

**Form 51-901F  
Quarterly Report**

**Incorporated as part of:**  X  Schedule A      Schedules B & C

**ISSUER DETAILS:**

NAME OF ISSUER: Bitterroot Resources Ltd.

ISSUER ADDRESS: 218-470 Granville Street, Vancouver, BC, V6C 1V5

CONTACT NAME: Michael S. Carr

CONTACT POSITION: President and Director

CONTACT TELEPHONE NUMBER: 604 922 1351

CONTACT EMAIL ADDRESS: info@bitterrootresources.com

WEB SITE ADDRESS: www.bitterrootresources.com

FOR THE QUARTER ENDED: July 31, 2003

DATE OF REPORT: September 25, 2003

**CERTIFICATE**

**THE SCHEDULES REQUIRED TO COMPLETE THIS REPORT ARE ATTACHED AND THE DISCLOSURE CONTAINED THEREIN HAS BEEN APPROVED BY THE BOARD OF DIRECTORS. A COPY OF THIS REPORT WILL BE PROVIDED TO ANY SHAREHOLDER WHO REQUESTS IT.**

<b>NAME OF DIRECTOR</b>	<b>SIGN (TYPED)</b>	<b>DATE SIGNED (YY/MM/DD)</b>
Michael S. Carr	<i>AMichael S. Carr</i>	2003/09/25

George W. Sanders	<i>"George W. Sanders"</i>	2003/09/25
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**BITTERROOT RESOURCES LTD.**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**JULY 31, 2003**  
*(Unaudited - Prepared By Management)*

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**BITTERROOT RESOURCES LTD.**  
**CONSOLIDATED BALANCE SHEET**  
(UNAUDITED – PREPARED BY MANAGEMENT)

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	July 31 2003	October 31 2002
	\$	\$
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	13,805	1,196
Accounts receivable	3,241	5,002
	<hr/>	<hr/>
	17,046	6,198
<b>Reclamation Deposit</b>	5,804	5,804
<b>Resource Properties</b> (Note 2)	2,728,247	2,917,184
<b>Property, Plant And Equipment</b>	2,047	2,140
	<hr/>	<hr/>
	2,753,144	2,931,326

**LIABILITIES**

<b>Current Liability</b>		
Accounts payable and accrued liabilities	132,033	107,578

**SHAREHOLDERS' EQUITY**

Share Capital (Note 3)	5,878,422	5,812,122
Deficit	(3,257,311)	(2,988,374)
	<hr/>	<hr/>
	2,621,111	2,823,748
	<hr/>	<hr/>
	2,753,144	2,931,326

**APPROVED BY THE DIRECTORS**

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

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

Refer to accompanying notes.

**BITTERROOT RESOURCES LTD.**  
**CONSOLIDATED STATEMENT OF OPERATIONS AND DEFICIT**  
(UNAUDITED – PREPARED BY MANAGEMENT)

	Three Month Period Ended July 31 2003 \$	Three Month Period Ended July 31 2002 \$	Nine Month Period Ended July 31 2003 \$	Nine Month Period Ended July 31 2002 \$
<b>Expenses</b>				
Amortization	146	137	437	412
Foreign exchange (gain) loss	(160)	(1,030)	66	(307)
Interest and bank charges	224	384	754	766
Management fees	12,000	12,000	36,000	36,000
Office, printing and travel	3,080	4,276	18,166	21,663
Professional fees	2,706	3,074	19,574	13,679
Regulatory fees	600	500	6,391	6,923
Transfer agent fees	759	645	5,227	4,286
<b>Loss Before Undernoted Item</b>	(19,355)	(19,986)	(86,615)	(83,422)
Write-off of resource property	-	-	(182,322)	-
<b>Net Loss For The Period</b>	(19,355)	(19,986)	(268,937)	(83,422)
Deficit, beginning of period	(3,237,956)	(2,946,930)	(2,988,374)	(2,883,494)
<b>Deficit, End Of Period</b>	(3,257,311)	(2,966,916)	(3,257,311)	(2,966,916)
<b>Basic And Diluted Loss Per Share</b>	(0.001)	(0.001)	(0.013)	(0.004)
<b>Weighted-Average Number Of Shares Outstanding</b>	21,206,333	19,914,811	20,939,207	18,878,865

Refer to accompanying notes.

**BITTERROOT RESOURCES LTD.**  
**CONSOLIDATED STATEMENT OF CASH FLOW**  
(UNAUDITED – PREPARED BY MANAGEMENT)

	Three Month Period Ended July 31 2003 \$	Three Month Period Ended July 31 2002 \$	Nine Month Period Ended July 31 2003 \$	Nine Month Period Ended July 31 2002 \$
<b>Operating Activities</b>				
Net loss for the period	(19,355)	(19,986)	(268,937)	(83,422)
Items not involving cash				
Amortization	146	137	437	412
Write-off of resource properties	-	-	182,322	-
	<u>(19,209)</u>	<u>(19,849)</u>	<u>(86,178)</u>	<u>(83,010)</u>
Cash applied to changes in non-cash working capital items				
Accounts receivable	535	(832)	1,761	631
Accounts payable and accrued liabilities	<u>(3,873)</u>	<u>(6,573)</u>	<u>24,455</u>	<u>(26,906)</u>
	<u>(3,338)</u>	<u>(7,405)</u>	<u>26,216</u>	<u>(26,275)</u>
	<u>(22,547)</u>	<u>(27,254)</u>	<u>(59,962)</u>	<u>(109,285)</u>
<b>Financing Activities</b>				
Share issuance, net	-	-	58,300	182,000
Loan payable	<u>-</u>	<u>64,211</u>	<u>-</u>	<u>51,912</u>
	<u>-</u>	<u>64,211</u>	<u>58,300</u>	<u>233,912</u>
<b>Investing Activities</b>				
Purchase of property, plant and equipment	-	-	(344)	-
Resource properties, net	<u>23,805</u>	<u>(33,690)</u>	<u>14,615</u>	<u>(80,068)</u>
	<u>23,805</u>	<u>(33,690)</u>	<u>14,271</u>	<u>(80,068)</u>
<b>Increase In Cash During The Period</b>	1,258	3,267	12,609	44,559
Cash, beginning of period	<u>12,547</u>	<u>41,291</u>	<u>1,196</u>	<u>(1)</u>
<b>Cash, End Of Period</b>	<u>13,805</u>	<u>44,558</u>	<u>13,805</u>	<u>44,558</u>

Supplemental disclosure with respect to cash flows (Note 4)

Refer to accompanying notes.

**BITTERROOT RESOURCES LTD.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE MONTH PERIOD ENDED JULY 31, 2003**  
**(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, 2002 and should be read in conjunction with the audited annual financial statements.

**2. Resource Properties**

The current period's expenditures consist of:

	Mistassini Quebec, Canada	Nipigon Project Ontario, Canada	GK Project B.C., Canada	Michigan Lands Michigan, USA	Total
	\$	\$	\$	\$	\$
<b>Balance – October 31, 2002</b>	131,222	181,619	-	2,604,343	2,917,184
Deferred costs during the period					
Acquisition costs	250	-	8,000	-	8,250
Consulting and professional	10,009	-	400	22,869	33,278
Field supplies	-	-	-	3,327	3,327
Leases and permits	-	-	-	9,390	9,390
Other	73	17	-	319	409
Recovery of costs	-	-	-	(69,242)	(69,242)
Travel and accommodation	-	686	859	6,428	7,973
	10,332	703	9,259	(26,909)	(6,615)
	141,554	182,322	9,259	2,577,434	2,910,569
Write-off of resource properties	-	(182,322)	-	-	(182,322)
<b>Balance – July 31, 2003</b>	141,554	-	9,259	2,577,434	2,728,247

During the current period, 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 100,000 common shares at a value of \$8,000, and is required to issue an additional 200,000 shares and pay \$84,000 over a four year period.

**BITTERROOT RESOURCES LTD.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**3. Share Capital**

(a) Authorized

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

(b) Issued

	Number Of Shares	Value \$
<b>Balance - October 31, 2002</b>	20,554,811	5,812,122
Exercise of warrants	620,000	62,000
Acquisition of resource property	100,000	8,000
Financing costs	-	(3,700)
<b>Balance – July 31, 2003</b>	<b>21,274,811</b>	<b>5,878,422</b>

(c) Common Shares Reserved

At July 31, 2003, the Company had reserved a total of 1,670,032 common shares related to director and employee stock options:

Number Of Options	Exercise Price \$	Expiry Date
511,032	0.10	January 10, 2005
710,000	0.10	July 8, 2006
150,000	0.10	February 5, 2007
299,000	0.10	September 9, 2007

(d) Warrants

The following share purchase warrants were outstanding at July 31, 2003:

Number Of Warrants	Exercise Price \$	Expiry Date
200,000	0.10	September 9, 2004

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**BITTERROOT RESOURCES LTD.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**4. Supplemental Disclosure With Respect To Cash Flows**

The significant non-cash transaction during the period ended July 31, 2003 was the Company issuing 100,000 common shares at a value of \$8,000 for the acquisition of a resource property (Note 2).

**5. Related Party Transactions**

The following is a summary of related party transactions and balances for the nine month period ended July 31, 2003:

- (a) Management fees of \$36,000 (2002 - \$36,000) were incurred with a company controlled by a director in common with the Company.
- (b) Accounts payable at July 31, 2003 includes \$68,886 (2002 - \$29,960) due to a company controlled by a director in common with the Company.
- (c) The 620,000 common shares were issued to a director of the Company on the exercise of share purchase warrants.

**Form 51-901F  
Quarterly Report**

**Incorporated as part of: \_\_\_ Schedule A X Schedules B & C**

**ISSUER DETAILS:**

NAME OF ISSUER: Bitterroot Resources Ltd.

ISSUER ADDRESS: 218-470 Granville Street, Vancouver, BC, V6C 1V5

CONTACT NAME: Michael S. Carr

CONTACT POSITION: President and Director

CONTACT TELEPHONE NUMBER: 604 922 1351

CONTACT EMAIL ADDRESS: info@bitterrootresources.com

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**NAME OF DIRECTOR**

Michael S. Carr

***SIGN (TYPED)***

*“Michael S. Carr”*

**DATE SIGNED(YY/MM/DD)**

2003/09/25

**NAME OF DIRECTOR**

George W. Sanders

***SIGN (TYPED)***

*“George W. Sanders”*

**DATE SIGNED(YY/MM/DD)**

2003/09/25

**BITTERROOT RESOURCES LTD.  
QUARTERLY REPORT**

**For the nine months ending July 31, 2003**

**Schedule B: Supplementary Information**

**Securities issued during the period:**

<b>Date</b>	<b>Security</b>	<b>Issue</b>	<b>Number</b>	<b>Price</b>	<b>Proceeds</b>	<b>For</b>	<b>Commission</b>
Jan 7/03	Common shares	Warrant exercise	180,000	\$0.10	\$18,000	cash	Nil
Feb 17/03	Common shares	Warrant exercise	240,000	\$0.10	\$24,000	cash	Nil
Mar 19/03	Common shares	Warrant exercise	200,000	\$0.10	\$20,000	cash	Nil
June 19/03	Common shares	Property Payment	100,000	\$0.08	n/a	Property option	Nil

**Options granted during the period: nil**

There are no shares in escrow or subject to pooling agreements.

The Company's directors are Michael S. Carr, George W. Sanders and Terence S. Ortslan. The Company's officers are Michael S. Carr (President) and Terence S. Ortslan (Secretary).

**Schedule C: Management Discussion**

**Upper Peninsula, Michigan**

In July, Bitterroot conducted an 850-metre drilling program which tested three targets. Detailed sampling and analysis of the core has been done by Bitterroot's geological consultant and Cameco's geologists. Results will be reported in the fourth quarter, after all data has been received and interpreted.

Bitterroot and Cameco Corporation are exploring targets within a 600 square mile (1,500 square km) area of interest in the Upper Peninsula of Michigan. Cameco has the option to acquire a 65% interest in all targets within the area of interest by incurring total expenditures of \$23,600,000 over a period of 18 years. Portions of the area of interest are subject to earn-in levels ranging from \$1,000,000 to \$10,000,000. Cameco must incur initial expenditures of \$250,000 prior to December 31, 2003 and will be required to spend a total of \$600,000 prior to December 31, 2004 to maintain the right to exercise the option. Minimum annual expenditures by Cameco of \$500,000 will be required during the third and fourth years, increasing to \$1,000,000 per year for subsequent years. During the first two years of the agreement, Bitterroot will be the project operator and receive

total cash payments of \$45,000, plus management fees. In year 3, Cameco will be required to make a payment of \$45,000 to Bitterroot and inflation-adjusted payments of \$60,000 per year thereafter.

Bitterroot is continuing to lease prospective land in other areas of the Upper Peninsula and is seeking base and precious metals acquisitions in Michigan.

## **GK Project, British Columbia**

On June 19, 2003 Bitterroot received TSX Venture exchange approval of an option agreement covering the GK property near Beaverdell, BC. The Company has been granted an option to acquire a 100% interest in the “GK” property, comprising 20 claim units located approximately 10 kilometres east of the town of Beaverdell, BC. The claims cover multi-element (Au, Ag, Cu, Zn and As) regional stream silt geochemical anomalies. According to assessment work filed by Teck Corporation in 1975, limited hand trenching identified four zones of anomalous gold, including a 13 metre-wide zone of pyritic, fractured felsic intrusive rock grading 1.5 g/tonne Au. This mineralized interval is approximately 50 metres west of an open-ended, east-west trending soil anomaly with gold values ranging from 150 to 1000 ppb. Several other zones of anomalous gold and silver in soil have also been identified, but no significant work has been done on the property since the 1970’s. Management believes the road-accessible property has the potential to host large-tonnage, intrusion-related Au deposits as well as possible high-grade Ag/Au/base metals-bearing veins similar to those mined for over 90 years by Teck Corporation and its predecessors at the Highland Bell mine in Beaverdell.

Bitterroot has issued 100,000 of its common shares to the vendors, who have agreed to defer the initial C\$4,000 payment until October 19, 2003. By making subsequent annual payments of 100,000 shares in years two and three plus a final cash payment of C\$80,000 in year four, Bitterroot will own a 100% interest in the GK property, subject to a 2% net smelter returns royalty. Bitterroot may acquire half (1%) of the royalty for C\$1,000,000.

A program of geological mapping, prospecting and silt and soil geochemical surveys was delayed due to extreme forest fire hazard, which existed until mid-September in the region. Management plans to initiate fieldwork in the 4<sup>th</sup> quarter.

## **Mistassini Region, Quebec**

In the summer of 2002, a program of regional heavy mineral sampling and prospecting was carried out in a 20,000 square-kilometre area within the Mistassini radiating dike swarm, southwest and southeast of the Otish Mountains. The program located six layered mafic intrusive bodies, which are believed to be coeval with the 2.47 billion-year-old Mistassini radiating dike swarm. Bitterroot is seeking a partner to fund a program to determine whether these intrusive bodies have potential to host significant Ni/Cu/PGE deposits. No field work was done during the summer of 2003 due to funding constraints.

## **Nipigon, Ontario**

During the second quarter, Bitterroot wrote off its \$182,322 investment in the Nipigon Project. The Company has reduced its land holdings and does not plan to conduct further work in the region. Bitterroot has donated all of its gravity data, drill core and geochemical analyses from the region to the Government of Ontario's Nipigon Geoscience Initiative.

## **Description of Business**

Bitterroot Resources Ltd. is a mineral resource company engaged directly and indirectly through its subsidiaries, in the acquisition and exploration of mineral properties. The assets of Bitterroot include recorded mineral title interests covering approximately 460 square miles in the Upper Peninsula of the State of Michigan, U.S.A. The Company currently leases 1,000 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 Michigan. In Quebec, the Company has staked 463 claims covering approximately 25,000 hectares in the Otish/Mistassini region. In British Columbia, the Company has optioned 20 claim units in the Beaverdell area of south-central BC.

## **Discussion of Operations and Financial Condition**

### **Michigan Properties**

On February 18, 2003, an option/joint venture agreement was completed with Cameco Corporation. The agreement resulted in the drilling of several targets in July 2003, with Cameco funding the first year's budget of C\$250,000. Bitterroot received a \$20,000 payment on signing and is receiving a 10% management fee on the balance of the 2003 budget, as it is spent. During the nine months ended July 31, 2003, the Company spent \$42,333 on its projects in Michigan and received payments, refunds and reimbursements totalling \$69,242. The majority of the expenditures were on geophysical contractors, legal costs and leases and permits.

### **Mistassini Project, Quebec**

In 2002, Bitterroot staked 463 claims covering approximately 25,000 hectares (62,000 acres) in the Otish/Mistassini region of northern Quebec and conducted reconnaissance and target-specific kimberlite indicator mineral sampling and prospecting on and around the Company's claims. The Company was not able to finance a follow-up summer field program in 2003. During the first nine months of 2003, \$10,332 was spent on the Mistassini Project, mainly on data compilation and geological report preparation. Also included in this total are accounting costs of \$1,299, which were incurred for preparation

of a Quebec tax return and applications for refundable tax credits and mining duties. Subsequent to the end of the quarter, the Company received a refundable tax credit of \$43,597 from Revenue Quebec.

### **Nipigon Project, Ontario**

Bitterroot currently owns 73 mining claims located in the Nipigon/Sibley basin, approximately 30 km. south of Lake Nipigon in the Thunder Bay mining district of Ontario. No further work is planned. At the end of the first half, the Company wrote off its entire investment (\$182,322) in the project.

### **GK Project, British Columbia**

Expenditures of \$1,259 were recorded on this project during the third quarter, mainly for consulting and travel costs.

## **Expenses**

Bitterroot's expenses during the quarter ended July 31, 2003 were \$19,355, which was almost equivalent to expenses of \$19,986 in the previous year. Lower office, printing and travel costs contributed most of the decline in third quarter expenses.

## **Financing, Principal Purposes and Milestones**

During the nine months ended April 30, 2003, \$62,000 was received from the exercise of 620,000 warrants at \$0.10. The proceeds were used for working capital. Subsequent to the end of the quarter, a refundable tax credit of \$43,597 was received from Revenue Quebec for 2002 exploration expenditures on the Mistassini Project.

## **Liquidity and Solvency**

The Company's working capital deficiency at July 31, 2003 was (\$114,987). Current liabilities totalled \$132,033, of which \$68,886 was owed for management fees to a company controlled by a director in common with the Company. Excluding this amount, Bitterroot had a working capital deficiency of (\$63,147) at the end of the third quarter.

There are currently 200,000 common share purchase warrants outstanding, which if exercised would generate proceeds to the Company of \$20,000. There are also 1,670,032 incentive stock options outstanding, which if exercised would provide proceeds to the Company of \$167,003. Subsequent to the end of the quarter, the Company granted 350,000 incentive stock options which can be exercised at \$0.15. If exercised, these options would generate proceeds of \$52,500. The Company'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 settling outstanding debts.

## **Risk Factors**

The forward-looking information in this document is based on the conclusions of management. The Company cautions investors that due to risks and uncertainties, actual events may differ materially from current expectations.

September 25, 2003