

**Form 51-901F
Year End 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: mscarr@telus.net

WEB SITE ADDRESS: N/A

FOR THE YEAR ENDED: October 31, 2001

DATE OF REPORT: December 17, 2001

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.

NAME OF DIRECTOR	SIGN (TYPED)	DATE SIGNED(YY/MM/DD)
Michael S. Carr	"Michael S. Carr"	2001/12/17
NAME OF DIRECTOR	SIGN (TYPED)	DATE SIGNED(YY/MM/DD)
David M. Hall	"David M. Hall"	2001/12/17

BITTERROOT RESOURCES LTD.

CONSOLIDATED FINANCIAL STATEMENTS

OCTOBER 31, 2001

AUDITORS' REPORT

To the Shareholders of
Bitterroot Resources Ltd.:

We have audited the consolidated balance sheets of Bitterroot Resources Ltd. as at October 31, 2001 and 2000, and the consolidated statements of operations, deficit, and cash flow for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at October 31, 2001 and 2000, and the results of its operations and cash flow for the years then ended in accordance with Canadian generally accepted accounting principles. As required by the Company Act (British Columbia), we report that, in our opinion, these principles have been applied on a consistent basis.

"Nemeth Thody Anderson"
Chartered Accountants
Vancouver, B.C.
November 28, 2001

BITTERROOT RESOURCES LTD.
CONSOLIDATED BALANCE SHEETS

OCTOBER 31	2001	2000
	\$	\$
ASSETS		
Current Asset		
Accounts receivable	3,897	30,052
Reclamation Deposit	5,804	21,379
Resource Properties (Notes 2(b) and 3)	2,755,271	2,647,663
Capital Assets (Notes 2(c) and 4)	<u>2,293</u>	<u>3,028</u>
	<u>2,767,265</u>	<u>2,702,122</u>
LIABILITIES		
Current Liabilities		
Bank advances	1	6,598
Accounts payable and accrued liabilities (Note 6(b))	68,853	43,201
Loan payable (Note 6(c))	<u>12,299</u>	<u>25,945</u>
	<u>81,153</u>	<u>75,744</u>
SHAREHOLDERS' EQUITY		
Share Capital (Note 5)	5,569,606	5,398,598
Deficit	<u>(2,883,494)</u>	<u>(2,772,220)</u>
	<u>2,686,112</u>	<u>2,626,378</u>
	<u>2,767,265</u>	<u>2,702,122</u>

CONTINUING OPERATIONS (Note 1)

APPROVED BY THE DIRECTORS

(Signed) Michael S. Carr

Michael S. Carr, Director

(Signed) David M. Hall

David M. Hall, Director

Refer to accompanying notes.

BITTERROOT RESOURCES LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

YEARS ENDED OCTOBER 31	2001	2000
	\$	\$
Revenue		
Interest income	363	467
Expenses		
Amortization	735	987
Interest and bank charges	3,660	2,007
Foreign exchange (gain) loss	743	(16)
Management and geological fees	48,000	48,000
Office, printing and travel	15,832	20,039
Professional fees	28,320	33,130
Regulatory fees	5,600	6,213
Transfer agent fees	4,382	4,504
	<u>107,272</u>	<u>114,864</u>
Loss Before Undernoted Items	(106,909)	(114,397)
Write-off of resource property	(4,365)	(8,701)
Gain on sale of asset	-	21,816
	<u>(111,274)</u>	<u>(101,282)</u>
Net Loss For The Year	(111,274)	(101,282)
Deficit, beginning of year	<u>(2,772,220)</u>	<u>(2,670,938)</u>
Deficit, End Of Year	<u>(2,883,494)</u>	<u>(2,772,220)</u>
Loss Per Share	(0.006)	(0.006)
Weighted Average Number Of Shares Outstanding	17,484,509	15,992,942

Refer to accompanying notes.

BITTERROOT RESOURCES LTD.
CONSOLIDATED STATEMENTS OF CASH FLOW

YEARS ENDED OCTOBER 31	2001	2000
	\$	\$
Operating Activities		
Net loss for the year	(111,274)	(101,282)
Items not involving cash		
Amortization	735	987
Gain on sale of capital assets	-	(21,816)
Write-off of resource properties	4,365	8,701
	<u>(106,174)</u>	<u>(113,410)</u>
Cash provided by changes in non-cash working capital items		
Accounts receivable	26,155	(28,927)
Accounts payable	25,652	2,709
	<u>51,807</u>	<u>(26,218)</u>
	<u>(54,367)</u>	<u>(139,628)</u>
Financing Activities		
Share issuance	171,008	158,828
Loan payable	(13,646)	(11,787)
	<u>157,362</u>	<u>147,041</u>
Investing Activities		
Resource properties	(111,973)	(21,372)
Reclamation deposit	15,575	(7,462)
Proceeds on sale of capital assets	-	21,816
	<u>(96,398)</u>	<u>(7,018)</u>
Increase During The Year	6,597	395
Bank advances, beginning of year	(6,598)	(6,993)
Bank Advances, End Of Year	(1)	(6,598)

Refer to accompanying notes.

BITTERROOT RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED OCTOBER 31, 2001 AND 2000

1. Continuing Operations

Bitterroot Resources Ltd. (the "Company") has interests in mining properties currently at the exploration stage, the economic viability of which has not yet been assessed. The potential for recovery of costs incurred on these properties and of related deferred charges depends on the existence of sufficient quantities of ore, confirmation of the Company's interest in the underlying mineral claims, the Company's ability to obtain appropriate financing to put these properties into production, and the profitability of future production.

Since inception, the Company has incurred cumulative losses of \$2,883,494 and has a working capital deficiency of \$77,256 at October 31, 2001. These financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern which assumes that the Company will realize its assets and discharge its liabilities in the normal course of business. Realization values may be substantially different from carrying values as shown in these financial statements should the Company be unable to continue as a going concern.

The Company's ability to meet its obligations and maintain its operations is contingent upon several factors, including profitable operations, successful completion of additional financing arrangements, the continuing support of its creditors or the completion of a business combination with a company which would assist in obtaining necessary financing.

2. Significant Accounting Policies

To facilitate review of these financial statements, the significant accounting policies followed by the Company are summarized below:

(a) Basis Of Presentation

The consolidated financial statements include the accounts of the Company, which is incorporated under the laws of British Columbia, and its wholly-owned subsidiaries, Trans Superior Resources, Inc. and Voyageur Lands Corporation, both of which are Michigan corporations.

(b) Resource Properties

The Company capitalizes the costs of acquisition of resource properties as well as all costs of direct exploration and development on the properties, net of third party reimbursements and option payments, until such time as the project to which they relate is put into commercial production, sold, abandoned or recovery of costs is determined to be unlikely. These costs will be amortized over the estimated productive lives of the properties upon commencement of production using the unit-of-production method. Resource property costs not directly attributable to specific properties are expensed during the year. For properties which do not yet have proven reserves, the amounts shown represent costs to date and are not intended to represent present or future values. The underlying value of all properties is entirely dependant on the existence and economic recovery of reserves in the future.

BITTERROOT RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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2. Significant Accounting Policies (Cont'd)

(c) Capital Assets

Capital assets are recorded at cost, including betterment and renewals subsequent to acquisition, less accumulated amortization. When assets are sold or abandoned, the recorded costs and related accumulated amortization are removed from the accounts and any gains or losses are included in the determination of net earnings. Repairs and maintenance are recorded as an expense as incurred.

Amortization is calculated on the declining balance method at the following rates per annum:

Computer hardware	-	30%
Leasehold improvements	-	20%

(d) Foreign Currency Translation

The Company's functional currency is the Canadian dollar. Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate in effect at the balance sheet date and non-monetary assets and liabilities at the exchange rates in effect at the time of transaction. Revenues and expenses are translated at rates in effect at the time of the transaction. Gains and losses on translation are included in the results from operations.

(e) Use Of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affects the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results may differ from those estimates. Significant areas requiring the use of management estimates relate to the deferral and valuation of exploration expenditures.

(f) Loss Per Share

Loss per share is calculated using the weighted average number of common shares outstanding during the year.

(g) Future Income Taxes

The Company has adopted the new CICA accounting standard of recording the value of future income tax benefits as an asset. However, as there is no certainty of the realization of such assets at this time, no value has been attributed to these benefits in these financial statements.

BITTERROOT RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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3. Resource Properties

	2001			2000
	Property	Exploration	Total	Total
	Acquisition			
	\$	\$	\$	\$
Canada	26,735	148,325	175,060	58,330
U.S.A.	1,271,450	1,308,761	2,580,211	2,589,333
	1,298,185	1,457,086	2,755,271	2,647,663

The current year's expenditures consist of:

	2001	2000
	\$	\$
Canada		
Nipigon Project		
Consulting and professional	23,762	20,878
Drilling	63,328	-
Geophysics	12,096	19,847
Property acquisition	16,096	-
Other	1,448	370
	116,730	41,095
U.S.A.		
Michigan Lands		
Consulting and professional	21,030	67,021
Leases and permits	9,298	9,945
Other	4,515	2,525
	34,843	79,491
Less: Exploration services reimbursement	(8,950)	(99,214)
Option payment	(30,650)	-
	(4,757)	(19,723)
	111,973	21,372

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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3. Resource Properties (Cont'd)

(a) Michigan, U.S.A.

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

The Company owns a 100% interest in mineral rights covering approximately 461 square miles in the Upper Peninsula of Michigan, U.S.A. On approximately 204 square miles, the vendor retains a 2% net smelter return royalty (NSR) and the Company has the option to purchase one half of the total 2% NSR royalty by paying \$1,000,000 U.S. on or before December 31, 2048. The remaining 257 square miles are not subject to royalties or other encumbrances.

During the year ended October 31, 2001, a third party defaulted on an exploration services agreement with the Company. As such, the agreement terminated on December 31, 2000. However, the third party retains the first right of refusal on leases and prospecting permits covering approximately 1,200 acres of mineral rights in Michigan.

(ii) Federal And State Leases

At October 31, 2001, the Company had been granted prospecting permits covering 2,120 acres of federal mineral rights in Michigan. Prospecting permit applications for an additional 1,760 acres have been submitted. In the event of a discovery, these lands will be subject to a net smelter returns royalty, the terms of which are negotiated on a case-by-case basis.

At October 31, 2001, the Company held leases covering approximately 1,752 acres of State of Michigan mineral rights. State leases are subject to a sliding scale production royalty ranging from two to seven percent.

(iii) Other Lease

During the year ended October 31, 1999, the Company entered into an agreement to lease approximately 880 acres of mineral rights from an unrelated Michigan corporation. At October 31, 2001, the lease was in good standing.

(b) Nipigon Claims, Ontario, Canada

During the year ended October 31, 1998, the Company staked 47 unpatented mining claims covering 752 hectares south of Lake Nipigon, Ontario. During the year ended October 31, 2001, the Company staked an additional 231 unpatented mining claims covering 3,696 hectares south of Lake Nipigon, Ontario. Annual assessment work of \$400 per claim unit per year is required to be reported to hold any claims beyond two years from the anniversary date of the recording of the claim. At October 31, 2001, the 278 unpatented mining claims were in good standing.

BITTERROOT RESOURCES LTD.
NOTES TO FINANCIAL STATEMENTS
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4. **Capital Assets**

	2001		2000	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Computer hardware	6,019	5,116	903	1,291
Leasehold improvements	5,654	4,264	1,390	1,737
	11,673	9,380	2,293	3,028

5. **Share Capital**

(a) Authorized

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

(b) Issued

	Number Of Shares	Value \$
Balance, October 31, 1999	14,796,447	5,239,770
Issued for settlement of debt	588,282	58,828
Issued for cash pursuant to private placement	1,000,000	100,000
Balance, October 31, 2000	16,384,729	5,398,598
Issued for settlement of debt	710,082	71,008
Issued for cash pursuant to private placement	1,000,000	100,000
Balance, October 31, 2001	18,094,811	5,569,606

(c) Common Shares Reserved

At October 31, 2001, the Company has reserved a total of 1,606,032 common shares related to director and employee stock options:

Number Of Options	Exercise Price	Expiry Date
	\$	
25,000	0.15	September 18, 2002
661,032	0.10	January 10, 2005
920,000	0.10	July 8, 2006

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

(d) Warrants

The following share purchase warrants were outstanding at October 31, 2001:

<u>Number Of Warrants</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
	\$	
1,000,000	0.10	February 7, 2002
1,000,000	0.10	January 7, 2003

Each share purchase warrant allows the holder to purchase one common share of the Company at \$0.10 per share.

6. Related Party Transactions

The following is a summary of related party transactions and balances for the year ended October 31, 2001 not disclosed elsewhere in the financial statements:

- (a) Management and geological fees of \$48,000 (2000 - \$48,000) were incurred with a company controlled by a director in common with the Company.
- (b) Accounts payable at October 31, 2001 includes \$41,048 (2000 - \$25,680) due to a company controlled by a director in common with the Company.
- (c) The loan payable bears simple interest at 10% per year and is payable to a company controlled by a director in common with the Company.

7. Income Taxes

The Company has approximately \$927,288 of losses for tax purposes which may be used to reduce income taxes of future years and will expire as follows:

	<u>\$</u>
2002	125,237
2003	176,381
2004	152,676
2005	158,802
2006	94,783
2007	113,409
2008	106,000
	<u>927,288</u>

The potential income tax benefits of these losses have not been reflected in the financial statements as their realization is not virtually certain.

BITTERROOT RESOURCES LTD.
NOTES TO FINANCIAL STATEMENTS
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8. Segmented Information

(a) Industry Information

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

(b) Geographic Information

Revenues from operations in 2001 were derived from interest income which was earned in Canada.

The Company's non-current assets in geographic locations are as follows:

	2001	2000
	\$	\$
Canada	177,353	61,358
U.S.A.	2,586,015	2,610,712
	<u>2,763,368</u>	<u>2,672,070</u>

9. Financial Instruments

The carrying values of accounts receivable, bank advances, accounts payable and accrued liabilities and loan payable as reflected in the balance sheet approximate their fair values. Due to the nature of the Company's financial instruments, there is no significant credit or interest rate risk.

10. Subsequent Events

Subsequent to the year ended October 31, 2001:

- (a) 340,000 share purchase warrants expiring on February 7, 2002, were exercised. Consequently, the Company received \$34,000 and issued 340,000 common shares at \$0.10 per share.