BITTERROOT RESOURCES LTD.
MANAGEMENT DISCUSSION & ANALYSIS
For the period ended July 31, 2011
As of September 28, 2011

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SUMMARY OF ACTIVITIES

In the nine months ended July 31, 2011, the majority of Bitterroot Resources Ltd.'s exploration expenditures were on geological consulting and airborne geophysical surveys in Michigan and British Columbia (BC), plus drilling and geological consulting at the GK gold project in BC. Exploration expenditures in the nine month period, excluding recoveries, were $934,764. Expenses (net of stock-based compensation) were $342,922.

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 Michigan, Bitterroot's wholly-owned subsidiary Trans Superior Resources, Inc. owns recorded mineral title interests covering approximately 363 square miles in the Upper Peninsula. The Company also currently holds leases or prospecting permits covering 4,179 acres of State, Federal and privately-owned mineral rights. In BC, the Company owns 100 percent interests in the Mineral Creek (Au), GK (Au), North Brenda (Au/Cu/Mo) and SPN (base metals) properties.

During the nine months ended July 31, 2011, gold and base metals prices remained relatively strong. The Company is exposed to commodity price and equity market risk due to the cyclical nature of these markets. Management seeks to minimize commodity risk by exploring for a number of mineral commodities (primarily gold, copper, nickel) and seeks to minimize exploration costs and political risk by operating in mining-friendly locations in North America.

The following Management Discussion and Analysis (MD&A) should be read in conjunction with Bitterroot Resources Ltd.'s consolidated unaudited financial statements for the nine months ended July 31, 2011 and the audited annual consolidated financial statements and MD&A for the year ended October 31, 2010. This information and exploration results are presented in news releases available on www.sedar.com or on the Company's website (www.bitterrootresources.com).

OVERALL PERFORMANCE

Results of Operations

Michigan

Ground-based and airborne geophysical surveys (AeroTEM) and geological mapping have defined several drill targets on lands comprising Bitterroot's copper and nickel projects. The Company has recently acquired leases and prospecting permits covering 2,300 acres of mineral rights and is in discussions with potential joint venture partners, with the objective of drill-testing these targets in 2011.

In the nine months ended July 31, 2011, Bitterroot spent $245,172 on its Michigan exploration projects, net of stock-based compensation and recoveries, mainly on geophysics and geological consulting costs. Mr. Andy Bite, P.Geo is the Qualified Person responsible for the Company's exploration programs in Michigan.

GK Gold Project, British Columbia

Exploration conducted over the past several years on the Hornet and HTB zones has indicated the potential for discovery of bulk-tonnage, intrusion-related gold-copper mineralization. In May, both zones were evaluated by a 2,051-metre, eight hole drilling program. The drilling intersected wide intervals of brecciated and variably silicified volcanic rocks cut by diorite dykes. Pyrite and pyrrhotite are abundant within fine veinlets and breccia matrices. In addition, several narrow quartz veins containing pyrite and arsenopyrite with lesser chalcopyrite were intersected. Assay results from the drilling program showed some enrichment of gold, silver and copper but were generally disappointing and no further work is planned at this time.

In the nine months ended July 31, 2011, Bitterroot spent $342,437 on the GK Project, mainly on drilling and geological consulting. Mr. Charles Greig, P.Geo is the Qualified Person responsible for the design and implementation of exploration programs on the GK project.

Mineral Creek Project, British Columbia

An airborne geophysical (VTEM) survey was completed at Mineral Creek in late 2010 to test an area of potential volcanogenic mineralization. The survey failed to define any strongly conductive zones associated with copper and zinc soil anomalies. In early 2011, a 21 square kilometre area to the north of the original property was staked to cover known mineral showings within a favourable geological environment. Subsequent prospecting and sampling downgraded many of the target areas on the new claims. Recent reconnaissance, however, in areas of anomalous gold-in-soil on the original property, has revealed narrow quartz veins and alteration, exposed in new road cuts. These showings are located near the previously explored, high-grade, gold-bearing 1050 and 900 Zones. The veins have been sampled and assay results are pending.

In the nine months ended July 31, 2011, Bitterroot spent $225,509 on the Mineral Creek project, net of stock-based compensation and recoveries, mainly on the airborne geophysical survey and geological consulting. The Company received $45,563 from its 50% share of proceeds of gold and silver recovered from the Linda veins. Mr. Charles Greig, P.Geo is the Qualified Person responsible for the design and implementation of exploration programs on the Mineral Creek project.

North Brenda Project, British Columbia

In October 2010, a 4,000 line-kilometre, high resolution aeromagnetic survey was flown over the recently-expanded, 19,750-hectare North Brenda property. The survey identified several prominent linear features, interpreted as major geologic structures with associated alteration zones. Limited historical exploration data collected by previous explorers revealed anomalous levels of gold-in-soil, some of which coincide with the interpreted linear alteration zones. These features support the potential for the discovery of gold-bearing systems on Bitterroot's property which may be comparable to those on the nearby Elk Property, located in a similar geological setting, just 5 kilometres to the south. Partial soil sample coverage of the new claims has shown clusters of gold and copper anomalies, however, reconnaissance of many of these anomalies has shown limited bedrock exposure so more advanced exploration techniques may be required.

In the nine months ended July 31, 2011, Bitterroot spent $102,468 on the North Brenda project, net of stock-based compensation, mainly on geological consulting and geochemical analyses. Mr. Charles Greig, P.Geo is the Qualified Person responsible for the design and implementation of exploration programs on the North Brenda project.

Windy Project, Nunavut

Subsequent to the end of the quarter, Bitterroot’s field crews staked the 40-claim Windy Property, covering approximately 154 square miles (398 square kilometres) adjoining Prosperity Goldfields Corp.’s Kiyuk gold project in southern Nunavut. The claims are located near Nueltin Lake, approximately 60 kilometres north of the Manitoba border. Bitterroot’s Windy Property covers parts of the under-explored early Proterozoic Kiyuk sedimentary sub-basin, which hosts several significant new gold discoveries.

Based on mapping by the Geological Survey of Canada, structural trends and stratigraphic units associated with recently discovered gold mineralization on the Kiyuk property continue onto Bitterroot’s Windy property. Gold mineralization at Kiyuk is associated with strong magnetite-albite or albite-actinolite-quartz-carbonate alteration and steeply dipping thrust faults. This sediment-hosted gold mineralization may have an Iron Oxide Copper-Gold (IOCG) affinity, although this is still a preliminary view. The recent exploration success of Prosperity Goldfields indicates that the Kiyuk sub-basin has the potential to host large gold-bearing systems.

Mr. Charles Greig, P.Geo is the Qualified Person responsible for the technical content of this disclosure.

Financial Condition

At July 31, 2011, Bitterroot had working capital of $230,449, which included accounts receivable of $96,561 due from HST refunds, $67,237 due from 2009 British Columbia Mineral Exploration Tax Credits (BCMETC) and accrued interest of $1,080. Resource properties had a book value of $14,392,081 compared to $13,503,868 at the beginning of the year. For the nine months ended July 31, 2011, cash outflows exceeded cash inflows by $469,194, reflecting $980,200 raised through equity financings, offset by resource property expenditures of $928,361 and operating expenses of $289,133 (net of property investigation, stock-based compensation, accretion and amortization costs).

Summary of Financial Results

During the nine months ended July 31, 2011, the Company had a loss before income tax adjustments of $431,099, compared to a loss of $352,717 in the first nine months of the prior year. The increased loss during the period was mainly attributable to higher resource property investigation costs ($49,804 vs $15,650 in 2010) and stock-based compensation charges (89,611 vs $66,513 in 2010). Excluding stock-based compensation, property investigation expenses, amortization and accretion charges, the Company's operating expenses for the nine month period were approximately six (6) percent higher than operating expenses incurred during the same period of the previous year.

Changes in Accounting Policies

Business Combinations

In January 2009, the CICA issued Section 1582 – "Business Combinations" which replaces the existing standard. The section establishes the standards for the accounting of business combinations, and states that all assets and liabilities of an acquired business will be recorded at fair value. This standard is equivalent to the International Financial Reporting Standards ("IFRS") on business combinations. This standard is applied prospectively to business combinations with acquisition dates on or after January 1, 2011. Earlier adoption is permitted. Management does not believe the adoption of this standard will have an impact on the Company's consolidated financial statements.

Consolidated Financial Statements and Non-Controlling Interest

In January 2009, the CICA issued Section 1601 – "Consolidated Financial Statements" and Section 1602 – "Non-Controlling Interests" effective for fiscal years beginning on or after January 1, 2011. Earlier adoption of these recommendations is permitted. These standards further align Canadian GAAP with US GAAP and IFRS. Sections 1601 and 1602 change the accounting and reporting for ownership interests in subsidiaries held by parties other than the parent. The Company is currently considering the impact of adopting these pronouncements on its consolidated financial statements in fiscal 2012 in connection with the conversion to IFRS.

International Financial Reporting Standards ("IFRS")

In 2006, the AcSB published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the nine months ended July 31, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time. The Company expects its first consolidated financial statements presented in accordance with IFRS to be for the three month period ended January 31, 2012, which includes presentation of its comparative results for fiscal 2011 under IFRS. In order to prepare for the changeover to IFRS, the Company has developed an IFRS conversion plan comprise of three phases:

Phase description and status

1. Preliminary planning and scoping

This phase involves development of the IFRS conversion plan. The IFRS conversion plan includes consideration of the impacts of IFRS on the Company's consolidated financial statements, internal control over financial reporting, information systems and business activities such as foreign operations, compensation metrics, personnel and training requirements. Based on Management's review of IFRS and current Company processes, minimal impact is expected on information systems, operations of foreign subsidiaries and compensation metrics. An initial assessment identified standards of high or medium priority to the Company, based on a number of factors. The International Accounting Standards Board has activities currently underway which may, or will, change the standards effective upon the Company's adoption of IFRS, and therefore may impact this initial high level assessment. The Company will assess any such change as a component of its Detailed Impact Assessment phase and update its IFRS conversion plan as appropriate.

2. Detailed impact assessment

This phase involves detailed review of IFRS relevant to the Company and identification of all differences between existing Canadian GAAP and IFRS that may or will result in accounting and/or disclosure differences in the Company's consolidated financial statements, along with quantification of impact on key line items and disclosures. The assessment to date is that the Company has not identified any differences between its existing accounting policies under Canadian GAAP to those it expects to apply in its first IFRS financial statements. The International Accounting Standards Board ("IASB") continues to amend and add to current IFRS standards with several projects underway. The Company's transition plan includes monitoring actual and anticipated changes to IFRS and related rules and regulations and assessing the impacts of these changes on the Company and its financial statements, including expected dates of when such impacts are effective.

3. Implementation

This phase will embed the required changes for conversion to IFRS into the underlying financial disclosure and reporting process and business processes. This will include finalization and approval of accounting policy changes, collection of financial information necessary to prepare IFRS compliant consolidated financial statements, implementation of additional internal controls, and preparation and approval of completed IFRS consolidated financial statements.

SUMMARY OF QUARTERLY RESULTS

The following tables set forth a comparison of revenues and expenses for the previous eight quarters ending with July 31, 2011. Financial information is prepared according to Canadian GAAP and is reported in Canadian dollars.

	Quarter Ended July 31, 2011	**Quarter Ended April 30, 2011**	**Quarter Ended Jan 31, 2011**	**Quarter Ended Oct 31, 2010**
Interest Income	338	509	589	1,069
Income (loss) for the period	(79,183)	(188,217)	28,801	(2,932,292)
General and administrative	(79,521)	(188,726)	(164,288)	(123,827)
Stock-based compensation	-	(61,148)	(28,462)	(20,547)
Write-off of resource property	-	-	-	(2,541,697)
Net Earnings (Loss) per share Basic and diluted	(0.00)	(0.00)	0.00	(0.04)

	Quarter Ended July 31, 2010	**Quarter Ended April 30, 2010**	**Quarter Ended Jan 31, 2010**	**Quarter Ended Oct 31, 2009**
Interest income	273	4,050	1,245	2,079
Income (loss) for the period	(80,595)	(139,045)	145,020	(112,266)
General and administrative	(80,868)	(143,095)	(134,322)	(114,345)
Stock-based compensation	(183)	(28,079)	(38,251)	(26,060)
Write-off of resource property	-	-	-	-
Net Earnings (Loss) per share Basic and diluted	(0.00)	(0.00)	0.00	(0.00)

LIQUIDITY

During the nine months ended July 31, 2011, the Company received;

- $770,000 (before share issue costs) from a private placement of 7,000,000 flow-through common shares priced at $0.11,
- $45,563 from bullion sales from the Mineral Creek property
- $1,200 from the exercise of 10,000 options at $0.12
- $209,000 (before share issue costs) from a private placement of 2,233,220 units priced at $0.09. Each unit consists of one common share and one half of a common share purchase warrant. Each full warrant is exerciseable at $0.15 for a period of 24 months

The Company's working capital at July 31, 2011 was $230,449, compared to working capital of $530,861 at October 31, 2010. Current liabilities were $53,847, which consisted of accounts payable incurred in the normal course of the mineral exploration business. As of the date of this report, there are 1,740,564 common share purchase warrants outstanding which if exercised, would generate proceeds to the Company of $240,407. As of the date of this report there are 6,824,500 incentive stock options outstanding, which if exercised would provide proceeds to the Company of $1,763,920.

Risk and Uncertainties

Natural resources exploration, development, production and processing involve a number of business risks, some of which are beyond the Company's control. These can be categorized as operational, financial and regulatory risks.

- Operation risks include finding and developing reserves economically, marketing production and services, product deliverability uncertainties, changing government law and regulation, hiring and retaining skilled employees and contractors and conducting operations in a cost effective and safe manner. The Company continuously monitors and responds to changes in these factors and adheres to all regulations governing its operations. Insurance may be maintained at levels consistent with prudent industry practices to minimize risks, but the Company is not fully insured against all risks, nor are all such risks insurable.
- Financial risks include commodity prices, interest rates and the Canadian dollar and the United States dollar, which are beyond the Company's control.
- Regulatory risks include the possible delay in getting regulatory approval to the transactions that the Board of Directors believe to be in the best interest of the Company, and include increased fees for filing, the introduction ever more complex reporting requirements the cost of which the Company must meet in order to maintain its exchange listing.

Bitterroot's ability to meet its ongoing financial obligations will be determined by management's success in acquiring mineral properties, obtaining equity financing, negotiating joint venture arrangements and facilitating the exercise of outstanding share purchase warrants and options. There can be no assurance that the Company will be able to continue to raise funds, in which case it may be unable to meet its obligations. Should Bitterroot be unable to realize its assets and discharge its liabilities in the normal course of business, the realizable value of its assets may be materially less than the amounts recorded on the balance sheets. Details of funding commitments on the Company's resource properties are disclosed in Note 3 of the Consolidated Financial Statements for the nine months ended July 31, 2011.

THIRD QUARTER

During the third quarter, the Company's financial condition was not materially affected by extraordinary items or adjustments. Major resource property expenditures during the quarter consisted of drilling (GK project), geological consulting (GK and North Brenda projects) and geochemical analyses (GK and North Brenda projects). Working capital declined by ($270,049) during the quarter, largely due to resource property expenditures of $391,373 and operating expenses of $79,521 (net of stock-based compensation), which were partially offset by share issue proceeds of $209,000. Operating expenses were at normal levels during the third quarter, due to the absence of expensed property investigation and stock-based compensation costs.

RELATED PARTY TRANSACTIONS

The following is a summary of related party transactions and balances for the years ended July 31, 2011 and 2010,

(a) Management fees of $72,000 (2010 - $72,000) were incurred from a company controlled by a director in common.

(b) Stock-based compensation includes stock options granted to directors recorded at a fair value of $56,095 (2010 - $36,237).

Proposed Transactions

The Company continues to explore and develop its mineral properties, evaluate new property acquisitions and actively target sources of additional financing through agreements or alliances with financial, exploration and mining companies. Should it enter into agreements over new properties, it may be required to make cash payments and complete work expenditure commitments.

Financial Instruments and Other Instruments

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of exposure. These risks include liquidity risk, credit risk, currency risk and interest rate risk. Where material these risks are reviewed and monitored by the Board of Directors.

Please refer to Note 15 of the accompanying financial statements for further details.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements as at July 31, 2011.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Outstanding Share Data

a) Authorized Capital:
Unlimited common shares without par value

b) Number and Recorded Value for shares Issued and Outstanding as at July 31, 2011 was 85,100,713 common shares with a recorded value of $20,234,137
As of the date of this report there are 85,100,713 common shares outstanding.

c) Options outstanding at July 31, 2011

Number of Options	Exercise Price ($)	Expiry Date
755,000	0.70	January 11, 2012
100,000	0.99	April 14, 2012
525,000	0.35	September 14, 2012
320,000	0.36	February 7, 2013
445,000	0.76	June 25, 2013
74,500	0.26	September 17, 2013
855,000	0.13	February 9, 2014
1,060,000	0.17	July 30, 2014
695,000	0.12	December 20, 2014
620,000	0.10	March 21, 2015
200,000	0.10	July 8, 2015
200,000	0.10	September 2, 2015
750,000	0.12	January 13, 2016
655,000	0.13	April 28, 2016
7,254,500		**Total**

d) Warrants outstanding at July 31, 2011

Number of Warrants	Exercise Price ($)	Expiry Date
250,000	0.12	December 10, 2011
329,454	0.11	November 24, 2012
1,161,110	0.15	June 24, 2013

Subsequent to the end of the nine month period;

The company staked the 98,000 acre "Windy" property in Nunavut, Canada.

Stock-based Compensation

Total compensation expense recognized for stock options granted during the nine months ended July 31, 2011 was $89,611 (2010 - $66,513).

Internal Controls Over Financial Reporting

Management has designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. Lack of optimal segregation of duties has been observed due to the relatively small size of the Company, but management believes that these weaknesses have been adequately mitigated through management and director oversight.

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.

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. Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this document.

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