section 1530)

Comprehensive income is the change in shareholders' equity during a period from transactions and other events and circumstances from non-owner sources. In accordance with this new standard, the Company would report a consolidated statement of comprehensive income (loss) and a new category, accumulated other comprehensive income, would be added to the shareholders' equity section of the consolidated balance sheet. The components of this new category would include unrealized gains and losses on financial assets classified as available-for-sale and the effective portion of cash flow hedges, if any. For the three month period ended April 30, 2007, there was no comprehensive income (loss) or accumulated other comprehensive income to record.

Hedges (CICA Handbook Section 3865)

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

BITTERROOT RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
PAGE TWO

3. Resource Properties

	GK Project B.C., Canada	Mineral Creek Property B.C., Canada	Spences Bridge Project, B.C., Canada	North Brenda Property B.C., Canada	SPN Property B.C., Canada	Big Southeaster Property B.C., Canada	Michigan Lands Michigan, USA	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Balance – October 31, 2006	1,160,279	2,091,699	30,251	476,863	-	41,752	2,755,673	6,556,517
Deferred Costs During The Period								
Acquisition costs	-	-	-	-	40,000	-	-	40,000
Aircraft charter	-	-	-	8,312	-	-	-	8,312
Claims, leases and permits	579	4,645	3,072	599	-	705	51,171	60,771
Consulting and professional	60,081	57,268	1,700	51,813	88	56,233	56,476	283,659
Drilling	352,875	41,370	-	449,148	-	197,044	191,690	1,232,127
Field supplies	10,951	507	-	1,435	-	134	6,485	19,512
Fuel	9,066	1,301	-	326	-	5,048	25	15,766
Geochemistry	22,930	10,848	-	8,622	-	13,014	1,598	57,012
Geophysics	8,000	-	-	-	-	-	-	8,000
Ground transportation	3,606	3,701	-	7,880	-	8,095	15,278	38,560
Other	2,134	7,800	-	2,603	-	-	1,795	14,332
Recovery of costs	-	-	-	-	-	-	(393,425)	(393,425)
Room and board	11,122	6,803	-	51	-	16,740	3,613	38,329
Stock-based compensation	27,647	36,378	-	27,647	-	36,378	29,102	157,152
Travel and freight	644	89	-	80	-	14	8,162	8,989
	509,635	170,710	4,772	558,516	40,088	333,405	(28,030)	1,589,096
Balance – April 30, 2007	1,669,914	2,262,409	35,023	1,035,379	40,088	375,157	2,727,643	8,145,613

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.

(ii) Cameco Corporation Joint Venture

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

BITTERROOT RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
PAGE THREE

3. Resource Properties *(Cont'd)*

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

(iii) State Leases

At April 30, 2007, the Company held leases covering approximately 8,095 acres of State of Michigan mineral rights. State leases are subject to a sliding scale production royalty ranging from two to seven percent, or to a net smelter returns royalty, the terms of which are negotiated on a case-by-case basis. Leases acquired during the period are subject to similar royalty terms, except for an increase in the sliding scale to a maximum of 10.5%. In order to maintain the leases in good standing, the Company must make aggregate rental payments of \$257,881 through February 28, 2014. Minimum rental payments due in the next five years are as follows:

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

(b) GK Property, B.C., Canada

During the year ended October 31, 2003, the Company was granted an option to acquire a 100% interest in the GK Property located east of the town of Beaverdell, British Columbia. In order to earn this interest, the Company has issued 300,000 common shares at a value of \$85,000, and is required to pay \$30,000 (paid) by June 15, 2006, \$30,000 by June 15, 2007 and \$25,000 by June 15, 2008.

During the period ended April 30, 2007, the Company incurred expenditures of \$509,635 relating to the GK property.

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

On May 1, 2005, the Company entered into an option agreement with Mineral Creek Ventures Inc. whereby the Company can earn an initial 55% interest in the Mineral Creek Property (formerly known as the Debbie Property) which is located on Vancouver Island, 10 kilometres southeast of Port Alberni, B.C. The Company can earn a 55% interest in the property by completing exploration expenditures of \$1,200,000, issuing 450,000 common shares (350,000 shares issued) and making cash payments totaling \$160,000 (paid) within a three-year period. The final 100,000 shares must be issued by the end of the second anniversary of TSX Venture Exchange approval. The Company can subsequently earn an additional 20% interest in the property by completing further exploration expenditures of \$800,000, issuing 200,000 common shares and making a cash payment of \$50,000 per year, totaling \$100,000 within the following two years. In addition, the Company acquired a 75% interest in five adjoining mineral claims by issuing 100,000 common shares valued at \$34,000 to a private party.

BITTERROOT RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
PAGE FOUR

3. Resource Properties *(Cont'd)*

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

During the period ended April 30, 2007, the Company incurred acquisition and exploration expenditures of \$170,710 relating to the Mineral Creek property.

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

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

During the period ended April 30, 2007, the Company incurred exploration expenditures of \$4,772 relating to the Spences Bridge property.

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

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

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

During the period ended April 30, 2007, the Company incurred acquisition and exploration expenditures of \$558,516 relating to the North Brenda property.

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

On January 27, 2007, the Company entered into an agreement to acquire a 100% interest in the SPN claims, which are located approximately 20 kilometers southeast of Barriere, B.C. In order to earn a 100% interest, the company paid \$10,000 and issued 50,000 common shares at a value of \$30,000. Prior to the first anniversary, the Company is required to complete \$50,000 of exploration expenditures and issue an additional 50,000 common shares. Prior to the second anniversary, the Company is required to issue an additional 50,000 common shares. Prior to the third anniversary, the Company is required to issue common shares with a value of \$50,000. The vendor will also retain 2% net smelter returns, of which the Company can purchase half by paying \$1,000,000.

During the period ended April 30, 2007, the Company incurred expenditures of \$88 relating to the SPN property, in addition to the above \$40,000 of acquisition costs.

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

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

BITTERROOT RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
PAGE FIVE

3. Resource Properties *(Cont'd)*

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

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

During the period ended April 30, 2007, the Company incurred exploration expenditures of \$333,405 relating to the Big Southeaster property.

4. Equipment

	April 30 2007		October 31 2006	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Computer hardware	9,396	7,280	2,116	1,048
Furniture and fixtures	6,665	667	5,998	756
Leasehold improvements	5,654	5,244	410	432
Field equipment	28,095	16,729	11,366	9,866
	49,810	29,920	19,890	12,102

5. Share Capital

(a) Authorized

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

(b) Common Shares Issued

	Number Of Shares	Value \$
Balance - October 31, 2006	42,071,343	11,824,852
Issued for cash		
Exercise of stock options	100,000	10,000
Pursuant to private placements	5,803,165	3,432,374
Exercise of warrants	-	-
Exercise of broker option	391,100	211,260
Resource property option payments	50,000	30,000
Finders' fees	-	(43,750)
Share issue costs	-	(42,023)
Future income taxes on expenditures renounced to shareholders	-	(702,221)
Balance - April 30, 2007	48,415,608	14,720,492

BITTERROOT RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
PAGE SIX

5. Share Capital *(Cont'd)*

(b) Common Shares Issued *(Cont'd)*

During the period ended April 30, 2007:

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

(c) Warrants

Warrant transactions are summarized as follows:

	Number Of Warrants
Balance - October 31, 2005	3,950,000
Issued on exercise of broker options	391,100
Issued on private placement	2,300,000
Exercised	-
Expired	-
Balance - April 30, 2007	6,641,100

The following share purchase warrants (convertible to an equivalent number of common shares) were outstanding at April 30, 2007:

Number Of Warrants	Exercise Price	Expiry Date
	\$	
4,341,100	0.55	September 30, 2007
2,300,000	0.80	November 17, 2008

BITTERROOT RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
PAGE SEVEN

6. Contributed Surplus

The Company's contributed surplus at April 30, 2007 is comprised of the following:

	\$
<hr/>	
Balance - October 31, 2006	1,579,357
Stock-based compensation (Note 7)	635,266
Exercise of broker options	<u>(54,820)</u>
Balance - April 30, 2007	<u>2,159,803</u>

7. Stock Option Plan And Stock-Based Compensation

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

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

	Number Of Options	Weighted Average Exercise Price
		\$
Balance - October 31, 2006	3,440,000	0.46
Options granted	1,050,000	0.73
Options exercised	<u>(100,000)</u>	0.10
Balance - April 30, 2007	<u>4,390,000</u>	0.54

The following stock options were outstanding and exercisable at April 30, 2007:

Number Of Options	Exercise Price	Expiry Date
	\$	
115,000	0.10	September 9, 2007
270,000	0.15	September 20, 2008
480,000	0.61	January 29, 2009
670,000	0.53	May 24, 2009
180,000	0.53	July 5, 2009
500,000	0.39	March 17, 2010
1,125,000	0.53	April 4, 2011
950,000	0.70	January 11, 2012
100,000	0.99	April 4, 2012

BITTERROOT RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
PAGE EIGHT

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

The weighted average contract life remaining on the above stock options is 3.16 years. The weighted average grant-date fair value of options granted during the six month period ended April 30, 2007, was \$0.73 per option.

Total compensation expense recognized for stock options granted during the six month period ended April 30, 2007 was \$635,276 (2006 - \$305,300). Stock-based compensation of \$157,153 (2006 - \$Nil) was capitalized to resource properties for options granted to consultants and \$478,114 (2006 - \$305,300) was expensed to operations for options granted to directors and employees of the Company.

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

	April 30 2007	October 31 2006
Volatility percentage	118%	127%
Risk-free interest rate	4.05%	4.22%
Dividend yield	-	-
Expected life of options	5 years	5 years

8. Supplemental Disclosures With Respect To Cash Flows

	April 30 2007	October 31 2006
	\$	\$
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, 2007, were as follows:

- (a) The Company issued 50,000 shares in respect of option payments for resource properties, with a fair value of \$30,000.

9. Related Party Transactions

The following is a summary of related party transactions and balances for the three month period ended April 30, 2007 not disclosed elsewhere in the financial statements:

- (a) Management fees of \$24,000 (2006 - \$18,000) were incurred with a company controlled by a director in common with the Company. These fees were recorded at their exchange amount, which is the amount agreed upon by the transacting parties on terms and conditions similar to non-related entities.
- (b) Accounts payable at April 30, 2007 includes \$Nil (2006 - \$19,260) due to a company controlled by a director in common with the Company.
- (c) Stock-based compensation includes stock options granted to directors recorded at a fair value of \$395,792 (2006 - \$305,300).

BITTERROOT RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
PAGE NINE

10. Income Taxes

The tax effects of temporary differences that give rise to significant portions of the future tax assets and liabilities at April 30, 2007 are presented below:

	April 30 2007
	\$
Net operating loss carry-forwards	394,963
Capital loss carry-forwards	83,737
Resource properties	(872,755)
Equipment	7,176
Share issuance costs	87,045
Valuation allowance	<u>299,834</u>
	<u>-</u>

Based upon the level of historical taxable income and projections for future taxable income over the years which the future tax assets are deductible, management has provided a full valuation allowance for the future tax assets.

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

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

The Company also has certain allowances in respect of resource development and exploration costs of \$2,860,070 which, subject to certain restrictions, are available to be offset against future taxable income.

11. Segmented Information

(a) Industry Information

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

BITTERROOT RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
PAGE TEN

11. Segmented Information (*Cont'd*)

(b) Geographic Information

The Company's property and equipment in geographic locations at April 30, 2007, are as follows:

	\$
Canada	5,427,270
U.S.A.	<u>2,727,643</u>
	<u>8,154,913</u>

12. Financial Instruments

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

13. Commitments

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

14. Subsequent Events

- (a) On June 7, 2007, the Company closed an non-brokered private placement of 2,106,633 flow-through common shares priced at \$0.75 per share. The securities will be subject to a hold period expiring October 7, 2007. Finders Fees of \$92,998 plus 123,998 non-transferable warrants to purchase one common share at \$0.75 for one year were paid in conjunction with the private placement.
- (b) The Company paid \$30,000 pursuant to the GK Property option agreement.
- (c) The Company issued the final 100,000 common shares pursuant to the Mineral Creek Property option agreement. In addition, 55% interest in Mineral Creek Property was transferred to the Company.
- (d) The Company issued 50,000 common shares pursuant to the North Brenda option agreement.

15. Comparative Figures

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

BITTERROOT RESOURCES LTD.

MANAGEMENT DISCUSSION & ANALYSIS

For the quarter ended April 30, 2007

As of June 29, 2007

SUMMARY OF ACTIVITIES

In the six months ended April 30, 2007, the majority of Bitterroot Resources Ltd.'s exploration expenditures were for drilling and associated costs on the Michigan Uranium Joint Venture, the Big Southeaster and GK gold properties and the North Brenda base metals property. Total exploration expenditures in the period, excluding stock-based compensation and recoveries were \$1,825,369. Share issuances contributed \$3,598,814 to Bitterroot's working capital during the period, while expenses (net of stock-based compensation) were \$198,363.

INTRODUCTION

Bitterroot Resources Ltd. is a mineral resource company engaged directly and indirectly through its wholly-owned subsidiaries, (collectively referred to herein as "the Company" or "Bitterroot"), in the acquisition and exploration of mineral properties. In central Vancouver Island, BC, the Company is earning up to a 75 percent interest in the Mineral Creek gold property near Port Alberni, BC and is earning a 100 percent interest in the adjoining Big Southeaster project. In southern BC, Bitterroot completed a seven-hole, 2,627-metre drilling program on the GK gold project and a ten-hole, 2,418-metre drilling program on the North Brenda molybdenum/copper 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 funding exploration on a portion of these lands in order to earn a 65% interest. The Company also leases over 8,000 acres of State-owned mineral rights, the majority of which are subject to the Cameco option. In Quebec, the Company owns a 100 percent interest in 52 mineral claims covering approximately 2,800 hectares in the Mistassini region.

During the six months ended April 30, 2007, firm commodity prices and strong demand for flow-through shares helped sustain the Company's access to capital for mineral exploration programs and working capital. The Company is exposed to commodity price risk due to the nature of the mineral exploration business. Management seeks to minimize political risk by operating in road-accessible locations in Canada and the United States of America.

The following Management Discussion and Analysis (MD&A) should be read in conjunction with Bitterroot Resources Ltd.'s unaudited consolidated financial statements for the six months ended April 30, 2007 and the audited annual consolidated financial statements and MD&A for the year ended October 31, 2006.

OVERALL PERFORMANCE

Results of Operations

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

Michigan Uranium Joint Venture

During the six months ended April 30, 2007, Bitterroot, on behalf of its partner Cameco Corporation, conducted a seven-hole, 1,322-metre drilling program which successfully tested five unconformity-hosted uranium targets in Michigan's Jacobsville Basin. The Proterozoic unconformity was intersected in all holes and graphitic basement conductors were intersected in four of the five target areas. The core samples have been logged and analytical results from 220 samples have been received. The highest grade mineralized zone returned a 0.6 metre interval in drill hole D906-01 which contains 75 ppm U, including two 0.12 metre intervals which contained over 100 ppm U. These intervals are considered to be significant as they confirm that uranium-bearing fluids have been active in the Jacobsville Basin. The uranium-bearing interval occurs in strongly altered (bleached) sandstone. The mineralized intersection occurs at a depth of approximately 162 metres down-hole in an area believed to be proximal to basin-margin faults interpreted from geophysical surveys and drilling. The Company has applied for permits to conduct a larger follow-up drilling program, which is planned to commence in late 2007.

In the six months ended April 30, 2007, Bitterroot spent \$336,293 on its Michigan projects, net of stock-based compensation, mainly on drilling, minerals leases and geological consulting. Mr. Jan Klein, P.Eng, P.Geo is the Qualified Person responsible for the design, execution and interpretation of the Company's geophysical surveys. Ms. Georgina Price, P.Geo is the Qualified Person responsible for overseeing the logging and sampling of core samples. Analyses were done at Saskatchewan Research Council in Saskatoon, Saskatchewan by ICP-MS (total digestion and partial digestion).

Mineral Creek Gold Project, British Columbia

In late 2006, the Company's joint venture partner Mineral Creek Ventures Inc. applied to the BC Ministry of Energy and Mines for a permit to extract up to a 5,000 tonne bulk sample from the high-grade Linda Zone. Receipt of this permit is expected in the third quarter. Preparation of the portal site is planned to begin shortly thereafter. Drilling of the Linda Zone and several other targets on the Mineral Creek property is expected to resume in the summer of 2007, following completion of drilling on the adjacent Big Southeaster property.

In the six months ended April 30, 2007, Bitterroot spent \$134,332 on the Mineral Creek project, net of stock-based compensation, 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.

Big Southeaster Gold Project, British Columbia

The Big Southeaster property is contiguous with the south side of the Mineral Creek property near Port Alberni, BC. The structural and stratigraphic setting is similar to the Mineral Creek property, where gold and base metals mineralization are hosted in Sicker Group volcanic and sedimentary rocks. A drill rig has been operating on the Big Southeaster property since early December 2006, utilizing newly constructed logging roads to access previously inaccessible areas. As of the date of this report, the Company's drilling contractor had completed 5,050 metres of core drilling in sixteen holes drilled from four sites. Six of these holes returned 366 samples containing highly anomalous gold analyses exceeding 0.2 grams gold/Tonne (or 200 ppb) over core intervals ranging from 0.1 to 1.5 metres. The best results received to date are from the 243-metre hole BTT-BS 9, which was drilled into the Mineral Creek fault zone. Eighty-two (82) intervals of highly anomalous gold values (+0.2 grams Au/Tonne) occur throughout most of its length. Based on these results, the area proximal to the Mineral Creek fault is viewed as an attractive gold target. Additional drilling is also planned in the vicinity of the historic Regina area adits and pits, which host polymetallic (copper, lead, zinc, gold and silver) mineralization. Results received to date from the Big Southeaster property indicate the presence of a large gold-bearing hydrothermal system possibly associated with the Mineral Creek fault, adjacent to the Regina polymetallic sulphide occurrences. Drilling is continuing.

In the six months ended April 30, 2007, Bitterroot spent \$297,027 on the Big Southeaster project, net of stock-based compensation, mainly on drilling and geological consulting. John Wilson, P.Geo is the Qualified Person responsible for the design and execution of exploration programs on the Big Southeaster project. Analyses were done at Acme Analytical Laboratories Ltd. in Vancouver, BC, by ICP-MS and fire assay/ICP-ES.

North Brenda Molybdenum/Copper Project, British Columbia

During the six months ended April 30, 2007, Bitterroot completed an eleven-hole, 2,478-metre drilling program on the North Brenda property, which tested zones of anomalous molybdenum, copper, lead, zinc, silver and arsenic soil geochemistry. Drill hole NB06-01 was drilled into a strong molybdenum/copper-in-soil anomaly located along the Brenda Mine mineralized trend, approximately 1,100 metres north of the Brenda open pit (177 million tonnes grading 0.043% Mo and 0.169% Cu). This hole, which was stopped prematurely at a depth of 60.3 metres due to logistical problems, returned a 28.8 metre interval grading 0.0095% molybdenum and 0.03% copper. Additional drilling is planned in this area in the second half of 2007, following improvements and additions to the existing road network.

The remaining drill targets were located on the west half of the 2006 exploration grid, targeting coincident multi-element soil geochemical and geophysical anomalies (gravity, magnetics and IP). Despite the presence of anomalous soil geochemistry, the drilling returned few significant mineralized intersections. Bitterroot is earning a 100 percent interest in the road-accessible North Brenda claims, which are contiguous with the past-producing Brenda molybdenum/copper mine, approximately 55 kilometres east of Kelowna, BC. The 2007 program will expand soil geochemical and geophysical surveys to the north of Highway 97C into an area which hosts several Mo occurrences and untested geophysical targets.

In the six months ended April 30, 2007, Bitterroot spent \$530,869 on the North Brenda project, net of stock-based compensation, mainly on drilling and geological consulting. Charles Greig, P.Geo is the Qualified Person responsible for the design and execution of exploration programs on the North Brenda project. Analyses were done at ALS Chemex in North Vancouver, BC, by ICP-AES and fire assay/AA.

GK Gold/Silver Project, British Columbia

In March and April 2007, a seven-hole, 2,627-metre drilling program further tested the Romo North gold-arsenic soil geochemical anomaly, where 2004 drill hole GK04-08 returned an intersection grading 0.31 grams Au/Tonne over a core length of 17.2 metres in sulphide-bearing brecciated tuff. Assays received to date from the 2007 drilling program have been encouraging (ie; 2.25 grams Au/Tonne over 4.1 metres in hole GK07-02), indicating the presence of a large hydrothermal system. Results are still pending from 566 samples taken from drill holes GK07-03, 05 and 06. Sampling of drill holes GK07-04 and 07 is currently underway.

In the first half of 2007, Geophysical surveys (IP and magnetics), geological mapping and further soil geochemical surveys were completed in the vicinity of the Hornet zone. The Hornet Zone hosts highly anomalous gold-in soil (50 to 5,800 ppb Au) in an area measuring approximately 500 metres x 175 metres. In the second half of 2007, access trail construction, backhoe trenching and drilling are planned on the Hornet, Bluejay and Northwest zones.

In the six months ended April 30, 2007, Bitterroot spent \$481,988 on the GK Project, net of stock-based compensation, mainly on drilling and geological consulting. Charles Greig, P.Geo is the Qualified Person responsible for the design and execution of exploration programs on the GK project. Analyses were done at ALS Chemex in North Vancouver, BC, by ICP-AES and fire assay/AA.

SPN Copper/Gold Project, British Columbia

In January 2007, Bitterroot entered into an agreement to acquire a 100 percent interest in the SPN Claims, which are located approximately 20 km southeast of Barriere, British Columbia. The 467-claim (9,490 hectares) SPN property was staked to cover a relatively unexplored, road-accessible area which is the source of multi-element (Au, Ag, Cu, Co, Pb, Zn and As) stream silt geochemical anomalies. Bitterroot's 2007 exploration program of prospecting, soil geochemical surveys, geophysical surveys and geological mapping is underway. Bitterroot recently signed a contract with Fugro Airborne Surveys Corp. to fly an 825 line-kilometre helicopter-borne aeromagnetic survey over the property in the late summer of 2007.

In the six months ended April 30, 2007, Bitterroot spent \$40,088 on the SPN project, mainly on acquisition costs. Charles Greig, P.Geo is the Qualified Person responsible for the design and execution of exploration programs on the SPN project.

Financial Condition

At April 30, 2007, Bitterroot had working capital of \$3,400,383. Resource properties had a book value of \$8,145,613, compared to \$6,556,517 at the beginning of the financial year. For the six months ended April 30, 2007, cash inflows exceeded cash outflows by \$1,584,195 which when combined with the \$1,403,712 cash balance at the beginning of the year, resulted in a quarter-end cash position of \$2,987,907. The cash inflows were mainly a result of share issuances for net proceeds of \$3,700,193. Cash outflows were comprised principally of resource property expenditures of \$1,590,374 and operating expenses of \$195,910 (net of stock-based compensation and amortization).

Summary of Financial Results

During the six months ended April 30, 2007, the Company had a net loss (net of stock-based compensation and future income tax recoveries) of \$129,991, compared to a net loss of \$158,466 in the first six months of 2006. The decreased loss was mainly attributable to higher interest income and reduced resource property write-offs, which were partially offset by increased office and travel costs plus higher audit and professional fees.

SUMMARY OF QUARTERLY RESULTS

The following tables set forth a comparison of revenues and expenses for the previous eight quarters ending with April 30, 2007. Financial information is prepared according to Canadian GAAP and is reported in Canadian dollars.

	Quarter Ended April 30 2007	Quarter Ended Jan 31 2007	Quarter Ended Oct 31 2006	Quarter Ended July 31 2006
Interest Income	35,567	26,510	15,850	19,929
Income (loss) for the period	(169,722)	263,838	(207,407)	(63,482)
General and administrative	(129,906)	(68,457)	(42,323)	(83,631)
Stock-based compensation	(82,322)	(395,792)	(179,656)	-
Write-off of resource property	(634)	(644)	(1,278)	(889)
Net Earnings (Loss) per share Basic and diluted	0.00	0.01	(\$0.01)	(\$0.00)

	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	119,514	(72,676)
General and administrative	(74,701)	(57,163)	(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)

LIQUIDITY

During the six months ended April 30, 2007, the Company received \$3,659,581 (before share issue costs) from the following:

- \$10,000 from the exercise of 100,000 stock options,
- \$902,373 from a private placement of 1,203,164 flow-through common shares priced at \$0.75 per share,
- \$2,530,001 from a private placement of 4,600,001 Units priced at \$0.55 per unit. Each Unit consists of one common share and one half of a common share purchase warrant. Each full warrant entitles the holder to acquire an additional common share of the Company at \$0.80, expiring November 17, 2008,
- \$156,440 from the exercise of a broker option, and
- \$60,767 from an option payment by Cameco Corporation.

The Company's working capital at April 30, 2007 was \$3,400,383, compared to working capital of \$1,426,118 at October 31, 2006. Accounts receivable at the end of the period included \$362,220 due from Cameco. Current liabilities were \$85,820 consisting of accounts payable incurred in the normal course of the mineral exploration business.

At April 30, 2007, there were 4,341,100 share purchase warrants exercisable at \$0.55, plus 2,300,000 warrants exercisable at \$0.80 outstanding. As of the date of this report, there are 6,641,100 common share purchase warrants outstanding, which if exercised, would generate proceeds to the Company of \$4,227,605. There are also currently 4,390,000 incentive stock options outstanding, which if exercised would provide proceeds to the Company of \$2,350,550.

Bitterroot has sufficient cash reserves to fund its operating expenses in 2007, plus this year's exploration programs on the Mineral Creek, GK, North Brenda, Big Southeaster, and SPN projects in British Columbia, as required under the terms of their respective option agreements. In Michigan, Cameco Corporation has incurred exploration expenditures in excess of the

\$500,000 required to be spent prior to August 31, 2007. In order to maintain the option beyond the year ended August 31, 2008, Cameco will be required to fund an additional \$500,000 of exploration expenditures. Bitterroot's current cash balance is sufficient to fund this project if Cameco declines to continue to participate in exploration programs on Bitterroot's Michigan uranium targets. In the longer term, Bitterroot's ability to meet its ongoing obligations will be determined by management's success in acquiring mineral properties, obtaining equity financing, negotiating joint venture arrangements and facilitating the exercise of outstanding share purchase warrants and options. Despite current favourable markets for junior resource issuers due to strong commodity prices, there can be no assurance that the Company will be able to continue to raise funds, in which case it may be unable to meet its obligations. Should Bitterroot be unable to realize its assets and discharge its liabilities in the normal course of business, the realizable value of its assets may be materially less than the amounts recorded on the balance sheets.

RELATED PARTY TRANSACTIONS

The following is a summary of related party transactions and balances for the quarter ended April 30, 2007:

- 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 April 30, 2007,
48,415,608 common shares, with a recorded value of \$14,720,492.
- c) Options outstanding at April 30, 2007

Number of Shares	Exercise Price	Expiry Date
115,000	0.10	September 9, 2007
270,000	0.15	September 20, 2008
480,000	0.61	January 29, 2009
670,000	0.53	May 24, 2009
180,000	0.53	July 5, 2009
500,000	0.39	March 17, 2010
1,125,000	0.53	April 4, 2011
950,000	0.70	January 11, 2012
100,000	0.99	April 4, 2012

d) Warrants outstanding at October 31, 2006

Number of Shares	Exercise Price	Expiry Date
4,341,100	0.55	September 30, 2007
2,300,000	0.80	November 17, 2008

Stock-based Compensation

The weighted average grant-date value of options granted during the period ended April 30, 2007 was \$0.73 per option (2006-\$0.27). Total compensation expense recognised for stock options granted during the six month period was \$635,276 (2006-\$305,300). Stock-based compensation of \$478,114 (2006-\$305,300) was expensed to operations for options granted to the Company's Directors and employees and \$157,153 (2006-\$nil) was capitalized to resource properties for options granted to consultants. These amounts represent the value of options granted using the Black-Scholes option-pricing model, which includes management's estimates of volatility and expected life.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

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

FORWARD LOOKING STATEMENTS

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