BITTERROOT RESOURCES LTD.
MANAGEMENT DISCUSSION & ANALYSIS

For the period ended October 31, 2011
As of February 24, 2012

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SUMMARY OF ACTIVITIES

In the year ended October 31, 2011, the majority of Bitterroot Resources Ltd.'s Canadian exploration expenditures were on drilling and geological consulting on the GK gold property, airborne geophysics on the Mineral Creek property and ongoing geochemical surveys on the North Brenda property. Late in the year, the 398 square-kilometre Windy property was staked in Nunavut. In Michigan, the majority of exploration expenditures were for geological consulting and geophysics on the Norwich copper/nickel project. Exploration expenditures in the year, excluding recoveries and adjustments, were $1,370,926. Resource property expenditures of $3,531,493 incurred on the GK and SPN properties were written off. Expenses (net of stock-based compensation) were $460,377.

INTRODUCTION

Bitterroot Resources Ltd. is a mineral resource company engaged directly and indirectly through its wholly-owned subsidiaries, (collectively referred to herein as "the Company" or "Bitterroot"), in the acquisition and exploration of mineral properties. On Vancouver Island, BC, the Company owns a 100 percent interest in the Mineral Creek gold property near Port Alberni, BC, which includes claims previously referred to as the Big Southeaster property. In southern BC, the Company owns 100 percent interests in the GK (Au), North Brenda (Au/Cu/Mo) and SPN (base metals) projects. In Nunavut, Bitterroot owns a 100% interest in the recently staked Windy (Au) project. In Michigan, Bitterroot's wholly-owned subsidiary Trans Superior Resources, Inc. owns recorded mineral title interests covering approximately 363 square miles in the Upper Peninsula. The Company also currently holds leases covering 1,240 acres of privately-owned mineral rights.

During and subsequent to the year ended October 31, 2011, base metals prices declined and gold prices continued to rise. The Company is exposed to commodity price and equity market risk due to the cyclical nature of the mineral exploration business. Management currently seeks to minimize commodity risk by exploring for a number of mineral commodities (primarily gold, copper and nickel) and generally seeks to minimize exploration costs and political risk by operating in mining-friendly road-accessible locations in North America.

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

OVERALL PERFORMANCE

Results of Operations

Michigan

In the Upper Peninsula of Michigan, ground-based and airborne geophysical surveys and geological mapping have defined several high-priority nickel/copper drill targets. The Company acquired leases and prospecting permits covering 2,300 acres of mineral rights and is in discussions with potential joint venture partners, with the objective of drill-testing these targets in 2012.

In the year ended October 31, 2011, Bitterroot spent $262,652 on its Michigan exploration projects, net of stock-based compensation and recoveries, mainly on geological consulting and geophysics. Mr. Andy Bite, P.Geo was the Qualified Person supervising the Company's exploration in Michigan during the year.

Windy Gold Project, Nunavut

In late 2011, Bitterroot's field crews staked the Windy Property, covering 398 square kilometres adjoining Prosperity Goldfields Corp.'s 450 square kilometre Kiyuk gold project in southern Nunavut. The claims are located near Nueltin Lake, approximately 60 kilometres north of the Manitoba border. Bitterroot's Windy Property covers a significant part of the under-explored, early Proterozoic Kiyuk sedimentary sub-basin, which hosts several significant new gold discoveries on Prosperity Goldfields' Kiyuk property. Structural trends and stratigraphic units associated with the gold mineralization on the Kiyuk property continue onto Bitterroot's Windy property. Gold mineralization at Kiyuk is associated with strong magnetite-albite or albite-actinolite-quartz-carbonate alteration and steeply dipping fault zones. The gold mineralization is believed to have an Iron Oxide Copper-Gold (IOCG) affinity. The recent exploration success of Prosperity Goldfields indicates that the under-explored Kiyuk sub-basin has the potential to host large gold-bearing systems.

In the year ended October 31, 2011, Bitterroot spent $134,586 on the Windy property, mainly on claim staking. Mr. Charles Greig, P.Geo is the Qualified Person responsible for the technical content of this disclosure.

GK Gold Project, British Columbia

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

In the year ended October 31, 2011, Bitterroot spent $408,831 on the GK Project, net of stock-based compensation, mainly on drilling, assays and geological consulting. At the end of the year, the Company wrote off $3,003,829 of capitalized expenditures on the GK property. Mr. Charles Greig, P.Geo is the Qualified Person responsible for exploration programs on the GK project.

Mineral Creek Project, British Columbia

An airborne geophysical (VTEM) survey was completed at Mineral Creek in the first quarter to test an area of potential volcanogenic mineralization. The survey failed to define any strongly conductive zones associated with extensive copper and zinc soil anomalies. In early 2011, a 21 square kilometre area on the north side of the original property was staked to cover known mineral showings within a favourable geological environment. Subsequent prospecting and sampling downgraded many of the target areas on the new claims. Additional reconnaissance exploration in areas of anomalous gold-in-soil has revealed narrow quartz veins and alteration, exposed in new road cuts and logged areas near the 1050 and 900 Zones. Additional follow-up prospecting is planned.

In the year ended October 31, 2011, Bitterroot spent $227,819 on the Mineral Creek project, net of stock-based compensation, tax credit reversals and recoveries, mainly on geophysical surveys and geological consulting. Bitterroot received $45,563 from the final payment of its 50% share of proceeds of gold and silver recovered from the now-suspended bulk sampling of the Linda veins. Mr. Charles Greig, P.Geo is the Qualified Person responsible for exploration on the Mineral Creek project.

North Brenda Project, British Columbia

In October 2010, a 4,000 line-kilometre, high resolution aeromagnetic survey was flown over the North Brenda property. Prospecting and soil sampling has caused the Company to focus on selected multi-element soil geochemical anomalies located in recently logged areas. Follow-up soil sampling, mapping and prospecting are planned in 2012

In the year ended October 31, 2011, Bitterroot spent $121,873on the North Brenda project, net of stock-based compensation and recoveries, mainly on geological consulting and geochemistry. Mr. Charles Greig, P.Geo is the Qualified Person responsible for exploration programs on the North Brenda project.

SPN Project, British Columbia

In the year ended October 31, 2011, Bitterroot incurred costs of $14,124 on the SPN project, mainly on a geophysical (gravity) survey. No further work is planned on the SPN property. At the end of the year, the Company wrote off $527,664 of capitalized expenditures on the SPN property. Mr. Charles Greig, P.Geo is the Qualified Person responsible for exploration programs on the SPN project.

SELECTED ANNUAL INFORMATION

The following table contains selected financial data for the previous three years ending October 31, 2011. Financial information is prepared according to Canadian GAAP and is reported in Canadian dollars.

	October 31, 2011	**October 31, 2010**	**October 31, 2009**
Interest Income	657	6,637	22,401
Write-off of resource properties	3,531,493	(2,541,697)	nil
Gain on sale of equipment	nil	nil	2,112
Loss before taxes	(4,102,859)	(3,017,172)	(588,454)
Income taxes	775,567	10,260	425,121
Net Loss	(3,327,292)	(3,006,912)	(163,333)
Basic and diluted loss per-share	(0.04)	(0.04)	(0.01)
Total Assets	12,143,747	14,252,645	16,423,589
Long-term financial Liabilities	781,359	1,391,939	1,168,190
Cash dividends/share	nil	nil	nil

Interest income fluctuates annually based on the amount of interest income earned from the unspent proceeds of equity financings or recoveries. Loss before discontinued operations and extraordinary items in 2011, 2010 and 2009 fluctuated mainly due to variations in property investigation costs (recoveries) (2011- $51,154, 2010- $57,513, 2009- ($13,345), foreign exchange losses or (gains) (2011- $5,249 2010- $3,966, 2009- $56,187) and measurements of stock-based compensation (2011- $111,646, 2010- $87,060, 2009- $212,743), which are included in expenses. Excluding stock-based compensation, 2011 losses ($460,377) were approximately 17% higher than 2010 losses ($395,052). This increase is due to the 2011 accrual of $69,000 for the non-refundable portion of BCMETC claims. The remaining expenses remained almost constant from 2011 to 2009. Total assets shrank (2011- $12,143,747, 2010-

$14,252,645) due to $3,531,493 of capitalized property exploration expenditures which were written off in 2011.

Financial Condition

At October 31, 2011, Bitterroot had working capital of $516,099, which included accounts receivable of $35,879 due from GST refunds. Resource properties had a book value of $11,296,750 compared to $13,503,868 at the beginning of the year and $14,392,081 at the beginning of fourth quarter of the 2011 financial year. For the year ended October 31, 2011, cash inflows exceeded cash outflows by $187,565, which when combined with the $585,399 cash balance at the beginning of the year, resulted in a year-end cash position of $772,964. Cash outflows were comprised principally of resource property expenditures of $1,324,375 and operating expenses of $460,377 (net of stock-based compensation).

Summary of Financial Results

During the year ended October 31, 2011, the Company had a loss before income tax adjustments of $4,102,859, compared to a loss of $3,017,172 in the prior year. The increased loss during the period was mainly attributable to resource property write-offs of ($3,531,493). Operating expenses (net of stock based compensation and BCMETC accrual charges) remained effectively constant for 2010 and 2011. Fluctuating C$/US$ exchange rates resulted in a 2010 foreign exchange loss on US$ cash holdings of $5,249 (2010- forex loss of $3,966).

Changes in Accounting Policies

International Financial Reporting Standards ("IFRS")

First-time Adoption of International Financial Reporting Standards

IFRS 1 provides the framework for first time adoption of IFRS. IFRS 1 generally requires retrospective application of IFRS. However, IFRS 1 provides certain mandatory and optional exemptions from this retrospective treatment. Those optional exemptions deemed relevant to the Company are summarized below.

> Business Combinations
> An entity has the option to retrospectively apply IFRS 3 to all business combinations or may elect to apply the standard prospectively only to those business combinations that occur after the date of transition. The Company will not apply IFRS 3 retrospectively.
>
> Stock-based compensation
> An entity may elect not to apply IFRS 2 to equity instruments which vested before the transition date. The Company will elect to not to apply IFRS 2 retrospectively such that

equity instruments which vested prior to the transition date of November 1, 2010, will not be restated.

Equipment

On transition to IFRS an entity may elect to measure selected items of property, plant and equipment. The Company has not identified any items of property, plant and equipment where the current fair value significantly exceeds the carrying amount, therefore, the Company will not elect to revalue any items of property, plant and equipment.

Accounting Policies

The Company has determined that the main impact of IFRS on the Company will involve a significant increase in note disclosure as well as certain presentation differences.

Property Plant and Equipment

IFRS and Canadian GAAP contain the same basic principles of accounting for property, plant and equipment; however, there are some differences between them. As permitted under IAS 16 capital assets can be recorded at historical cost or at fair value, which requires an annual assessment or when events or circumstances occur which impair the assets carrying value. Depreciation is based on the estimated useful life of each component of each asset.

The company will continue to record Equipment at cost. Therefore, management does not expect this change to have an impact on the Company’s financial position.

Mineral Properties

Under the Company’s current accounting policy, acquisition and exploration costs of mineral properties are capitalized as incurred. IFRS 6 allows for exploration and evaluation costs to be either capitalized, expensed or valued at their fair value.

The Company will assess and likely retain its existing policies with respect to mineral properties exploration and evaluation costs.

Impairment of Assets

Under Canadian GAAP undiscounted future cash flows are used to compare against the asset’s carrying value to determine if an impairment exist using a two-step process. This will be amended under IAS 36 to the use of discounted cash flows and a one-step approach for testing and measuring asset impairments.

Management does not expect this change to have an impact on the Company’s financial position.

Income taxes

Deferred income taxes are determined under IFRS and Canadian GAAP using the same basic principle. Deferred income taxes are recorded using the asset and liability method whereby 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. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. IFRS prohibits recognition where deferred income taxes arise from the initial recognition of an asset or liability in a transaction, that is not a business combination, and is initial recognized outside the statement of earnings.

Management does not expect this change to have any impact of the Company's financial position.

Flow-through shares

The Company finances a significant portion of its exploration activities through financings in which flow-through common shares are issued. These shares transfer the tax deductibility of qualifying resource expenditures to investors. While IFRS contains no specific guidance on accounting for flow-through shares, the Company has chosen to adopt the following accounting policy.

At the time of closing a financing involving flow-through shares, the Company allocates the gross proceeds received (i.e. the "flow-through commitment") as follows:

- Flow-through share premium – recorded as a liability and equal to the estimated premium, if any, investors pay for the flow-through feature; and
- Share capital – the residual balance.

Thereafter, as qualifying resource expenditures are incurred, these costs are capitalized to mineral property assets.

At the end of each reporting period, the Company reviews its tax position and records an adjustment to its deferred tax expense/liability accounts for taxable temporary differences, including those arising from the transfer of tax benefits to investors through flow-through shares. For this adjustment, the Company considers the tax benefits (of qualifying resource expenditures already incurred) to have been effectively transferred, if it has formally renounced those expenditures at any time (before or after the end of the reporting period). Additionally, the Company reverses the liability for the flow-through share premium to income, on a proportionate basis, as an offset to deferred tax expense.

Management is in the process of determining the impact of this accounting change as at the transition date to the Statement of Financial Position at November 1,2010.

Stock-based compensation

Under the Company's current policy the fair value of stock options granted to employees is recognized as stock-based compensation expense over the vesting period and credited to contributed surplus. Stock options granted to non-employees are measured at their fair value on the vesting date. Prior to the vesting date, the then-current fair value of stock options granted to non-employees is recognized as stock-based compensation expense from the date of grant to the reporting date and credited to contributed surplus. IFRS standards require each tranche in the grant to be amortized over its respective vesting period.

The Company currently vested options at the date of grant, unless otherwise specified, therefore, the management does not expect this change to have any material impact on the Company's financial position.

The foregoing is not an exhaustive list of changes that will arise as a result of transition to IFRS. It is intended to highlight those areas where Management expects the impact will be the greatest. The future impacts of transition will also depend on the outcome of a number of IFRS related projects that are being undertaken by the International Accounting Standards Board.

SUMMARY OF QUARTERLY RESULTS

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

	Quarter Ended Oct 31, 2011	**Quarter Ended July 31, 2011**	**Quarter Ended April 30, 2011**	**Quarter Ended Jan 31, 2011**
Interest Income	(779)	338	509	589
Income (loss) for the period	(3,088,693)	(79,183)	(188,217)	28,801
General and administrative	(139,490)	(79,521)	(188,726)	(164,288)
Stock-based compensation	(22,035)	-	(61,148)	(28,462)
Write-off of resource property	(3,531,493)	-	-	-
Net Earnings (Loss) per share Basic and diluted	(0.04)	(0.00)	(0.00)	0.00

	Quarter Ended Oct 31, 2010	**Quarter Ended July 31, 2010**	**Quarter Ended April 30, 2010**	**Quarter Ended Jan 31, 2010**
Interest Income	1,069	273	4,050	1,245
Income (loss) for the period	(2,932,292)	(80,595)	(139,045)	145,020
General and administrative	(123,827)	(80,868)	(143,095)	(134,322)
Stock-based compensation	(20,547)	(183)	(28,079)	(38,251)
Write-off of resource property	(2,541,697)	-	-	-
Net Earnings (Loss) per share Basic and diluted	(0.04)	(0.00)	(0.00)	0.00

LIQUIDITY

During the year ended October 31, 2011, the Company received;

- $770,000 (before share issue costs) from a private placement of 7,000,000 flow-through common shares priced at $0.11,
- $45,563 from bullion sales from the Mineral Creek property
- $1,200 from the exercise of 10,000 options at $0.12
- $209,000 (before share issue costs) from a private placement of 2,322,220 units priced at $0.09. Each unit consists of one common share and one half of a common share purchase warrant. Each full warrant is exerciseable at $0.15 for a period of 24 months
- $881,750 (before share issue costs) from a private placement of 17,635,000 units priced at $0.05. Each unit consists of one common share and one common share purchase warrant. Each warrant is exerciseable at $0.10 for a period of 24 months

The Company’s working capital at October 31, 2011 was $516,099, compared to working capital of $530,861 at October 31, 2010. Current liabilities were $297,912, which consisted of accounts payable incurred in the normal course of the mineral exploration business, plus $61,500 accrued for accounting and annual audit fees and $179,390 for repayment of disputed BCMETC refunds from the year ended October 31, 2006.

At October 31, 2011, there were 20,383,664 share purchase warrants outstanding, which were exercisable between $0.10 and $0.15. As of the date of this report, there are 20,133,664 warrants outstanding which if exercised, would generate proceeds to the Company of $2,079,716. As of the date of this report there are 8,379,500 incentive stock options outstanding, which if exercised would provide proceeds to the Company of $1,466,420.

Risk and Uncertainties

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

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

resulting potential for accounting errors which may lead to fines, interest charges and cash calls.

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

FOURTH QUARTER

During the fourth quarter, the Company wrote-off $3,531,493 of capitalized exploration expenditures incurred on the GK property ($3,003,829) and SPN property ($527,664) in BC. The Company staked the 398 square-kilometre Windy property in southern Nunavut. Funds were consumed in the normal course of managing and executing ongoing mineral exploration at North Brenda and in Michigan exploration programs. Cash balances increased by $656,759 during the fourth quarter following an equity financing which raised gross proceeds of $881,750. Most of the resource property expenditures incurred during the fourth quarter were for geological consulting.

RELATED PARTY TRANSACTIONS

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

(a) Management fees of $96,000 (2010 - $96,000) were incurred from a company controlled by a director in common.

(b) Accounts payable at October 31, 2011 includes $756 (2010 - $1,729) due to a company controlled by a director in common.

(c) Stock-based compensation includes stock options granted to directors recorded at a fair value of $107,054 (2010 - $68,188).

Proposed Transactions

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

Financial Instruments and Other Instruments

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

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

Off-Balance Sheet Arrangements

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

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Outstanding Share Data

a) Authorized Capital:
Unlimited common shares without par value

b) Number and Recorded Value for shares Issued and Outstanding as at October 31, 2011 was 102,735,713 common shares with a recorded value of $21,049,669
As of the date of this report there are 102,735,713 common shares outstanding.

c) Options outstanding at October 31, 2011

Number of Options	Exercise Price ($)	Expiry Date
755,000	0.70	January 11, 2012
505.000	0.35	September 14, 2012
300,000	0.36	February 7, 2013
415,000	0.76	June 24, 2013
59,500	0.26	September 17, 2013
735,000	0.13	February 9, 2014
1,010,000	0.17	July 31, 2014
670,000	0.12	December21, 2014
570,000	0.10	March 22, 2015
200,000	0.10	July 9, 2015
200,000	0.10	September 2, 2015
750,000	0.12	January 13, 2016
655,000	0.13	April 28, 2016
6,824,500		**Total**

d) Warrants outstanding at October 31, 2011

Number of Warrants	Exercise Price ($)	Expiry Date
250,000	0.12	December 10, 2011 (subsequently expired)
329,454	0.11	November 25, 2012
1,261,110	0.15	June 24, 2013
18,543,100	0.10	October 27,2013
20,383,664		**Total**

Subsequent to the end of the fourth quarter;

1. 755,000 options expired on January 11, 2012
2. 2,310,000 options exercisable at $0.10 and expiring January 17, 2017 were granted to directors, officers and a consultant

Stock-based Compensation

Total compensation expense recognized for stock options granted during the year ended October 31, 2011 was $111,646 (2010 - $87,060).

Internal Controls Over Financial Reporting

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

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

Information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements. Management maintains a system of internal controls to provide reasonable assurances that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

Additional information on the Company can be found on SEDAR at www.sedar.com.

FORWARD LOOKING STATEMENTS

This document contains statements about expected or anticipated future events and financial results that are forward-looking in nature and as a result, are subject to certain risks and uncertainties, such as general economic, market and business conditions, regulatory processes and actions, technical issues, new legislation, competitive conditions, the uncertainties resulting from potential delays or changes in plans, the occurrence of unexpected events and the company's ability to execute and implement its future plans. Actual results may differ materially from those projected by management. For such statements, we claim the safe harbour for forward-looking statements within the meaning of the Private Securities Legislation Reform Act of 1995. The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this document.