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**BITTERROOT RESOURCES LTD.**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**OCTOBER 31, 2004 AND 2003**

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## AUDITORS' REPORT

To the Shareholders of Bitterroot Resources Ltd.

We have audited the consolidated balance sheet of Bitterroot Resources Ltd. as at October 31, 2004 and the consolidated statements of earnings and deficit and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these 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 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 financial statements present fairly, in all material respects, the financial position of the Company as at October 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The consolidated financial statements as at October 31, 2003 and for the year then ended were examined by other auditors who expressed an opinion without reservation on those consolidated financial statements in their report dated December 22, 2003.



Vancouver, British Columbia  
March 2, 2005

**CHARTERED ACCOUNTANTS**

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**BITTERROOT RESOURCES LTD.**  
**CONSOLIDATED BALANCE SHEETS**

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OCTOBER 31	2004	2003
	\$	\$

**ASSETS****Current Assets**

Cash	553,863	88,044
Accounts receivable - other	20,324	4,040
Prepaid expenses	25,520	1,271
	<hr/>	<hr/>
	599,707	93,355

**Reclamation Deposit****Resource Properties** (Note 3)**Equipment** (Note 4)

5,804	5,804
3,277,906	2,706,577
23,188	1,902
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3,906,605	2,807,638
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**LIABILITIES****Current Liabilities**

Accounts payable and accrued liabilities	141,503	9,566
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**SHAREHOLDERS' EQUITY**

Share Capital (Note 5)	7,809,319	6,077,229
Contributed Surplus (Note 6)	780,925	66,884
Deficit	(4,825,142)	(3,346,041)
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	3,765,102	2,798,072
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	3,906,605	2,807,638

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**APPROVED BY THE DIRECTORS**

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

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

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**BITTERROOT RESOURCES LTD.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT**

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<b>YEAR ENDED OCTOBER 31</b>	<b>2004</b>	<b>2003</b>
	<b>\$</b>	<b>\$</b>
<b>Expenses</b>		
Amortization	4,323	582
Directors' compensation (Note 9(c))	451,746	58,285
Foreign exchange loss	6,190	931
Interest and bank charges	1,183	931
Management fees (Note 9(a))	56,000	48,000
Office, printing and travel	19,658	21,409
Professional fees	44,262	30,369
Property investigation	1,479	-
Regulatory fees	15,003	8,841
Transfer agent fees	8,576	5,997
<b>Loss Before Other Items And Income Taxes</b>	<b>(608,420)</b>	<b>(175,345)</b>
<b>Other Items</b>		
Interest income	7,385	-
Write-off of resource property (Note 3)	(1,127,406)	(182,322)
	<b>(1,120,021)</b>	<b>(182,322)</b>
<b>Loss Before Income Taxes</b>	<b>(1,728,441)</b>	<b>(357,667)</b>
Future income tax recovery	249,340	-
<b>Net Loss For The Year</b>	<b>(1,479,101)</b>	<b>(357,667)</b>
Deficit, beginning of year	(3,346,041)	(2,988,374)
<b>Deficit, End Of Year</b>	<b>(4,825,142)</b>	<b>(3,346,041)</b>
<b>Basic And Diluted Loss Per Share</b>	<b>(0.06)</b>	<b>(0.02)</b>
<b>Weighted Average Number Of Shares Outstanding</b>	<b>25,913,932</b>	<b>21,030,099</b>

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**BITTERROOT RESOURCES LTD.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

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YEAR ENDED OCTOBER 31	2004	2003
	\$	\$
<b>Operating Activities</b>		
Net loss for the year	(1,479,101)	(357,667)
Items not involving cash:		
Amortization	4,323	582
Write-off of resource properties	1,127,406	182,322
Future income taxes	(249,340)	-
Stock-based compensation	451,746	62,107
	<u>(144,966)</u>	<u>(112,656)</u>
Changes in non-cash working capital:		
Accounts receivable	(16,284)	962
Prepaid expenses	(24,249)	(1,271)
Accounts payable	131,937	(98,012)
	<u>91,404</u>	<u>(98,321)</u>
	<u>(53,562)</u>	<u>(210,977)</u>
<b>Financing Activities</b>		
Share issuance	1,965,688	257,107
<b>Investing Activities</b>		
Resource property expenditures, net of recoveries	(1,420,698)	41,062
Purchase of equipment	(25,609)	(344)
	<u>(1,446,307)</u>	<u>40,718</u>
<b>Increase During The Year</b>	465,819	86,848
Cash, beginning of year	<u>88,044</u>	<u>1,196</u>
<b>Cash, End Of Year</b>	<u>553,863</u>	<u>88,044</u>

Supplemental disclosure with respect to cash flows (Note 8).

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**BITTERROOT RESOURCES LTD.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED OCTOBER 31, 2004 AND 2003**

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**1. Continuing Operations**

Bitterroot Resources Ltd. (the "Company"), incorporated in British Columbia, is a public company listed on the TSX Venture Exchange ("TSX").

The Company is in the exploration stage and its principal business activity is the sourcing and exploration of resource properties.

At October 31, 2004, the Company was in the process of exploring its resource properties and has not yet determined whether the properties contain ore reserves that are economically recoverable. The recoverability of amounts shown for resource properties is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development, and upon future profitable production or proceeds from the disposition thereof.

The Company incurred a loss of \$1,479,101 for the year ended October 31, 2004 (2003 - \$357,667), and had a deficit of \$4,825,152 at October 31, 2004 (2003 - \$3,346,041) which has been funded primarily by the issuance of equity. The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon the continued support of its shareholders, obtaining additional financing, and generating revenues sufficient to cover its operating costs.

These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

**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

These 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, USA corporations. All significant inter-company balances and transactions have been eliminated upon consolidation.

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

(b) Use Of Estimates

The preparation of consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the year. The more significant areas requiring the use of estimates include asset impairments, stock-based compensation, and future income tax amounts. Management bases its estimates on historical experience and on other assumptions considered to be reasonable under the circumstances. However, actual results may differ from the estimates.

(c) Resource Properties

The company accounts for resource properties in accordance with the Canadian Institute of Chartered Accountants Handbook Section 3061, "Property, plant and equipment" ("CICA 3061"), and abstract EIC 126, "Accounting by Mining Enterprises for Exploration Costs" ("EIC 126") of the Emerging Issues Committee. CICA 3061 provides for the capitalization of the acquisition and exploration costs of a mining property where such costs are considered to have the characteristics of property, plant and equipment. EIC 126 provides that a mining enterprise is not precluded from considering exploration costs to have the characteristics of property, plant and equipment when it has not established mineral reserves objectively and, therefore, does not have a basis for preparing a projection of the estimated future net cash flow from the property.

Resource properties include initial acquisition costs and related option payments, which are recorded when paid. Exploration and development costs are capitalized until properties are brought into production, at which time costs are amortized on a unit of production basis over economically recoverable reserves. Option payments are credited against resource property costs when received. No gain or loss on disposition of a partial interest is recorded until all carrying costs of the interest have been offset by proceeds of sale or option payments received.

CICA 3061 also provides that property, plant and equipment be written down when the long-term expectation is that the net carrying amount will not be recovered. EIC 126 states that a mining enterprise which has not objectively established mineral reserves and, therefore, does not have a basis for preparing a projection of the estimated future cash flow from a property is not obliged to conclude that the capitalized costs have been impaired.

However, EIC 126 references certain conditions that should be considered in determining subsequent write-downs, such as changes or abandonment of a work program or poor exploration results, and management reviews such conditions to determine whether a write-down of capitalized costs is required. When the carrying value of a property exceeds its net recoverable amount, provision is made for the impairment in value.

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

(d) Environmental Expenditures And Land Reclamation Costs

The operations of the Company have been, and may in the future be, affected from time to time in varying degrees by changes in environmental regulations, including those for future rehabilitation and site restoration costs. Both the likelihood of a new regulations and their overall effect upon the Company may vary from region to region and are not entirely predictable. The Company's policy is to meet, or if possible surpass, standards set by relevant legislation by application of technically proven and economically feasible measures. Environmental expenditures that relate to ongoing environmental and reclamation programs are charged against statements of earnings as incurred or capitalized and amortized depending upon their future economic benefits. The Company does not anticipate any material capital expenditures for environmental control facilities because it is at an early stage of exploration. Estimated future rehabilitation and site restoration costs are considered minimal.

(e) Equipment

Equipment is recorded at cost, including betterment and renewals subsequent to acquisition, less accumulated amortization. When equipment is 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%
Field equipment	-	30%

(f) Foreign Currency Translation

The accounts of the non-Canadian subsidiary, which is considered to be dependent on the Company, and transactions of Canadian operations denominated in foreign currencies are translated to Canadian dollars using the temporal method. Under this method, monetary assets and liabilities are translated at current rates of exchange and other assets and liabilities are translated at historical rates of exchange. Revenues and expenses are translated at average rates of exchange for the year, except for depreciation and amortization which are translated at rates in effect when the related assets were acquired. All exchange gains and losses are recognized currently in earnings.

(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. For the years presented, this calculation proved to be anti-dilutive.

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

(h) Stock-Based Compensation Plan

The Company has a stock-based compensation plan which is described in Note 7.

On November 1, 2002, the Company 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. Agent's warrants, stock options and direct awards of stock are recorded at fair value on the date of grant.

(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.

(j) Flow-Through Shares

The Company has financed a portion of its exploration activities through the issuance of flow-through shares. Under the terms of the flow-through share agreements, the tax attributes of the related exploration expenditures are renounced to subscribers. To recognize the foregone tax benefits to the Company, the carrying value of the shares issued is reduced by the tax effect of the benefits renounced to subscribers.

The Company follows the recommendations of the Emerging Issues Committee ("EIC") of the Canadian Institute of Chartered Accountants ("CICA") with respect to flow-through shares, as outlined in EIC-146. The application of EIC-146 requires the recognition of the foregone tax benefit on the date the Company renounces the tax credits associated with the exploration expenditures, provided there is reasonable assurance that the expenditures will be made.

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

	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
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
Travel and accommodation	-	686	859	10,945	12,490
Recovery of costs	(43,598)	-	-	(209,698)	(253,296)
	(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)
<b>Balance – October 31, 2003</b>	98,009	-	15,495	2,593,073	2,706,577
Expenditures during the year					
Acquisition costs	-	-	46,000	-	46,000
Aircraft charter	159,790	-	-	-	159,790
Claims, leases and permits	71,454	-	27,375	17,194	116,023
Consultants' stock-based compensation	117,484	-	87,153	27,400	232,037
Consulting and professional	93,882	-	76,098	42,469	212,449
Drilling	224,499	-	-	66,899	291,398
Field supplies	31,103	-	18,417	3,958	53,478
Fuel	30,984	-	798	-	31,782
Geochemistry	23,831	-	49,873	520	74,224
Geophysics	247,414	-	110,647	353,033	711,094
Ground transportation	11,847	-	3,606	-	15,453
Other	6,261	-	9,414	4,290	19,965
Room and board	2,127	-	5,491	-	7,618
Travel and freight	8,721	-	523	3,748	12,992
Recovery of costs	-	-	-	(285,568)	(285,568)
	1,029,397	-	435,395	233,943	1,698,735
	1,127,406	-	450,890	2,827,016	4,405,312
Write-off of resource properties	(1,127,406)	-	-	-	(1,127,406)
<b>Balance – October 31, 2004</b>	-	-	450,890	2,827,016	3,277,906

Title to resource properties involves certain inherent risks due to difficulties of determining the validity of certain claims, as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many resource properties. The Company has investigated title to its resource properties and to the best of its knowledge, title to its properties are in good standing.

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**BITTERROOT RESOURCES LTD.**  
**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.

On February 18, 2003, the Company entered into an option 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 in the entire area of interest over a period of 18 years, subject to earn-in levels ranging from \$1,000,000 to \$10,000,000 for portions of the area of interest. In order to maintain the right to exercise its option, Cameco must incur expenditures of \$250,000 during the first year, \$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 is the project operator and receives total cash payments of \$45,000 plus management fees. Subsequent to year end, the agreement was amended to provide Cameco with extensions to incur expenditures and exercise certain options (Note 14(c)).

(ii) Federal And State Leases

At October 31, 2004, the Company had been granted prospecting permits covering 1,960 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, 2004, the Company held leases covering approximately 1,800 acres of State of Michigan mineral rights. State leases are subject to a sliding scale production royalty ranging from two to seven percent, or to a net smelter returns royalty, the terms of which are negotiated on a case-by-case basis. In order to maintain the leases in good standing, the Company must make aggregate rental payments of \$66,000 through February 28, 2013. Minimum rental payments due in the next five years are as follows:

	\$
2005	5,520
2006	8,400
2007	8,400
2008	8,160
2009	10,560

(b) Mistassini, Quebec, Canada

During the years ended October 31, 2004 and 2003, the Company staked 611 claims in the Otish/Mistassini region of northern Quebec. During the year ended October 31, 2004, management of the Company determined that the majority of the claims were not economically viable. Consequently, all related costs were written-off to operations. At October 31, 2004, the Company had 197 active claims in the region.

**BITTERROOT RESOURCES LTD.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**3. Resource Properties (Cont'd)**

(c) Nipigon Project, Ontario, Canada

During the year ended October 31, 2003, 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 ended October 31, 2003, the Company was granted an option to acquire a 100% interest in the GK Property located east of the town of Beaverdell, British Columbia. In order to earn this interest, the Company has issued 200,000 common shares at a value of \$54,000, and is required to issue an additional 100,000 shares by June 15, 2005 and pay \$80,000 by June 15, 2006.

**4. Equipment**

			<b>2004</b>	<b>2003</b>
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value</b>	<b>Net Book Value</b>
	\$	\$	\$	\$
Computer hardware	6,828	6,120	708	1,013
Leasehold improvements	5,654	4,942	712	889
Field equipment	25,609	3,841	21,768	-
	<b>38,091</b>	<b>14,903</b>	<b>23,188</b>	<b>1,902</b>

**5. Share Capital**

(a) Authorized

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

(b) Common Shares Issued

	<b>Number Of Shares</b>	<b>Value \$</b>
<b>Balance - October 31, 2002</b>	20,554,811	5,812,122
Issued for cash		
Exercise of warrants	620,000	62,000
Pursuant to private placement	1,000,000	200,000
Issued for option payment on GK property	100,000	8,000
Share issue costs	-	(4,893)
<b>Balance, October 31, 2003 (Carried-Forward To Next Page)</b>	<b>22,274,811</b>	<b>6,077,229</b>

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

(b) Common Shares Issued (Cont'd)

	Number Of Shares	Value \$
<b>Balance, October 31, 2003 (Carried-Forward From Previous Page)</b>	22,274,811	6,077,229
Issued for cash		
Exercise of stock options	624,000	66,400
Exercise of warrants	200,000	20,000
Pursuant to private placements	4,528,750	1,924,000
Issued for option payment on GK property	100,000	46,000
Issued for finders' fees	133,750	75,237
Transferred from contributed surplus on exercise of stock options	-	15,288
Share issue costs	-	(165,495)
Future income taxes on expenditures renounced to shareholders	-	(249,340)
<b>Balance - October 31, 2004</b>	<b>27,861,311</b>	<b>7,809,319</b>

During the year ended October 31, 2004, the Company issued common shares pursuant to the following private placements:

- (i) The Company issued 1,000,000 flow-through units at a price of \$0.40 per unit. Each flow-through unit consisted of one flow-through common share and one non-transferable share purchase warrant. In addition, the Company issued 1,000,000 units at a price of \$0.40 per unit. Each unit consisted of one common share and one non-transferable share purchase warrant. In both cases, each warrant entitles the holder to acquire an additional common share at \$0.60 per share, expiring December 5, 2005. A finder's fee of 80,000 common shares was issued in conjunction with this financing.
- (ii) The Company issued 468,750 flow-through units at a price of \$0.64 per unit. Each flow-through unit consisted of one flow-through common share and one-half of one non-transferable share purchase warrant. Each warrant entitles the holder to acquire an additional common share at \$0.80 per share, expiring December 22, 2005. A finder's fee of 18,750 common shares was issued in conjunction with this financing.
- (iii) The Company issued 2,060,000 units at a price of \$0.40 per unit. 832,500 units each consisted of one common share and one non-transferable share purchase warrant. The remaining 1,227,500 units each consisted of one flow-through common share and one non-transferable share purchase warrant. Each warrant entitles the holder to acquire an additional common share at \$0.60 per share until June 30, 2005. Finders' fees in conjunction with this financing included the issuance of 35,000 units with identical terms as the above, cash payments totaling \$22,890, and the issuance of 163,500 share purchase warrants entitling the holder to acquire a common share at \$0.50, expiring June 30, 2005. Stock-based compensation costs of \$45,546 were recorded on these transactions (Note 6).

During the year ended October 31, 2003, the Company issued 1,000,000 units at a price of \$0.20 per unit. Each unit consisted of one common share and one non-transferable share purchase warrant. Each warrant entitles the holder to acquire an additional common share at \$0.30 per share, expiring October 23, 2005.

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

(c) Warrants

The following share purchase warrants were outstanding at October 31, 2004:

Number Of Warrants	Exercise Price	Expiry Date
	\$	
1,000,000	0.30	October 29, 2005
1,000,000	0.60	December 5, 2004
1,000,000	0.60	December 5, 2004
	then at 0.75	December 5, 2005
234,375	0.80	December 22, 2004
2,095,000	0.60	June 30, 2005
163,500	0.50	June 30, 2005

**6. Contributed Surplus**

The Company's contributed surplus is comprised of the following:

	2004	2003
	\$	\$
<b>Balance, Beginning Of Year</b>	66,884	-
Stock-based compensation (Note 7)	683,783	66,884
Stock options exercised	(15,288)	-
Agent's warrants issued (Note 5)	45,546	-
<b>Balance, End Of Year</b>	<b>780,925</b>	<b>66,884</b>

**7. Stock Option Plan And Stock-Based Compensation**

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

**BITTERROOT RESOURCES LTD.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**7. Stock Option Plan And Stock-Based Compensation (Cont'd)**

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

	Number Of Options	Weighted Average Exercise Price \$
<b>Balance - October 31, 2002</b>	1,670,032	0.10
Options granted during the year	350,000	0.15
<b>Balance - October 31, 2003</b>	2,020,032	0.11
Options granted during the year	1,370,000	0.56
Options exercised and cancelled during the year	(664,000 )	0.11
<b>Balance - October 31, 2004</b>	2,726,032	0.33

The following stock options were outstanding and exercisable at October 31, 2004:

Number Of Options	Exercise Price \$	Expiry Date
311,032	0.10	January 10, 2005
500,000	0.10	July 8, 2006
100,000	0.10	February 5, 2007
215,000	0.10	September 9, 2007
270,000	0.15	September 20, 2008
480,000	0.61	January 29, 2009
670,000	0.53	May 24, 2009
180,000	0.53	July 5, 2009

The weighted average grant-date fair value of options granted during the year ended October 31, 2004, was \$0.50 per option (2003 - \$0.19 per option).

Total compensation expense recognized for stock options granted during the year was \$683,783 (2003 - \$66,884). Stock-based compensation of \$232,037 (2003 - \$4,777) was capitalized to resource properties for options granted to consultants, \$Nil (2003 - \$3,822) was included in consulting expense for options granted to a consultant and \$451,746 (2003 - \$58,285) was expensed to operations for options granted to directors of the Company.

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**BITTERROOT RESOURCES LTD.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**7. Stock Option Plan And Stock-Based Compensation (Cont'd)**

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

	<b>2004</b>	<b>2003</b>
Volatility percentage	152%	170%
Risk-free interest rate	3.89%	4.01%
Dividend yield	-	-
Expected life of options	5 years	5 years

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

	<b>2004</b>	<b>2003</b>
	<b>\$</b>	<b>\$</b>
Cash paid during the year for interest	-	-
Cash paid during the year for income taxes	-	-

The Company issued 100,000 shares during each of the years ended October 31, 2004 and 2003 in respect of option payments for resource properties, with a fair value of \$46,000 and \$8,000 respectively.

During the year ended October 31, 2004, the Company issued 133,750 shares at a fair value of \$75,238 as finders' fees.

**9. Related Party Transactions**

The following is a summary of related party transactions and balances for the year ended October 31, 2004 not disclosed elsewhere in the financial statements:

- (a) Management fees of \$56,000 (2003 - \$48,000) were incurred with a company controlled by a director in common with the Company. These fees are recorded at their exchange amounts.
- (b) Accounts payable at October 31, 2004 includes \$7,410 (2003 - \$Nil) due to a company controlled by a director in common with the Company.
- (c) Management and directors' compensation includes stock options granted to directors recorded at a fair value of \$451,746 (2003 - \$58,285).

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**10. Income Taxes**

Income tax expense attributable to income from operations was \$Nil for the year ended October 31, 2004 (2003 - \$Nil).

The tax effects of temporary differences that give rise to significant portions of the future tax assets at October 31, 2004 and 2003 are presented below:

	<b>2004</b>	<b>2003</b>
	\$	\$
<b>Future Tax Assets</b>		
Net operating loss carry-forwards	331,099	332,603
Mineral properties	175,185	105,996
Capital loss carry-forwards	43,709	48,470
Equipment	5,308	4,043
Share issuance costs	47,159	-
Valuation allowance	(602,460)	(491,113)
<b>Net Future Tax Assets</b>	<b>-</b>	<b>-</b>

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

The Company has approximately \$929,000 of losses for tax purposes which may be used to reduce income taxes of future years and will expire as follows:

	\$
2005	159,000
2006	95,000
2007	113,000
2008	106,000
2009	104,000
2010	174,000
2014	178,000
	<u>929,000</u>

**11. Segmented Information**

(a) Industry Information

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

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**11. Segmented Information (Cont'd)**

(b) Geographic Information

The Company's property and equipment in geographic locations are as follows:

	<b>2004</b>	<b>2003</b>
	<b>\$</b>	<b>\$</b>
Canada	474,078	115,406
U.S.A.	2,832,820	2,598,877
	<b>3,306,898</b>	<b>2,714,283</b>

**12. 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.

**13. Commitments**

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

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.

**14. Subsequent Events**

Subsequent to October 31, 2004:

- (a) The Company issued 1,035,000 units at a price of \$0.25 per unit. Each unit consists of one flow-through common share and one-half of a non-transferable share purchase warrant. Each full warrant entitles the holder to acquire an additional common share of the Company at \$0.30 per share, expiring December 22, 2005.
- (b) The Company issued 311,032 common shares for proceeds of \$31,103 on the exercise of stock options.
- (c) The option agreement between the Company and Cameco Corporation ("Cameco") referred to in Note 3(a)(i) was amended on December 15, 2004. Cameco was granted an extension to June 30, 2005 to incur the \$600,000 minimum expenditure, and an extension to July 31, 2005 to exercise certain options under the agreement.

**15. Comparative Figures**

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

## **BITTERROOT RESOURCES LTD. MANAGEMENT DISCUSSION & ANALYSIS**

For the year ended October 31, 2004  
As of March 14, 2005

### **Summary of 2004 Activities**

In 2004, Bitterroot Resources Ltd. undertook its most active year of mineral exploration since its inception. Four targets were drill-tested in calendar 2004, including the Twins nickel/copper/PGE project in Quebec, Keweenaw copper and uranium targets in Michigan and the GK gold/silver project in British Columbia. Total exploration expenditures up to the October 31 year-end, before cost recoveries, were \$1.98 million. Equity financings and funding from Cameco Corporation contributed \$2.25 million to Bitterroot's working capital during the financial year, while overhead expenses (net of stock-based compensation) were held to only \$156,674. Immediately following the October 31 year-end, approximately \$350,000 was spent in Michigan (airborne geophysical surveys funded by Cameco) and British Columbia (drilling the GK property).

### **INTRODUCTION**

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 1,800 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 holds 197 mineral claims covering approximately 10,440 hectares in the Mistassini region. In British Columbia, the Company has optioned a total of 250 claim units, which comprise the GK project in the Beaverdell area of south central BC.

The following Management Discussion and Analysis (MD&A) should be read in conjunction with Bitterroot Resources Ltd.'s (referred to throughout this document as "the Company" or "Bitterroot") audited annual consolidated financial statements for the year ended October 31, 2004 and the audited annual consolidated financial statements and MD&A for the year ended October 31, 2003.

### **OVERALL PERFORMANCE**

#### **Results of Operations**

##### **Mistassini, Quebec**

##### **Twins Nickel/Copper/PGE Project**

The Twins project was Bitterroot's largest exploration program in 2004. The Twins targets were developed following a regional reconnaissance exploration program in 2002, followed by detailed geophysical surveys and prospecting in 2004. The Twins targets occur in an under-explored region of the Grenville Province, which is approximately 30 kilometres north of the current limit of logging road access. The area is covered by extensive deposits of glacial till and outwash sand, which have limited past exploration, despite the relatively good access. Prospecting in 2002 located boulders of ultramafic rock and massive pyrrhotite immediately down-ice from the Twins magnetic anomalies. The 2004 program was designed to locate the source of these rocks and drill test the best coincident magnetic, gravity and EM targets.

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. Final geophysical data products were received from Fugro in April. Follow-up prospecting, ground-based horizontal loop EM, magnetic and gravity surveys were done in June. A number of coincident, overburden-covered magnetic/EM/gravity targets were confirmed by this work. In July, an eight-hole 1,714-metre drilling program was carried out on the Twins targets. Seven holes were drilled on the South Twin targets and one hole tested the North Twin target. Drilling of four highly conductive and magnetic zones in the South Twin area intersected numerous zones of massive, semi-massive and disseminated pyrrhotite/magnetite/pyrite mineralization. These zones occur on the margins of granitic intrusions, which intrude iron-rich siliceous metasedimentary and ultramafic rocks. Assay results from over 400 core samples returned only trace amounts of base and precious metals from the massive iron sulphide- and oxide-rich zones, which appear to be causing the geophysical anomalies. The North Twin was tested with one hole, which intersected an unmineralized, magnetite-bearing mafic intrusion. Several other geophysical targets remain untested in the Twins target areas. The Company also conducted reconnaissance exploration on other targets within the region. Plans are being developed to continue regional exploration in 2005.

In the year ended October 31, 2004, Bitterroot spent \$911,913 on the Mistassini project (excluding stock-based compensation charges related to granting of stock options to technical consultants), mainly on geophysical surveys, drilling, aircraft charter and technical consultants. The Company wrote-off its entire expenditures on the Mistassini project as of the October 31, 2004 year-end. The scope of further work and exploration expenditures in the Mistassini region will be determined following compilation of all data collected in 2004. Mr. Jan Klein, P.Eng, P.Geol is the Qualified Person responsible for interpretation of the geophysical data. Mr. Charles Greig, P.Geol is the Qualified Person responsible for the design and execution of the 2004 drilling and prospecting program.

### **GK Gold/Silver Project, British Columbia**

The GK project was designed to locate the source of highly anomalous gold/silver/arsenic stream silt and soil anomalies associated with alkaline intrusive and sedimentary rocks. The road-accessible GK claims are located 8 kilometres east of the Highland Bell (Beaverdell) silver mine, which operated for over 90 years.

In April 2004, Bitterroot initiated a program of detailed soil sampling, geological mapping and trenching to follow-up the first phase of 2003 reconnaissance soil sampling and prospecting. Bitterroot's soil sampling identified several areas with highly anomalous levels of gold, silver, arsenic and copper. During the year, over 2,100 soil samples were collected, which defined five coincident zones of anomalous gold, arsenic, copper and silver in soil. In September, a 39 line-kilometre IP survey expanded the extent of several poorly exposed zones of disseminated sulphide within the area of anomalous soils. Geological mapping identified multiple alkaline intrusions and brecciated, sulphide-bearing cherty sediments within the five-square kilometre core area of the property. Subsequent to the year-end, in November and December 2004, a nine-hole, 1,879 meter drilling program tested favourable rock types with coincident IP and soil geochemical anomalies. The results of the 2004 drilling, mapping and prospecting program indicate that the property is underlain by intrusive, volcanic and sedimentary rocks altered by a large magmatic hydrothermal system. Mineralized or geochemically anomalous zones on the GK Property have a close spatial association with a suite of probable Tertiary-aged alkalic intrusions. The intrusions have been emplaced into a stratified sequence of fine-grained, thinly-bedded siliceous and potassic tuffs and sedimentary rocks of probable Palaeozoic age. The highest and most laterally extensive Au/As soil values are generally coincident with wide intervals of weakly gold-mineralized, brecciated, altered, and mineralized tuffs and sediments. Interpretation of the geological, assay and geochemical data gathered to date suggests that only the most distal portions of the hydrothermal system were tested by drilling. The results of the 2004 exploration program demonstrate that the property is underlain by rocks hosting a hydrothermal system of impressive dimensions and that ample scope remains for further exploration. Several targets are worthy of follow-up, including a narrow high-grade Au intercept in hole 03 and a 106-

metre interval of multi-phase, mineralized hydrothermal breccias encountered in hole 08. Additional mapping, soil sampling and prospecting are planned in 2005. The extent of future drilling programs will be determined following this work.

In the year ended October 31, 2004, Bitterroot spent \$348,242 on the GK project (excluding stock-based compensation charges related to granting of stock options to technical consultants), mainly on geophysical and geochemical surveys, claim staking and technical consultants. Following the year-end, the Company spent approximately \$235,000 on 1,879 metres of core drilling. Mr. Charles Greig, P.Geol is the Qualified Person responsible for the design and execution of the 2004 field program. Mr. Jan Klein, P.Eng, P.Geol is the Qualified Person responsible for interpretation of the geophysical data.

### **Upper Peninsula, Michigan Copper/Uranium**

The Company's exploration activities in the Upper Peninsula are relatively low-cost, due to the presence of an extensive road network and other infrastructure. Bitterroot owns recorded mineral title interests covering approximately 461 square miles of Michigan. These lands cover several Proterozoic-aged geological environments, which are prospective for a number of metals, including copper, nickel, PGEs, uranium and gold. Exploration in 2004 was primarily focussed on uranium and copper. The majority of this work is funded by Cameco Corporation under the terms of an option/joint venture agreement which was initiated in February 2003. Under the recently revised terms of the agreement, Cameco must spend \$600,000 prior to June 30, 2005 to maintain its option. As of October 31, 2004, Cameco had spent \$393,266. Subsequent to the year end, Cameco's expenditures on an airborne geophysical survey and associated data processing have increased the level of expenditures to approximately \$550,000. The remaining funding obligation is expected to be completed prior to June 30, through expenditures on ground geophysical surveys, drilling and associated costs. In order to maintain its option, Cameco's expenditure requirement prior to June 30, 2006 is an additional \$500,000.

In early 2004, Bitterroot's geophysical contractor conducted horizontal loop EM surveys on several targets and in June, one target was drill-tested with three 100-metre core holes. Drilling intersected a 40-metre interval of graphitic metasediments beneath a weathered Proterozoic unconformity. The next phase of the 2005 exploration program will include ground-based EM surveys to test near-surface conductive zones identified by a 1,250 line-kilometre airborne geophysical (GEOTEM) survey flown in November 2004. The airborne survey has identified a number of untested conductive basement structures with a total strike length of over 25 kilometres. Several of these conductive zones are coincident with or along trend from structurally complex graphitic zones which were tested in 2003 and 2004 by five core holes totalling 481 metres. Geochemical analyses of these drill holes confirm the prospectivity of the graphitic zones and overlying sedimentary rocks. The Cameco-funded 2005 drilling program is expected to commence in the early summer. The total number of holes and metres to be drilled will be determined following receipt of the ground-based EM survey results.

In January 2004, Bitterroot retained Fugro Airborne Surveys to conduct a 1,000 line-kilometre GEOTEM airborne geophysical survey over an area of favourable copper-bearing stratigraphy in the Keweenaw Peninsula. Within the survey area, there are at least 27 copper mines, shafts, pits and prospects dating from the late 19<sup>th</sup> century/early 20<sup>th</sup> century. In June 2004, two 150-metre core holes were drilled to test a conductive zone on the Company's 100%-owned mineral rights. Core logging and sampling determined that the conductor was caused by an unmineralized sedimentary horizon within the targeted volcanic stratigraphy. The GEOTEM survey has also identified other conductive targets at other stratigraphic levels. Ground-based EM surveys are planned to further define these targets.

Mr. Glenn Scott, P.Geol is the Qualified Person responsible for the design and execution of the core logging and sampling program. Mr. Jan Klein, P.Eng, P.Geol is the Qualified Person responsible for interpretation of the geophysical data.

In the year ended October 31, 2004, Bitterroot spent \$492,111 on its Michigan projects (excluding stock-based compensation charges related to granting of stock options to technical consultants), mainly on geophysical surveys, drilling, mineral leases and technical consultants. Cameco refunded \$285,568 of these costs to Bitterroot under the terms of their option agreement.

### **Financial Condition**

As at October 31, 2004, Bitterroot had working capital of \$458,204, including \$553,863 in cash, \$19,222 due from GST refunds and \$25,000 prepaid deposit for drilling on the GK project. Resource properties had a book value of \$3,277,906 following the write-off of \$1,127,406 of expenditures on the Mistassini project, compared to \$2,706,577 at the beginning of the financial year. For the year ended October 31, 2004, cash inflows exceeded cash outflows by \$465,819, which when combined with the \$88,044 cash balance from year end 2003 results in an ending cash position of \$553,863. The cash inflows were a result of share issuances for net proceeds of \$1,965,688. Cash outflows comprised principally of resource property expenditures, net of recoveries from Cameco, of \$1,420,698 and general and administrative costs of \$156,674 (net of stock-based compensation).

### **Summary of Financial Results**

During the year ended October 31, 2004, the Company had a net loss of \$1,479,101 (\$0.06 loss per share) compared to a loss of \$357,667 (\$0.02 loss per share) in the prior year. The increased loss was mainly attributable to the write-off of the Mistassini project. Excluding stock-based compensation costs, mineral property write-offs, and future income tax recovery, the loss for the year ended October 31, 2004, was \$142,289, compared to \$117,060 for the prior year. On this basis, the increased loss in the current year is mainly due to increased professional, regulatory and management fees plus foreign exchange losses on US dollar holdings, which were partially offset by interest income of \$7,385.

### **SELECTED ANNUAL INFORMATION**

	<b>October 31, 2004</b>	<b>October 31, 2003</b>	<b>October 31, 2002</b>
Total revenues	\$7,385	nil	\$nil
Loss before discontinued operations and extraordinary items	(\$601,035)	(\$175,345)	(104,228)
As above, per-share	(\$0.023)	(\$0.008)	(\$0.006)
As above, per-share, Fully diluted	(\$0.023)	(\$0.008)	(\$0.007)
Total Assets	\$3,906,605	\$2,807,638	\$2,931,326
Long-term financial Liabilities	nil	nil	nil
Cash dividends/share	nil	nil	nil

## SUMMARY OF QUARTERLY RESULTS

The following tables set forth a comparison of revenues and expenses for the previous eight quarters ending with October 31, 2004. Financial information is prepared according to Canadian GAAP and is reported in Canadian dollars.

### Quarter Ended:

	Quarter Ended Oct. 31 2004	Quarter Ended July 31 2004	Quarter Ended Apr. 30 2004	Quarter Ended Jan. 31 2004
Interest income	1,593	2,046	2,516	1,230
Income (loss) for the period	(921,734)	(302,777)	(38,967)	(215,623)
General and administrative	(222,963)	(304,823)	(41,483)	(39,151)
Stock-based compensation	-	(274,044)	-	(177,702)
Write-off of resource property	(1,127,406)	-	-	-
Net income (loss) per share basic and diluted	(\$0.06)	(\$0.01)	(\$0.00)	(\$0.01)

### Quarter Ended:

	Quarter Ended Oct 31 2003	Quarter Ended July 31 2003	Quarter Ended April 30 2003	Quarter Ended Jan. 31 2003
Interest Income	-	-	-	-
Loss for the period	(88,730)	(19,355)	(223,681)	(25,901)
General and administrative	(30,445)	(19,355)	(41,359)	(25,901)
Stock-based compensation	(58,285)	-	-	-
Write-off of resource property	-	-	(182,322)	-
Net Loss per share, basic and diluted	(0.00)	(\$0.01)	(\$0.01)	(\$0.00)

## LIQUIDITY

During the year ended October 31, 2004, the Company received \$2,010,400 (before commissions and financing charges) from the following,

- \$20,000 from the exercise of 200,000 common share purchase warrants,
- \$66,400 from the exercise of 624,000 stock options,
- \$400,000 from a private placement 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 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 of 468,750 units at \$0.64, consisting of one flow through common share and one half of a common share purchase warrant.
- \$824,000 from a private placement of 2,060,000 units at \$0.40, consisting of one common share and one common share purchase warrant. A total of 1,227,500 of these shares are flow-through shares

The Company's working capital at October 31, 2004 was \$458,204, compared to working capital of \$83,789 at October 31, 2003. Current liabilities were \$141,503, consisting of accounts payable incurred in the normal course of business.

During the year ended October 31, 2004, the Company received proceeds, net of commissions, of \$1,965,688 from four private placements and the exercise of 200,000 warrants and 624,000 stock options. Included in these proceeds was \$1,191,000 of flow-through share financing.

As of the date of this report, there are 4,776,000 common share purchase warrants outstanding, which if exercised, would generate proceeds to the Company of \$2,544,000. There are also currently 2,415,000 incentive stock options outstanding, which if exercised would provide proceeds to the Company of \$865,300.

Bitterroot has sufficient cash reserves to fund its operating expenses in 2005 and this year's exploration programs in British Columbia and Quebec. In Michigan, almost all of the work planned in 2005 will be funded by Cameco. Depending on the results of land acquisition activities and surface exploration, additional capital may be required to fund expanded exploration programs and drilling. In the longer term, Bitterroot's ability to meet its ongoing obligations will be determined by management's success in acquiring mineral properties, obtaining equity financing, negotiating joint venture arrangements, and facilitating the exercise of outstanding share purchase warrants and options. Despite current favourable markets for junior resource issuers due to strong commodity prices, there can be no assurance that the Company will be able to continue to raise funds, in which case it may be unable to meet its obligations. Should Bitterroot be unable to realize on its assets and discharge its liabilities in the normal course of business, the realizable value of its assets may be materially less than the amounts recorded on the balance sheets.

## **RELATED PARTY TRANSACTIONS**

The following is a summary of related party transactions and balances for the year ended October 31, 2004.

- The Company incurred management fees of \$56,000 to a company controlled by the President of the Company.
- The Company had accounts payable of \$7,410 due to a company controlled by the President the Company.
- Management and Director's compensation includes stock options granted to directors recorded at a value of \$451,746 (2003- \$58,285)

## **FORWARD LOOKING STATEMENTS**

This MD&A may contain forward-looking statements including, but not limited to, comments regarding the timing and content of upcoming work programs, geological interpretations, receipt of property titles, potential mineral recovery processes etc. Forward-looking statements address future events and conditions and therefore involve inherent risks and uncertainties. Actual results may differ materially from those currently anticipated in such statements.

## ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

### Outstanding Share Data

a) Authorized Capital:

100,000,000 common shares without par value

b) Number and Recorded Value for shares Issued and Outstanding as at October 31, 2004

27,861,311 common shares with a recorded value of \$7,809,319

c) Options outstanding at October 31, 2004

Number of Shares	Exercise Price	Expiry Date
311,032	\$ 0.10	January 10, 2005
500,000	0.10	July 8, 2006
100,000	0.10	February 5, 2007
215,000	0.10	September 9, 2007
270,000	0.15	September 20, 2008
480,000	0.61	January 29, 2009
670,000	0.53	May 24, 2009
180,000	0.53	July 5, 2009

d) Warrants outstanding at July 31, 2004

Number of Shares	Exercise Price	Expiry Date
1,000,000	\$ 0.30	October 29, 2005
1,000,000	0.60	December 5, 2004
1,000,000	0.60	December 5, 2004
	then at 0.75	December 5, 2005
234,375	0.80	December 22, 2004
2,095,000	0.60	June 30, 2005
163,500	0.50	June 30, 2005

### Stock-based Compensation

The weighted average grant-date value of options granted during the year ended October 31, 2004 was \$0.50 per option. Total compensation expense recognised for stock options granted during the year was \$683,783. Stock-based compensation of \$232,037 was recognised for the options granted to technical consultants and \$451,746 was expensed to operations for options granted to the directors of the Company. These amounts represent the value of stock options granted using the Black-Scholes option-pricing model, which includes management's estimates of volatility and expected life.

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS**

Information provided in this report including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

Management maintains a system of internal controls to provide reasonable assurances that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

Our auditors have not reviewed the contents of this MD&A.

**Additional information on the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com).**