

**Form 51-901F
Annual 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

WEB SITE ADDRESS: www.bitterrootresources.com

FOR THE YEAR ENDED: October 31, 2003

DATE OF REPORT: March 16, 2004

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

Michael S. Carr

SIGN (TYPED)

“Michael S. Carr”

DATE SIGNED(YY/MM/DD)

2004/03/16

NAME OF DIRECTOR

George W. Sanders

SIGN (TYPED)

“George W. Sanders”

DATE SIGNED(YY/MM/DD)

2004/03/16

BITTERROOT RESOURCES LTD.
CONSOLIDATED FINANCIAL STATEMENTS
OCTOBER 31, 2003



AUDITORS' REPORT

To the Shareholders of
Bitterroot Resources Ltd.:

We have audited the consolidated balance sheets of Bitterroot Resources Ltd. as at October 31, 2003 and 2002, 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, 2003 and 2002, 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

Nemeth Thody Anderson
Chartered Accountants
Vancouver, B.C.
December 22, 2003

BITTERROOT RESOURCES LTD.
CONSOLIDATED BALANCE SHEETS

OCTOBER 31	2003	2002
	\$	\$

ASSETS**Current Assets**

Cash	88,044	1,196
Accounts receivable	4,040	5,002
Prepaid expenses	1,271	-
	<hr/>	<hr/>
	93,355	6,198

Reclamation Deposit

	5,804	5,804
--	-------	-------

Resource Properties (Notes 2(b) and 3)

	2,706,577	2,917,184
--	-----------	-----------

Property, Plant And Equipment (Notes 2(d) and 4)

	1,902	2,140
	<hr/>	<hr/>

	2,807,638	2,931,326
--	-----------	-----------

LIABILITIES**Current Liabilities**

Accounts payable and accrued liabilities	9,566	107,578
	<hr/>	<hr/>

	9,566	107,578
--	-------	---------

SHAREHOLDERS' EQUITY

Share Capital (Note 5)	6,077,229	5,812,122
------------------------	-----------	-----------

Stock Options (Note 5(c))	66,884	-
---------------------------	--------	---

Deficit	(3,346,041)	(2,988,374)
	<hr/>	<hr/>

	2,798,072	2,823,748
	<hr/>	<hr/>

	2,807,638	2,931,326
--	-----------	-----------

CONTINUING OPERATIONS (Note 1)

COMMITMENT (Note 11)

SUBSEQUENT EVENTS (Note 12)

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 STATEMENTS OF OPERATIONS AND DEFICIT

YEAR ENDED OCTOBER 31	2003	2002
	\$	\$
Expenses		
Amortization	582	619
Interest and bank charges	931	1,670
Foreign exchange loss	931	762
Management and geological fees	48,000	48,000
Office, printing and travel	21,409	25,283
Professional fees	30,369	15,679
Regulatory fees	8,841	7,274
Stock-based compensation	58,285	-
Transfer agent fees	5,997	4,941
Loss Before Undernoted Item	(175,345)	(104,228)
Write-off of resource property (Note 3)	(182,322)	(652)
Net Loss For The Year	(357,667)	(104,880)
Deficit, beginning of year	(2,988,374)	(2,883,494)
Deficit, End Of Year	(3,346,041)	(2,988,374)
Basic And Diluted Loss Per Share	(0.017)	(0.006)
Weighted Average Number Of Shares Outstanding	21,030,099	18,913,934

Refer to accompanying notes.

BITTERROOT RESOURCES LTD.
CONSOLIDATED STATEMENTS OF CASH FLOW

YEAR ENDED OCTOBER 31	2003	2002
	\$	\$
Operating Activities		
Net loss for the year	(357,667)	(104,880)
Items not involving cash		
Amortization	582	619
Write-off of resource properties	182,322	652
Non-cash stock-based compensation	62,107	-
	<u>(112,656)</u>	<u>(103,609)</u>
Changes in non-cash working capital:		
Accounts receivable	962	(1,105)
Prepaid expenses	(1,271)	-
Accounts payable	(98,012)	38,724
	<u>(98,321)</u>	<u>37,619</u>
	<u>(210,977)</u>	<u>(65,990)</u>
Financing Activities		
Share issuance	257,107	242,516
Loan payable	-	(12,299)
	<u>257,107</u>	<u>230,217</u>
Investing Activities		
Resource property expenditures, net of recoveries	41,062	(162,565)
Purchase of property, plant and equipment	(344)	(465)
	<u>40,718</u>	<u>(163,030)</u>
Increase During The Year	86,848	1,197
Cash, beginning of year	<u>1,196</u>	<u>(1)</u>
Cash, End Of Year	<u>88,044</u>	<u>1,196</u>

Supplemental disclosure with respect to cash flows (Note 6).

Refer to accompanying notes.

BITTERROOT RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED OCTOBER 31, 2003

1. Continuing Operations

Bitterroot Resources Ltd. (the "Company") has interests in mineral 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 \$3,346,041. These financial statements have been prepared in accordance with Canadian 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 sale of assets 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 dependent on the existence and economic recovery of reserves in the future.

BITTERROOT RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
PAGE TWO

2. Significant Accounting Policies (Cont'd)

(c) Environmental Expenditures And Land Reclamation Costs

During the course of acquiring and exploring potential mining properties, the Company must comply with government regulated environmental evaluation, updating and reclamation requirements. The costs of complying with these requirements are capitalized as incurred, as deferred costs until such time as the properties are put into commercial production, at which time the costs incurred will be charged to operations on a unit-of-production basis over the estimated mine life. Upon abandonment or sale of a property, all deferred costs relating to the property will be expended in the year of such abandonment or sale. The cost and extent of future site cleanup, reclamation or remediation cannot be determined at this time and no amount has been recorded in these financial statements.

(d) Property, Plant And Equipment

Property, plant and equipment are recorded at cost, including betterment and renewals subsequent to acquisition, less accumulated amortization. When property, plant and equipment 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%

(e) 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.

(f) Use Of Estimates

The preparation of financial statements in conformity with Canadian 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. Management believes the estimates are reasonable.

(g) Earnings (Loss) Per Share

Basic earnings (loss) per share is calculated using the weighted average number of common shares outstanding and the treasury stock method is used to calculate diluted earnings per share. However, there are no dilutive effects on basic loss per share for 2003 due to the Company's loss for the year.

BITTERROOT RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
PAGE THREE

2. Significant Accounting Policies (Cont'd)

(h) Stock-Based Compensation Plan

The Company has a stock-based compensation plan which is described in Note 5(c).

Effective November 1, 2002, the Company prospectively adopted CICA's Handbook Section 3870 "*Stock-Based Compensation and Other Stock-Based Payments*", which established standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments made in exchange for goods and services. Stock options and direct awards of stock granted to employees are recorded at fair value on the date of grant.

Prior to adoption of the new recommendations, no compensation expense was recorded at the time options were granted. Any consideration paid by employees or directors on exercise of options were credited to share capital.

(i) Income Taxes

Income taxes are accounted for under the asset and liability method. Under the asset and liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using substantively enacted tax rates expected to be recovered or settled. The effect on future tax assets and liabilities of change in tax rates is recognized in income in the period that substantive enactment occurs.

The future income tax effect of eligible mineral property expenditures funded by proceeds from the issuance of flow-through shares is charged to share issuance costs at the time the expenditures are renounced.

BITTERROOT RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
PAGE FOUR

3. Resource Properties

	Mistassini Quebec, Canada	Nipigon Project Ontario, Canada	GK Project B.C., Canada	Michigan Lands Michigan, USA	Total
	\$	\$	\$	\$	\$
Balance – October 31, 2002	131,222	181,619	-	2,604,343	2,917,184
Expenditures during the year					
Acquisition costs	250	-	8,000	-	8,250
Consulting and professional	10,062	-	6,636	48,685	65,383
Drilling	-	-	-	100,916	100,916
Field supplies	-	-	-	7,547	7,547
Geochemistry	-	-	-	15,566	15,566
Leases and permits	-	-	-	13,879	13,879
Other	73	17	-	890	980
Recovery of costs	(43,598)	-	-	(209,698)	(253,296)
Travel and accommodation	-	686	859	10,945	12,490
	(33,213)	703	15,495	(11,270)	(28,285)
	98,009	182,322	15,495	2,593,073	2,888,899
Write-off of resource properties	-	(182,322)	-	-	(182,322)
Balance – October 31, 2003	98,009	-	15,495	2,593,073	2,706,577

(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.

On February 18, 2003, the Company entered into an option/joint venture agreement with Cameco Corporation whereby the Company has granted to Cameco the option to acquire a 65% interest in certain Michigan mineral rights. To earn this interest Cameco must incur total expenditures of \$23,600,000 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, \$350,000 during the second year, \$500,000 during each of the third and fourth years, and \$1,000,000 per year for subsequent years. During the first two years of the agreement, the Company will be the project operator and will receive total cash payments of \$45,000 plus management fees. Subsequently, the Company will receive \$45,000 during the third year, and inflation-adjusted payments of \$60,000 per year thereafter.

BITTERROOT RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
PAGE FIVE

3. Resource Properties (Cont'd)

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

(ii) Federal And State Leases

At October 31, 2003, the Company had been granted prospecting permits covering 2,360 acres of federal mineral rights in Michigan. In the event of a discovery, these lands will be subject to a net smelter returns royalty, the terms of which are negotiated on a case-by-case basis.

At October 31, 2003, the Company held leases covering approximately 1,000 acres of State of Michigan mineral rights. State leases are subject to a sliding scale production royalty ranging from two to seven percent.

(b) Mistassini, Quebec, Canada

During the year ended October 31, 2002, the company staked 463 claims covering approximately 25,000 hectares in the Otish/Mistassini region of northern Quebec.

(c) Nipigon Project, Ontario, Canada

During the year the Company allowed 42 mining claims to expire. Consequently, all related costs were written-off to operations.

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

During the year, 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.

4. Property, Plant And Equipment

	2003		2002	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Computer hardware	6,828	5,815	1,013	1,029
Leasehold improvements	5,654	4,765	889	1,111
	12,482	10,580	1,902	2,140

5. Share Capital

(a) Authorized

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

BITTERROOT RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
PAGE SIX

5. Share Capital (Cont'd)

(b) Common Shares Issued

	Number Of Shares	Value \$
Balance, October 31, 2001	18,094,811	5,569,607
Warrants exercised	1,820,000	182,000
Issued for cash pursuant to private placement	640,000	60,515
Balance, October 31, 2002	20,554,811	5,812,122
Warrants exercised	620,000	62,000
Issued for cash pursuant to private placement	1,000,000	200,000
Issued to acquire GK property	100,000	8,000
Financing costs	-	(4,893)
Balance, October 31, 2003	22,274,811	6,077,229

(c) 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, 2001	1,606,032	0.10
Options granted during the year	449,000	0.10
Options cancelled/expired during the year	(385,000)	0.10
Balance, October 31, 2002	1,670,032	0.10
Options granted during the year	350,000	0.15
Balance, October 31, 2003	2,020,032	0.11

BITTERROOT RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
PAGE SEVEN

5. **Share Capital (Cont'd)**

(c) Stock-Based Compensation (Cont'd)

The following stock options were outstanding and exercisable at October 31, 2003:

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
350,000	0.15	September 20, 2008

The weighted average grant-date fair value of options granted during the year ended October 31, 2003, was \$0.19 per option. Total compensation expense recognized for stock options granted during the year was \$66,884. Stock-based compensation of \$8,599 was recognized for the 45,000 options granted to consultants and \$58,285 was recognized for the 305,000 options granted to directors of the Company. The following assumptions were used for the Black Scholes Option Pricing Model:

	\$
Volatility percentage	170%
Risk-free interest rate	4.01%
Dividend yield	-
Expected life of options	5 years

(d) Warrants

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

Number Of Warrants	Exercise Price	Expiry Date
	\$	
200,000	0.10	September 9, 2004
1,000,000	0.30	October 23, 2005

6. **Supplemental Disclosure With Respect to Cash Flows**

The significant non-cash transaction for the year ended October 31, 2003, was the Company issuing 100,000 common shares at an agreed value of \$8,000 for an option payment on the GK Property (Note 3(d)).

There were no significant non-cash transactions for the year ended October 31, 2002.

BITTERROOT RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
PAGE EIGHT

7. Related Party Transactions

The following is a summary of related party transactions and balances for the year ended October 31, 2003 not disclosed elsewhere in the financial statements:

- (a) Management and geological fees of \$48,000 (2002 - \$48,000) were incurred with a company controlled by a director in common with the Company.
- (b) Accounts payable at October 31, 2003 includes \$Nil (2002 - \$45,500) due to a company controlled by a director in common with the Company.

8. Income Taxes

Income tax expense attributable to income from operations was \$Nil for the year ended October 31, 2003 (2002 - \$Nil).

The tax effects of temporary differences that give rise to significant portions of the future tax assets at October 31, 2003 and 2002 are presented below:

	<u>2003</u>	<u>2002</u>
	\$	\$
Future Tax Assets		
Net operating loss carry-forwards	332,603	357,775
Mineral properties	105,996	34,256
Capital loss carry-forwards	48,470	48,470
Property, plant and equipment	4,043	3,949
Valuation allowance	<u>(491,113)</u>	<u>(444,450)</u>
Net Future Tax Assets	<u>-</u>	<u>-</u>

In assessing the realizability of future tax assets, management considers whether it is more likely than not that some portion or all of the future tax assets will not be realized. The ultimate realization of future tax assets is dependent upon the generation of future taxable income during the years in which those temporary differences become deductible. Management considers the scheduled reversal of future tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. In order to fully realize the future tax asset, the company will need to generate future taxable income of approximately \$1,550,000 prior to the expiration of the net operating loss carry-forwards starting in 2003. Taxable income for both years ended October 2003 and 2002 was \$Nil. 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.

BITTERROOT RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
PAGE NINE

8. Income Taxes (Cont'd)

The Company has approximately \$841,670 of losses for tax purposes which may be used to reduce income taxes of future years and will expire as follows:

	\$
2004	152,676
2005	158,802
2006	94,783
2007	113,409
2008	106,000
2009	104,000
2010	112,000
	<u>841,670</u>

9. Segmented Information

(a) Industry Information

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

(b) Geographic Information

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

	2003	2002
	\$	\$
Canada	115,406	314,981
U.S.A.	2,594,100	2,610,147
	<u>2,709,506</u>	<u>2,925,128</u>

10. Financial Instruments

The Company's financial instruments consist of cash, accounts receivable, 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.

BITTERROOT RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
PAGE TEN

11. Commitment

The Company's subsidiary, Trans Superior Resources Inc., has issued irrevocable letters of credit for U.S. \$21,000 as security for reclamation on Michigan State leases and Federal prospecting permits.

12. Subsequent Events

(a) On November 6, 2003, the Company issued 259,000 common shares on the exercise of options for total proceeds of \$25,900, and issued 200,000 common shares on the exercise of share purchase warrants for total proceeds of \$20,000.

(b) On December 8, 2003, the Company completed a private placement of 1,000,000 flow-through units at \$0.40 per unit, consisting of one flow-through common share and one non-transferable common share purchase warrant entitling the holder to purchase an additional common share at \$0.60 for a period of one year.

On December 10, 2003, the Company completed a private placement of 1,000,000 units at \$0.40 per unit consisting of one common share and one non-transferable common share purchase warrant entitling the holder to purchase an additional common share at \$0.60 in the first year and \$0.75 in the second year.

A finder's fee of 80,000 common shares was issued related to these private placements.

(c) On December 23, 2003, the Company completed a private placement of 468,750 flow-through units at \$0.64 per unit, consisting of one flow-through common share and one half of a non-transferable common share purchase warrant entitling the holder to purchase an additional common share at \$0.80 for a period of one year.

A finder's fee of 18,750 common shares was issued related to this private placement.

(d) On January 30, 2004, the Company granted incentive stock options to acquire 500,000 common shares at \$0.61 per share, expiring January 29, 2009.

**BITTERROOT RESOURCES LTD.
ANNUAL REPORT**

For the year ending October 31, 2003

Schedule B: Supplementary Information

Securities issued during the period:

Refer to note 5(b) in the accompanying audited financial statements (Schedule A). Shares and warrants issued subsequent to the end of the reporting period are described in note 12(a), (b) and (c) in the accompanying audited financial statements.

Options granted during the period: On September 21, 2003, the company granted incentive stock options to acquire 350,000 common shares at \$0.15 per share, expiring September 20, 2008. Options granted subsequent to the end of the reporting period are described in note 12(d) in the accompanying audited financial statements.

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 and Analysis

Upper Peninsula, Michigan

Uranium

In 2003, Bitterroot conducted an 850-metre core drilling program, which tested three geophysical targets in the Proterozoic Jacobsville basin. Two of the three targets tested provided encouraging geochemical results and will be subjected to additional geophysical surveys and drilling in 2004. Bitterroot's partner in this project, Cameco Corporation funded the \$250,000 program. Cameco plans to continue funding exploration, including geophysical surveys and drilling in 2004. Geophysical surveys have commenced and drilling is expected to begin in June.

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 incurred expenditures of \$250,000 in 2003 and will be required to spend \$350,000 prior to

December 31, 2004 to maintain the right to exercise the option. Bitterroot is the project operator during the first two years of the agreement. Mr. Dave Billard, P.Geol. acted as the Company's qualified person for this project in 2003. Additional opportunities in uranium are being reviewed.

Copper

Bitterroot owns approximately 204 square miles of mineral rights in the Keweenaw Peninsula of Michigan. This region hosts several of the world's largest sediment and volcanic-hosted redbed copper deposits (White Pine, Calumet-Hecla and Kearsarge). Approximately 14 billion pounds (6.4 million tonnes) of copper plus substantial amounts of by-product silver have been produced from deposits in the region over a time period spanning from prehistoric times until the White Pine mine closed in 1996. Copper mineralization in the Keweenaw Peninsula typically occurs as native copper or as the sulphide copper mineral chalcocite.

In January 2004, Bitterroot retained Fugro Airborne Surveys to conduct a 1,000 line-kilometre GEOTEM airborne geophysical survey over a previously untested portion of the favourable stratigraphy. The survey covers a structurally complex part of the region, where at least 27 old copper mines, shafts, pits and prospects have been located. Glacial till has also limited previous exploration efforts to areas of outcrop with native copper showings. Since the 1960's, almost no copper exploration drilling has been done in the survey area. Final geophysical data products will be received from Fugro in the coming weeks. Mr. Jan Klein, P.Eng, P.Geol. is the Qualified Person responsible for interpretation of the geophysical data. Bitterroot's management plans to drill-test several copper/silver targets in the summer of 2004.

Nickel/Copper/PGE

The Company is continuing to pursue nickel/copper/platinum/palladium targets in the Upper Peninsula of Michigan. The recent delineation of a relatively small tonnage, but high-value Ni/Cu/PGE deposit in the Upper Peninsula by Kennecott Exploration Company has confirmed that there is good potential for discovery of this type of deposit in the region. The extent of Bitterroot's 2004 Ni/Cu/PGE exploration activities in Michigan will be determined by the success of management's ongoing land acquisition efforts.

Mistassini Region, Quebec

Nickel/Copper/PGE

In January 2004, Bitterroot retained Fugro Airborne Surveys to fly 1,000 line-kilometres of GEOTEM surveys over two of its claim blocks located approximately 325 kilometres north of Chicoutimi, Quebec. Prospecting in 2002 located several ultramafic intrusive bodies, which management believes have good potential to host significant Ni/Cu/PGE

deposits. Final geophysical data products will be received from Fugro in the coming weeks. Mr. Jan Klein, P.Eng, P.Geo. is the Qualified Person responsible for interpretation of the geophysical data. Mr. Charles Greig, P.Geo is the Qualified Person responsible for the design and execution of the 2004 field program. Bitterroot has recently designated 120 additional claims in the region and allowed 200 claims to expire. In late 2003, Bitterroot raised C\$700,000 through the sale of flow-through shares. Management expects to spend approximately \$400,000 testing the Quebec Ni/Cu/PGE targets in 2004. A program of prospecting, mapping, sampling and ground geophysics will begin in June, followed by drilling.

GK Project, British Columbia

Gold/Silver

Reconnaissance soil sampling and prospecting was done on the GK claims in November and December 2003, to locate the sources of multi-element (Au, Ag, Cu, Zn and As) regional stream silt and soil geochemical anomalies. Bitterroot's soil sampling identified two large areas with highly anomalous levels of gold, silver, arsenic and copper. The first area of soil averaged 0.290 ppm Au across a 375-metre interval (16 samples @ 25 metre intervals). The second area of soil averaged 0.983 ppm Au across a 200-metre interval (9 samples @ 25 metre intervals), including 1.660 ppm Au across a 125-metre interval (5 samples @ 25 metre intervals). Highly anomalous Ag, As and Cu results are coincident with the Au analyses. These results are very encouraging and suggest there is a robust mineralizing system present on the property. Management believes the road-accessible GK property has the potential to host large-tonnage, intrusion-related Au deposits and/or high-grade Ag/Au/base metals-bearing veins similar to those found at the Highland Bell mine, located 8 km west of the GK property in Beaverdell, BC. In January 2004, the Company staked 230 claims around the original 20-claim GK block. Mr. Charles Greig, P.Geo is the Qualified Person responsible for the design and execution of the 2004 field program. In April 2004, Bitterroot will initiate a C\$300,000 program of detailed soil sampling, geological mapping and trenching. Drilling is planned for the fall of 2004.

Nipigon, Ontario

Nickel/Copper/PGE

In the second quarter of 2003, Bitterroot wrote off its \$182,322 investment in the Nipigon Project. The Company has reduced its land holdings and currently does not plan to conduct further work in the region in 2004. Management plans to monitor the upcoming release of results from the Ontario government-funded Nipigon Geoscience Initiative, which may justify future activities in the area.

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 461 square miles in the Upper Peninsula 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 2,360 acres of US federal mineral rights in Michigan. The company has applied to lease additional State of Michigan mineral rights covering approximately 9,400 acres. In Quebec, the Company currently holds 383 claims covering approximately 20,000 hectares in the Mistassini region. In British Columbia, the Company has staked or optioned a total of 250 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 exploration budget of \$250,000. Bitterroot received a \$20,000 payment on signing plus a 10% management fee on the balance of the 2003 budget, as it is spent. During the year ended October 31, 2003, the Company spent \$198,428 on its projects in Michigan and received payments, refunds and reimbursements from Cameco totalling \$209,698. The majority of the expenditures were on drilling, geophysics, geochemistry and mineral leases. Subsequent to the end of the year, Cameco paid Bitterroot \$25,000 and indicated that it plans to continue funding the Michigan exploration project in 2004. Cameco must spend \$350,000 prior to December 31, 2004 to maintain its right to participate in the option/joint venture arrangement.

Elsewhere in Michigan, in January 2004, airborne geophysical surveys costing approximately \$200,000 were flown over Cu/Ag and Ni/Cu/PGE targets in Michigan. Budgets for follow-up of targets generated by these surveys will be determined following completion of geophysical data interpretation and a review of the Company's working capital position at that time.

Mistassini Project, Quebec

Bitterroot currently holds 383 claims covering approximately 20,000 hectares in the Mistassini region of northern Quebec. In 2002, the Company conducted geological reconnaissance and target-specific indicator mineral sampling on and around the Company's claims. The Company was not able to finance a follow-up summer field program in 2003. During the year ended October 31, 2003, \$10,385 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. In

the fourth quarter, the Company received a refundable tax credit of \$43,597 from Revenue Quebec. In January 2004, airborne geophysical surveys costing approximately \$200,000 were flown over two claim blocks. The Company has allocated an additional \$200,000 for follow-up prospecting, geophysics and drilling of these targets in 2004. The Company has a total of \$400,000 from its flow-through funds available for this project in 2004.

GK Project, British Columbia

Expenditures of \$15,495 were recorded on this project during the year ended October 31, 2003, mainly for acquisition, consulting and travel costs. Subsequent to the end of the year, the Company initiated a soil sampling program, which was curtailed due to snow in early December. In 2004, The Company has allocated \$300,000 from its flow-through funds for surface exploration and drilling in 2004. In January 2004, Bitterroot spent approximately \$25,000 on claim staking.

Nipigon Project, Ontario

No expenditures are planned on this project in 2004. At the end of the second quarter of the year ended October 31, 2003, the Company wrote off its entire investment (\$182,322) in the project.

Expenses

Bitterroot's expenses during the year ended October 31, 2003 were \$175,345, which was significantly higher than expenses of \$104,228 in the previous year. The increase was due to higher professional, regulatory and transfer agent fees, plus a non-cash charge of \$58,285 to reflect the calculated value of 305,000 stock options granted to directors. Professional fees in 2003 also included \$3,822 to reflect the calculated value of 20,000 stock options granted to a consultant in 2003. (see note 5(c) in the audited financial statements, Schedule A). Excluding the expenses related to stock options, Bitterroot's expenses would have been \$113,238 in 2003 or 8.6% higher than expenses in 2002. This increase is mainly due to the increased level of corporate financings in the fourth quarter of 2003.

Financing, Principal Purposes and Milestones

During the year ended October 31, 2003, \$62,000 was received from the exercise of 620,000 warrants at \$0.10. The Company also received \$200,000 from a private placement of 1,000,000 units priced at \$0.20, consisting of one common share plus one common share purchase warrant to purchase an additional common share at \$0.30, for two years. The proceeds were used for working capital. In the fourth quarter, a refundable tax credit of \$43,597 was received from Revenue Quebec for 2002 exploration expenditures on the Mistassini Project.

Subsequent to the end of the year, the company received the following,

- \$20,000 from the exercise of 200,000 common share purchase warrants,
- \$28,400 from the exercise of 284,000 stock options,
- \$400,000 from a private placement consisting of 1,000,000 units at \$0.40, consisting of one common share and one common share purchase warrant,
- \$400,000 from a private placement consisting of 1,000,000 units at \$0.40, consisting of one flow through common share and one common share purchase warrant,
- \$300,000 from a private placement consisting of 468,750 units at \$0.64, consisting of one flow through common share and one half of a common share purchase warrant.

Liquidity and Solvency

The Company's working capital at October 31, 2003 was \$83,789, compared to a working capital deficiency of (\$101,380) at October 31, 2002. Current liabilities were \$9,566, consisting of accounts payable incurred in the normal course of business, whereas in 2002, current liabilities included \$45,500 due to a company controlled by a director in common with the Company plus \$55,880 of accounts payable incurred in the normal course of business.

Subsequent to the end of the year, the Company received proceeds of \$1,148,400 from three private placements and the exercise of 200,000 warrants and 284,000 stock options (see note 12 in the audited financial statements, Schedule A). Included in the \$1,148,400 proceeds is \$700,000 of flow-through financing, which is allocated to the GK project in British Columbia (\$300,000) and the Mistassini project in Quebec (\$400,000).

There are currently 3,234,375 common share purchase warrants outstanding, which if exercised prior to October 31, 2004, would generate proceeds to the Company of \$1,687,500. There are also currently 2,236,032 incentive stock options outstanding, which if exercised would provide proceeds to the Company of \$496,103. The Company is currently well funded for its 2004 exploration programs in Michigan (U), British Columbia (Au/Ag) and Quebec (Ni/Cu/PGE). Depending on the results of airborne geophysical surveys and land acquisition activities, additional capital may be required to fund exploration of Cu/Ag and Ni/Cu/PGE targets in Michigan 2004. In the long 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 ensuring the exercise of outstanding share purchase warrants and options.

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.

March 16, 2004