
BITTERROOT RESOURCES LTD.
CONSOLIDATED FINANCIAL STATEMENTS
JANUARY 31, 2009
(Unaudited - Prepared by Management)

BITTERROOT RESOURCES LTD.
(UNAUDITED - PREPARED BY MANAGEMENT)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-109 Part 4 Subsection 4.3(3) (a), if an auditor has not performed a review of interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The unaudited interim financial statements of the Company as at January 31, 2009, and for three months ended January 31, 2009 and 2008, were prepared by, and are the responsibility of the Company's management.

The Company's independent auditor did not perform a review of these interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

BITTERROOT RESOURCES LTD.
CONSOLIDATED BALANCE SHEETS
(UNAUDITED - PREPARED BY MANAGEMENT)
(Expressed in Canadian Dollars)

	January 31 2009	October 31 2008
	\$	\$
ASSETS		
Current Assets		
Cash and cash equivalents	1,526,269	381,957
Accounts receivable - other (Note 16)	851,894	1,275,284
Prepaid expenses	15,693	21,407
	<u>2,393,856</u>	<u>1,678,648</u>
Reclamation Deposit	15,800	15,800
Resource Properties (Note 3)	13,558,265	13,887,432
Equipment (Note 4)	13,119	14,020
	<u>15,981,040</u>	<u>15,595,900</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	104,471	401,143
Future Income Taxes (Note 10)	790,749	790,749
	<u>895,220</u>	<u>1,191,892</u>
SHAREHOLDERS' EQUITY		
Share Capital (Note 5)	18,403,115	18,467,531
Contributed Surplus (Note 6)	2,684,814	2,641,647
Deficit	(6,002,109)	(6,705,170)
	<u>15,085,820</u>	<u>14,404,008</u>
	<u>15,981,040</u>	<u>15,595,900</u>

Continuing Operations (Note 2)
Commitments (Note 15)
Subsequent Events (Note 16)

Approved by directors:

"Michael S. Carr"
Michael S. Carr, Director

"George W. Sanders"
George W. Sanders, Director

The accompanying notes are an integral part of these consolidated financial statements.

BITTERROOT RESOURCES LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
(UNAUDITED - PREPARED BY MANAGEMENT)
(Expressed in Canadian Dollars)

THREE MONTH PERIOD ENDED JANUARY 31	2009	2008
	\$	\$
Expenses		
Amortization	901	1,234
Foreign exchange loss (gain)	9,941	(10,566)
Interest and bank charges	813	740
Management fees	24,000	24,000
Office and printing	27,715	22,245
Professional fees	26,644	23,238
Property investigation (recoveries)	(19,127)	4,092
Regulatory Fees	(525)	-
Shareholder information	280	4,087
Stock-based compensation (Note 6)	4,567	-
Transfer agent fees	1,724	2,360
Loss Before Other Items And Income Taxes	(76,933)	(71,430)
Other Items		
Interest income	43	23,388
	43	23,388
Loss Before Income Taxes	(76,890)	(48,042)
Future income tax recovery	779,951	513,492
Net Earnings For The Period	703,061	465,450
Deficit, beginning of period	(6,705,170)	(6,059,481)
Deficit, End Of Period	(6,002,109)	(5,594,031)
Basic And Diluted Earnings (Loss) Per Share	0.01	0.01
Weighted Average Number Of Shares Outstanding	62,919,303	52,965,455

The accompanying notes are an integral part of these consolidated financial statements.

BITTERROOT RESOURCES LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED - PREPARED BY MANAGEMENT)
(Expressed in Canadian Dollars)

THREE MONTH PERIOD ENDED JANUARY 31	2009	2008
	\$	\$
Operating Activities		
Net earnings for the period	703,062	465,450
Items not involving cash:		
Amortization	901	1,234
Stock-based compensation	4,567	-
Future income tax recovery	(779,951)	(513,492)
	<u>(71,421)</u>	<u>(46,808)</u>
Changes in non-cash working capital:		
Accounts receivable - other	1,191,502	102,162
Prepaid expenses	5,714	664
Accounts payable and accrued liabilities	(320,814)	(230,101)
	<u>876,402</u>	<u>(127,275)</u>
	<u>824,108</u>	<u>(174,083)</u>
Financing Activity		
Share issuances	731,135	21,000
Investing Activity		
Resource property expenditures, net of recoveries	(391,804)	(1,028,495)
Increase During The Period	1,144,312	(1,181,578)
Cash and cash equivalents, beginning of period	<u>381,957</u>	<u>3,094,703</u>
Cash And Cash Equivalents, End Of Period	<u>1,526,269</u>	<u>1,913,125</u>

Supplemental disclosure with respect to cash flows

	2009	2008
	\$	\$
Cash paid during the period for interest	-	-
Cash paid during the period for income taxes	-	-

The accompanying notes are an integral part of these consolidated financial statements.

BITTERROOT RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED JANUARY 31, 2009
(Expressed in Canadian Dollars)

1. Basis of Presentation

These interim financial statements have been prepared using the same accounting policies as used in the financial statements for the year ended October 31, 2008 and should be read in conjunction with the audited annual financial statements.

2. Continuing Operations

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

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

At January 31, 2009, 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 produced earnings of \$703,062 for the three month period ended January 31, 2009 (2008 - \$465,450) and had a deficit of \$6,002,109 at January 31, 2009 (October 31, 2008 - \$6,705,170) 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 consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the consolidated balance sheets.

BITTERROOT RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED JANUARY 31, 2009
PAGE TWO
(Expressed in Canadian Dollars)

3. Resource Properties

	GK Property B.C., Canada	Mineral Creek Property B.C., Canada	North Brenda Property B.C., Canada	SPN Property B.C., Canada	Big Southeastern Property B.C., Canada	Michigan Lands Michigan, USA	Total
	\$	\$	\$	\$	\$	\$	\$
Balance - October 31, 2008	2,914,185	3,513,764	1,814,266	526,376	1,877,848	3,234,389	13,890,828
Deferred Costs During the Period							
Acquisition costs	-	64,974	-	9,000	-	-	73,974
Claims, leases and permits	-	-	-	-	4,314	5,430	9,744
Consulting and professional	7,458	23,975	9,963	720	-	137,816	179,932
Drilling	-	11	-	-	-	244,752	244,763
Field supplies	98	8,123	-	-	57	18,360	26,638
Fuel	-	200	-	-	-	9,886	10,086
Geochemistry	-	5,123	-	-	-	12,384	17,507
Geophysics	-	10,242	-	2,816	375	17,549	30,982
Ground transportation	-	1,715	-	-	-	11,450	13,165
Other	990	3,419	583	125	884	26,647	32,648
Recovery of costs	(214,498)	(22,572)	(210,115)	(42,837)	-	(516,572)	(1,006,594)
Room and board	-	2,044	-	-	-	17,377	19,421
Travel and freight	-	7,735	-	-	-	7,436	15,171
	(205,952)	104,989	(199,569)	(30,176)	5,630	(7,485)	(332,563)
Balance - January 31, 2009	2,708,233	3,618,753	1,624,697	496,200	1,883,478	3,226,904	13,558,265

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.

(a) Michigan Lands, Michigan, U.S.A.

(i) Mineral Rights

The Company owns a 100% interest in mineral rights covering approximately 363 square miles in the Upper Peninsula of Michigan, U.S.A. On approximately 106 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 granted to Cameco the option to acquire a 65% interest in certain Michigan mineral rights within a 56 square mile area of interest. To earn this interest Cameco has incurred \$600,000 of exploration expenditures and must incur an additional \$1,000,000 of exploration expenditures within this area prior to June 30, 2009. During the three month period ended January 31, 2009, Cameco completed its funding obligations and was deemed to have acquired a 65% interest in the project area. Cameco and Bitterroot also jointly retain the right to acquire 50 percent of each other's interest in an adjoining 184 square mile area of interest by refunding 100 percent of any land acquisition cost incurred.

BITTERROOT RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED JANUARY 31, 2009
PAGE THREE
(Expressed in Canadian Dollars)

3. Resource Properties (Cont'd)

(ii) State Leases

At January 31, 2009, the Company held leases covering approximately 7,389 acres of State of Michigan mineral rights. State leases are subject to a sliding scale production royalty ranging from 2% to 10.5%, 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 \$193,023 through February 28, 2014. Minimum rental payments due in the next five years are as follows:

	\$
2009	25,927
2010	20,127
2011	20,567
2012	39,934
2013	40,134

During the three month period ended January 31, 2009, the Company incurred exploration expenditures of \$509,087 relating to the Michigan properties and received and/or accrued recoveries of \$516,572.

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

The Company owns 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 300,000 common shares at a value of \$85,000, and made payments totaling \$85,000 within a three year period. The vendors retain a 2% net smelter returns royalty, of which the Company can purchase half by paying \$1,000,000.

During the three month period ended January 31, 2009, the Company incurred exploration expenditures of \$8,545 relating to the GK property and accrued recoveries of \$214,498.

(c) Mineral Creek Property, B.C., Canada

On May 1, 2005, the Company entered into an option agreement with Mineral Creek Ventures Inc. to acquire a 75% interest in the Mineral Creek Property, located near Port Alberni, B.C. In order to earn this interest in the property, the company paid \$260,000, completion of exploration expenditures of \$2,000,000 and issued 650,000 common shares. In addition, the Company owns a 75% interest in four adjoining mineral claims.

During the three month period ended January 31, 2009, the Company incurred acquisition and exploration expenditures of \$127,561 relating to the Mineral Creek property and received and/or accrued recoveries of \$22,572.

BITTERROOT RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED JANUARY 31, 2009
PAGE FOUR
(Expressed in Canadian Dollars)

3. Resource Properties *(Cont'd)*

(d) North Brenda Property, B.C., Canada

On April 4, 2006, the Company entered into an agreement to acquire a 100% interest in the North Brenda molybdenum/copper/gold property in southwestern British Columbia. In order to earn this interest in the property, the Company paid \$10,000, completed \$50,000 of exploration expenditures and issued 150,000 common shares at a value of \$78,000 to the vendors within a two year period. Prior to the third anniversary, the Company is required to issue common shares with a value of \$50,000. The vendors will also retain a 2% net smelter returns royalty, of which the Company can purchase half by paying \$1,000,000.

During the three month period ended January 31, 2009, the Company incurred exploration expenditures of \$10,546 relating to the North Brenda property and accrued recoveries of \$210,115.

(e) SPN Property, B.C., Canada

On December 29, 2006, the Company entered into an agreement to acquire a 100% interest in the SPN claims, which are located approximately 20 kilometres southeast of Barriere, B.C. In order to earn this interest, the Company paid \$10,000 and issued 100,000 common shares. Prior to the second anniversary, the Company issued an additional 50,000 common shares. Prior to the third anniversary, the Company is required to issue common shares with a value of \$50,000. The vendor will also retain a 2% net smelter return royalty, of which the Company can purchase half by paying \$1,000,000.

During the three month period ended January 31, 2009, the Company incurred acquisition and exploration expenditures of \$12,661 and accrued recoveries of \$42,837 relating to the SPN property.

(f) Big Southeaster Property, B.C., Canada

On June 1, 2006, the Company entered into an agreement to acquire a 100% interest in the Big Southeaster property which adjoins the south side of the Mineral Creek property. In order to earn this interest in the claims, the Company paid \$10,000, completed \$50,000 of exploration expenditures and issued 150,000 shares within a two year period. Prior to the third anniversary, the Company is required to issue common shares with a value of \$50,000. The vendors will also retain a 2% net smelter return royalty, of which the Company can purchase half by paying \$1,000,000.

During the three month period ended January 31, 2009, the Company incurred acquisition and exploration expenditures of \$5,630 relating to the Big Southeaster property.

BITTERROOT RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED JANUARY 31, 2009
PAGE FIVE
(Expressed in Canadian Dollars)

4. Equipment

	January 31 2009		October 31 2008	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Computer hardware	9,396	8,197	1,999	1,297
Field equipment	28,095	21,892	6,203	6,705
Furniture and fixtures	8,350	2,910	5,440	5,726
Leasehold improvements	5,655	5,378	277	292
	51,496	38,377	13,119	14,020

5. Share Capital

(a) Authorized

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

(b) Common Shares Issued

	Number Of Shares	Amount \$
Balance - October 31, 2008	58,594,955	18,467,531
Issued for cash		
Pursuant to private placements	6,620,000	794,400
Resource property option payments	150,000	23,000
Share issue costs	-	(63,266)
Future income taxes on expenditures renounced to shareholders	-	(779,951)
Balance - January 31, 2009	65,364,955	18,441,714

BITTERROOT RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED JANUARY 31, 2009
PAGE SIX
(Expressed in Canadian Dollars)

5. Share Capital *(Cont'd)*

(b) Common Shares Issued *(Cont'd)*

During the three month ended January 31, 2009, the Company issued common shares pursuant to the following:

- (i) On November 4, 2008, the Company issued 1,080,000 flow-through common shares priced at \$0.12 per share, 64,800 non-transferable broker warrants to purchase common shares at \$0.12, expiring November 3, 2010, were paid in conjunction with the private placement. The fair value of the broker warrants under the Black-Scholes model was \$8,737 and was recorded as a share issue cost.
- (ii) On December 2, 2008, the Company issued 3,500,000 flow-through common shares priced at \$0.12 per share, 210,000 non-transferable broker warrants to purchase common shares at \$0.12, expiring December 3, 2010, were paid in conjunction with the private placement. The fair value of the broker warrants under the Black-Scholes model was \$18,974 and was recorded as a share issue cost.
- (iii) On December 17, 2008, the Company issued 2,040,000 flow-through common shares priced at \$0.12 per share, 120,000 non-transferable broker warrants to purchase common shares at \$0.12, expiring December 16, 2010, were paid in conjunction with the private placement. The fair value of the broker warrants under the Black-Scholes model was \$10,888 and was recorded as a share issue cost.

The following weighted average assumptions were used for the Black-Scholes valuation of broker warrants in the three month period ended January 31, 2009:

	2009
Volatility	163%
Risk-free interest rate	1.55%
Dividend yield	-
Expected life	2 years

Flow through shares - Of the shares issued during the three month period ended January 31, 2009, 6,620,000 were issued on a flow through basis whereby the Company must spend \$794,400 on Canadian exploration expenditures ("CEE") and renounce these expenditures to shareholders before December 31, 2009.

BITTERROOT RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED JANUARY 31, 2009
PAGE SEVEN
(Expressed in Canadian Dollars)

5. Share Capital (Cont'd)

(c) Warrants

Warrant transactions are summarized as follows:

	Number Of Warrants	Weighted Average Exercise Price \$
Balance - October 31, 2008	4,465,714	0.65
Broker warrants	394,800	0.12
Expired	(2,300,000)	0.80
Balance - January 31, 2009	2,560,514	0.45

The following share purchase warrants (convertible to an equivalent number of common shares) were outstanding at January 31, 2009:

Number Of Warrants	Exercise Price \$	Expiry Date
1,925,714	0.50	October 5, 2009
240,000	0.35	March 14, 2010
64,800	0.12	November 3, 2010
210,000	0.12	December 3, 2010
120,000	0.12	December 16, 2010

6. Contributed Surplus

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

	2009 \$	2008 \$
Balance – October 31, 2008	2,641,647	2,236,730
Stock-based compensation	4,567	431,682
Broker warrants	38,600	(26,765)
Balance – January 31, 2009	2,684,814	2,641,647

BITTERROOT RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED JANUARY 31, 2009
PAGE EIGHT
(Expressed in Canadian Dollars)

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.

Pursuant to the option plan, options granted in respect of investor relations activities are subject to vesting restrictions such that one-quarter of the options vest three months from the date of grant and in each subsequent three-month period thereafter such that the entire option will have vested twelve months after the award date. Vesting restrictions may also be applied to certain other options grants, at the discretion of the directors.

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

	Number Of Options	Weighted Average Exercise Price \$
Balance - October 31, 2008	5,564,500	0.54
Options granted	-	-
Options exercised	-	-
Options expired and forfeited	(480,000)	0.61
Balance - January 31, 2009	5,084,500	0.53

The following stock options were outstanding and exercisable at January 31, 2009 (Note 16):

Range Of Exercise Price	Options Outstanding			Options Exercisable		
	Options Outstanding	Weighted Average Remaining Contractual Life <i>years</i>	Weighted Average Exercise Price \$	Options Exercisable	Weighted Average Exercise Price \$	
0.26 – 0.36	1,099,500	3.91	0.34	1,049,500	0.34	
0.37 – 0.46	560,000	1.47	0.39	545,000	0.39	
0.47 – 0.56	1,955,000	1.39	0.53	1,955,000	0.53	
0.67 – 0.76	1,370,000	3.42	0.72	1,370,000	0.72	
0.86 – 0.99	100,000	3.18	0.99	100,000	0.99	
0.26 – 0.99	5,084,500	2.53	0.53	5,019,500	0.53	

BITTERROOT RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED JANUARY 31, 2009
PAGE NINE
(Expressed in Canadian Dollars)

8. Non-Cash Transactions

During the three month period ended January 31, 2009, the Company issued 150,000 (2008 – 250,000) shares in respect of option payments for resource properties, with a fair value of \$23,000 (2008 - \$76,000).

Total compensation expense recognized for stock options granted during the three month period ended January 31, 2009 was \$4,567 (2008 - nil). The total was expensed to operations for options granted to directors and employees of the Company. The Company also recorded a share issuance cost of \$38,600 during the period (2008 - nil) in respect of broker warrants issued, as described in Note 5(b).

9. Related Party Transactions

For the three month period ended January 31, 2009, management fees of \$24,000 (January 31, 2008 - \$24,000) were incurred from a company controlled by a director in common. These fees were recorded at their exchange amount, which is the amount agreed upon by the transacting parties on terms and conditions similar to non-related entities.

10. Income Taxes

The tax effects of temporary differences that give rise to significant portions of the future tax assets and liabilities at January 31, 2009:

	2009
	\$
Net operating loss carry-forwards	450,223
Capital loss carry-forwards	30,678
Resource properties	(1,360,732)
Equipment	9,470
Share issuance costs	79,612
Net future income tax liability	(790,749)

The Company has approximately \$1,801,000 of losses for tax purposes which may be used to reduce income taxes of future years and will expire as follows:

	\$
2009	104,000
2010	114,000
2014	179,000
2015	242,000
2026	273,000
2027	414,000
2028	475,000
	1,801,000

The Company also has certain allowances in respect of resource development and exploration costs of approximately \$5,210,000 which, subject to certain restrictions, are available to be offset against future taxable income.

BITTERROOT RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED JANUARY 31, 2009
PAGE TEN
(Expressed in Canadian Dollars)

11. 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 property and equipment in geographic locations are as follows:

	January 31 2009	October 31 2008
	\$	\$
Canada	10,344,475	10,667,064
U.S.A.	3,226,909	3,234,388
	<u>13,571,384</u>	<u>13,901,452</u>

12. Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivable - other, reclamation deposit, and accounts payable. 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 due to their short term maturities, unless otherwise noted.

BITTERROOT RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED JANUARY 31, 2009
PAGE ELEVEN
(Expressed in Canadian Dollars)

13. Management of Capital

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue the development of its resource properties. The Company considers as its capital its shareholders' equity.

The Company manages and adjusts its capital structure when changes to the risk characteristics of the underlying assets or changes in economic conditions occur. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of certain of its assets.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets which are revised periodically based on the results of its exploration programs, availability of financing and industry conditions. Annual and materially updated budgets are approved by the Board of Directors'.

There are no external restrictions on management of capital.

In order to maximize ongoing development efforts, the Company does not pay out dividends. The Company's investment policy is to invest any excess cash in liquid short-term interest-bearing instruments. When utilized, these instruments are selected with regard to the expected timing of expenditures from continuing operations. The Company currently has sufficient capital resources to meet its planned operations and administrative overhead expenses through its current operating period. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration and development activities. The Company believes it will be able to raise capital as required in the long term, but recognizes there will be risks involved that may be beyond its control.

14. Financial Instruments Risk Exposure and Management

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this 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.

(a) Capital Risk Management

The Company manages its capital to safeguard the Company's ability to continue as a going concern, so that it can continue to provide adequate returns to shareholders and benefits to other stakeholders, and to have sufficient funds on hand for business opportunities as they arise.

The Company considers the items included in the shareholder's equity as capital. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, sell assets, incur debt, or return capital to shareholders. As of January 31, 2009 the Company does not have any long-term debt and is not subject to externally imposed capital requirements.

BITTERROOT RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED JANUARY 31, 2009
PAGE TWELVE
(Expressed in Canadian Dollars)

14. Financial Instruments Risk Exposure and Management *(Cont'd)*

(b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company maintains sufficient cash balances to meet current working capital requirements. The Company is considered to be in the exploration stage. Thus, it is dependent on obtaining regular financings in order to continue its exploration programs. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings. The Company's cash is invested in business accounts with quality financial institutions and which is available on demand for the Company's programs, and is not invested in any asset backed commercial paper.

(c) Credit Risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and equivalents, reclamation deposits, and accounts receivable. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash and equivalents, and reclamation deposits with high-credit quality financial institutions.

The majority of the Company's cash and cash equivalents are held with major Canadian based financial institutions. The reclamation deposit is also held at a major Canadian based financial institution.

(d) Currency Risk

The Company's operations are in Canada and the United States. The international nature of the Company's operations results in foreign exchange risk as transactions are denominated in foreign currency.

The operating results and the financial position of the Company are reported in Canadian dollars. The fluctuations of the operating currencies in relation to the Canadian dollar will, consequently, have an impact upon the reported results of the Company and may also affect the value of the Company's assets and liabilities.

The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

(e) Interest Rate Risk

The Company's exposure to interest rate risk arises from the interest rate impact on its cash and cash equivalents. The Company's practice has been to invest cash at floating rates of interest, in cash equivalents, in order to maintain liquidity, while achieving a satisfactory return for shareholders. There is minimal risk that the Company would recognize any loss as a result of a decrease in the fair value of any guaranteed bank investment certificates included in cash and cash equivalents as they are generally held with large financial institutions

BITTERROOT RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED JANUARY 31, 2009
PAGE THIRTEEN
(Expressed in Canadian Dollars)

15. Commitments

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

16. Subsequent Events

- (a) Under the terms of its Stock Option Plan, the Company granted incentive stock options to acquire 855,000 common shares at \$0.13 per share, expiring February 9, 2014.
- (b) On January 29, 2009, the British Columbia provincial government approved the Company's Mining Exploration Tax Credit claim of \$292,441, relating to the fiscal year ending October 31, 2006. The full amount claimed, plus interest, was received on February 13, 2009.
- (c) On March 9, 2009, the British Columbia provincial government approved the Company's Mining Exploration Tax Credit claim of \$473,195, relating to the fiscal year ending October 31, 2007. The full amount claimed, plus interest, was received on March 23, 2009.

17. 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 period ended January 31, 2009

As of March 31, 2009

SUMMARY OF ACTIVITIES

In the three months ended January 31, 2009, the majority of Bitterroot Resources Ltd.'s Canadian exploration expenditures were on drilling and associated costs at the Cameco uranium joint venture in Michigan and bulk sampling activities at the Mineral Creek gold project in British Columbia. Capitalized exploration expenditures in the three month period, excluding recoveries and acquisition costs, were \$600,057. Funding from Cameco Corporation contributed \$516,572 to Bitterroot's working capital during the period, while expenses (net of stock-based compensation) were \$72,366.

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 75 percent interest in the Mineral Creek gold property near Port Alberni, BC. Bitterroot is also earning a 100 percent interest in the adjoining Big Southeaster gold/base metals project. In southern BC, the Company owns a 100 percent interest in the GK gold project and is currently earning 100 percent interests in the SPN (base metals) and North Brenda (Mo/Cu/Au) projects. In Michigan, Bitterroot's wholly-owned subsidiary owns recorded mineral title interests covering approximately 363 square miles in the Upper Peninsula. Under the terms of an option/joint venture agreement with a US subsidiary of Cameco Corporation, Cameco has earned a 65% working interest in a 56 square-mile area of interest, with Bitterroot retaining a 35% working interest. The Company also leases over 8,734 acres of state-owned mineral rights, most of which are subject to the Cameco joint venture.

During and subsequent to the three months ended January 31, 2009, commodity prices rebounded from cyclical lows, but remain significantly below average metal prices experienced during the past few years. 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 and political risk by exploring for several mineral commodities (uranium, gold, copper, zinc, molybdenum) in road-accessible locations in Canada (southern BC and Vancouver Island) and the United States of America (Upper Peninsula of Michigan).

The following Management Discussion and Analysis (MD&A) should be read in conjunction with Bitterroot Resources Ltd.'s consolidated financial statements for the period ended January 31, 2009 and the audited annual consolidated financial statements and MD&A for the year ended October 31, 2008. Detailed exploration results are presented in news releases available on www.sedar.com or the Company's website (www.bitterrootresources.com).

OVERALL PERFORMANCE

Results of Operations

Mineral Creek Gold Project, British Columbia

Bulk Sample - In December 2008, 24 ounces of gold was sold and Bitterroot received C\$12,146 for its 50 percent share of the proceeds. During the quarter, Bitterroot's partner Mineral Creek Ventures Inc. (MCVI) crushed approximately 200 tonnes of mineralized rock prior to the onset of winter conditions. A ball mill with a throughput of approximately one tonne per hour is currently being installed. In April 2009, MCVI plans to resume production of gold concentrates. Mining at the Linda zone is expected to resume in May 2009, as snow conditions permit. Bitterroot and MCVI share the costs and proceeds from the first 2,500 tonnes of material mined from the Linda zone on a 50/50 basis, with the next 2,500 tonnes costs and proceeds shared on a 55% Bitterroot – 45% MCVI basis.

Exploration – Bitterroot has increased its ownership in the Mineral Creek property to 75 percent. Bitterroot earned its 75 percent interest in the 6,960 hectare (17,200 acre) Mineral Creek property by completing over C\$2,000,000 of exploration expenditures, making cash payments totaling C\$260,000 and issuing 650,000 common shares to the vendor over a four year period.

In 2008, the Ember vein was discovered approximately 120 metres south of, and striking approximately parallel to the Lower Linda vein. Drilling intersected high-grade gold mineralization, including a 1.25 metre core interval which grades 283 grams gold/tonne (8.28 ounces gold/ton). Detailed drilling results are summarized in the Company's news release dated December 9, 2008. Drilling of the Lower Linda and Ember veins is expected to resume in May 2009, as snow conditions permit. In calendar 2009, Bitterroot and Mineral Creek plan to:

1. continue exploring the high-grade Ember and Linda veins with a program of close-spaced drilling designed to establish a resource compliant with NI 43-101 reporting standards,
2. continue bulk sampling, processing and recovering gold from mineralized vein material from the Linda and other veins under existing permits which allow for extraction of up to 5,500 tonnes of material,
3. initiate the acquisition of permits to mine and process, by gravity-based recovery techniques, larger tonnages of high-grade gold-bearing vein material,
4. subject to financing, drill-test additional targets identified by previous drilling, prospecting and recently completed VTEM airborne geophysical surveys.

In the quarter ended January 31, 2009, Bitterroot spent \$127,561 on the Mineral Creek project, net of stock-based compensation and recoveries, mainly on option payments and geological consulting. Mr. P.E. Michael Becherer, P.Geo is the Qualified Person responsible for the design and implementation of exploration programs on the Mineral Creek project.

Michigan Uranium Joint Venture

In December 2009, Bitterroot and Cameco Corporation completed a 17-hole, 2,360-metre core drilling program. Drilling tested several basement-hosted conductive (graphitic) zones which are

unconformably overlain by Proterozoic-age sandstones. Results from the drilling program are currently being compiled and analyzed. Cameco has completed earning a 65% working interest in a 56 square-mile area of interest, with Bitterroot retaining a 35% working interest.

In the quarter ended January 31, 2008, Bitterroot spent \$509,087 on its Michigan projects, net of stock-based compensation, mainly on drilling and consulting and professional costs. Cameco refunded approximately \$516,572 of exploration costs during the period. Mr. Jeffrey Lynott, P.G. is the Qualified Person responsible for the design and implementation of exploration programs on the Michigan Uranium joint venture.

North Brenda Copper/Molybdenum/Gold Project, British Columbia

Three areas with anomalous gold-in-soil on the northern part of the North Brenda property were explored with soil geochemical surveys and geological mapping in late 2008. Follow-up prospecting has identified mineralized quartz vein float which returned 0.8 g/t Au and 36 g/t Ag from a sample of altered granodiorite with limonitic boxwork and quartz veinlets. This is the type of alteration seen adjacent to the high-grade gold-bearing veins at the nearby Elk/Siwash gold deposit. Trenching of these road-accessible gold targets is planned in the summer of 2009.

In the quarter ended January 31, 2009, Bitterroot spent \$10,546 on the North Brenda project, net of stock-based compensation, mainly on geological consulting. Mr. Charles Greig, P.Geo is the Qualified Person responsible for the design and implementation of exploration programs on the North Brenda project.

SPN Copper/Gold Project, British Columbia

The SPN property has potential for volcanogenic massive sulphide mineralization similar to that found elsewhere on the Adams Plateau. Analysis of over 1,000 soil samples collected in 2008 has been deferred to the first half of 2009. Limited work is currently planned on the SPN project in 2009 due to funding constraints.

In the quarter ended January 31, 2009, Bitterroot spent \$12,661 on the SPN project, net of stock-based compensation, mainly on an option payment and geophysics. Mr. Charles Greig, P.Geo is the Qualified Person responsible for the design and execution of exploration programs on the SPN project.

Big Southeaster Gold/VMS Project, British Columbia

Airborne geophysical (VTEM) surveys and analysis of previous drilling results has identified several new drill targets on the property. No field work is currently planned on the Big Southeaster project in 2009 due to funding constraints.

In the quarter ended January 31, 2009, Bitterroot spent \$5,630 on the Big Southeaster project, net of stock-based compensation, mainly on the acquisition of additional claims. Mr. John Wilson, P.Geo is the Qualified Person responsible for the design and implementation of the exploration program on the Big Southeaster project.

GK Gold/Silver Project, British Columbia

In early 2008, drilling on the Hornet zone returned several gold-mineralized intervals which have been recommended for follow-up work. Limited work is currently planned on the GK project in 2009 due to funding constraints. During the year, the Company made its final \$25,000 payment to the vendors and now owns 100% of the GK claims.

In the quarter ended January 31, 2009, Bitterroot spent \$8,546 on the GK Project, net of stock-based compensation, mainly on geological consulting. Mr. Charles Greig, P.Geo is the Qualified Person responsible for the design and implementation of exploration programs on the GK project.

Saskatchewan/Manitoba Coal Project

Bitterroot holds Coal Prospecting Permits covering 1,248 hectares (3,084 acres) in eastern Saskatchewan. These permits are located approximately 25 kilometres east of Hudson Bay, SK and cover road-accessible occurrences of coal-bearing strata of the Lower Cretaceous Mannville Group. The Company's management is currently reviewing its options for exploring these lands. In November 2008, The Mines Branch of Manitoba's Department of Science, Technology, Energy and Mines refunded Bitterroot's deposits totalling \$663,068, for previously withdrawn Quarry (Coal) Exploration Permits.

Financial Condition

At January 31, 2009, Bitterroot had working capital of \$2,289,385, which included accounts receivable of \$765,636 due from the BC Mineral Exploration Tax Credit (METC) program (received after the end of the quarter), accrued interest of \$20,367 and \$63,414 due from GST refunds. Resource properties had a book value of \$13,558,265 compared to \$13,887,432 at the beginning of the quarter. The decline in book value was caused by the application of METC refunds and other recoveries, which exceeded resource property expenditures during the period. For the three months ended January 31, 2009, cash inflows exceeded cash outflows by \$1,144,312, which when combined with the \$381,957 cash balance at the beginning of the year, resulted in a cash position of \$1,526,269. Cash outflows were comprised principally of resource property expenditures of \$674,031 (excluding recoveries from Cameco and METC) and operating expenses of \$71,465 (net of stock-based compensation and amortization).

Summary of Financial Results

During the three months ended January 31, 2009, the Company had a loss before income tax adjustments of \$76,890, compared to a net loss of \$48,042 in the first three months of the prior year. The increased loss during the most recent quarter compared to the first quarter of the previous year was mainly attributable to lower interest income and higher foreign exchange losses on US dollar cash holdings. Excluding stock-based compensation, recoveries and amortization charges, the Company's operating expenses for the three months were \$90,592, which is approximately 37% higher than operating expenses incurred during the same period of

the previous year, mainly due to increased foreign exchange charges. The Company's exploration expenditures in BC decreased in the first quarter mainly due to limited access due to winter snow conditions in mountainous terrain, while exploration expenditures increased in Michigan due to improved access on frozen, flat terrain.

Changes in Accounting Policies

Effective November 1, 2008, the Company is required to adopt the following accounting standards updates issued by the CICA:

(i) Assessing Going Concern – Section 1400

The Accounting Standards Board amended the Section 1400, to include requirements for management to assess an entity's ability to continue as a going concern and to disclose material uncertainties related to events or conditions that may cast doubt upon the entity's ability to continue as a going concern.

(ii) Goodwill and Intangible Assets

In February 2008, the CICA issued Section 3064 which replaces Section 3062, "Goodwill and Other Intangible Assets". This new standard provides guidance on the recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the adoption of this standard, EIC 27, Revenue and Expenditures in the Pre-Operating Period" will be withdrawn.

The Company is currently assessing the impact of these new accounting standards on the consolidated financial statements and cannot reasonably estimate their effect at this time.

International Financial Reporting Standards ("IFRS")

In 2006, the AcSB published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended October 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

SUMMARY OF QUARTERLY RESULTS

The following tables set forth a comparison of revenues and expenses for the previous eight quarters ending with January 31, 2009. Financial information is prepared according to Canadian GAAP and is reported in Canadian dollars.

	Quarter Ended Jan 31, 2009	Quarter Ended Oct 31, 2008	Quarter Ended July 31, 2008	Quarter Ended April 30 2008
Interest Income	43	28,832	16,046	19,240
Income (loss) for the period	703,061	(647,231)	(279,860)	(184,048)
General and administrative	(76,933)	(79,090)	(140,447)	(131,672)
Stock-based compensation	(4,567)	(142,166)	(145,439)	(63,892)
Write-off of resource property	-	(64,850)	-	-
Net Earnings (Loss) per share Basic and diluted	0.01	(0.01)	(0.00)	(0.00)

	Quarter Ended Jan 31 2008	Quarter Ended Oct 31, 2007	Quarter Ended July 31, 2007	Quarter Ended April 30 2007
Interest income	23,388	31,445	31,939	35,567
Income (loss) for the period	465,450	(665,779)	(88,593)	(169,722)
General and administrative	(71,430)	(100,908)	(119,603)	(129,906)
Stock-based compensation	-	(143,055)	-	(82,322)
Write-off of resource property	-	(52,533)	(929)	(634)
Net Earnings (Loss) per share Basic and diluted	0.01	(0.01)	(0.00)	(0.00)

LIQUIDITY

During the three months ended January 31, 2009, the Company received \$794,400 (before share issue costs) from three private placements of a total of 6,620,000 flow-through common shares, all priced at \$0.12. The Company's working capital at January 31, 2009 was \$2,289,385, compared to working capital of \$1,277,505 at October 31, 2008. Current liabilities at January 31, 2009 were \$104,471, consisting of accounts payable incurred in the normal course of the mineral exploration business. Bitterroot's working capital at the end of the quarter includes \$765,636 plus interest, accrued for the 2006 and 2007 BC METC claims, both of which were received subsequent to the end of the quarter.

At January 31, 2009, there were 2,560,514 share purchase warrants outstanding, which are exercisable at prices between \$0.12 and \$0.50. During the quarter, 2,300,000 warrants expired

unexercised and 394,800 warrants exercisable at \$0.12 were issued as compensation to brokers. If exercised, the outstanding warrants would generate proceeds to the Company of \$1,152,231. There were also 5,084,500 incentive stock options outstanding, which if exercised would provide proceeds to the Company of \$2,694,785. Subsequent to the end of the quarter, the company granted incentive stock options to purchase 855,000 common shares at \$0.13, expiring February 9, 2014.

Bitterroot has sufficient cash reserves to fund its operating expenses in 2009, plus this year's planned exploration programs on the Mineral Creek and North Brenda projects in British Columbia. In Michigan, Cameco Corporation (65%) and Bitterroot (35%) are in the process of completing a formal joint venture agreement. In the interim, Bitterroot and Cameco are funding their pro-rata shares of ongoing expenditures. Bitterroot's current cash balance is sufficient to fund its 35 percent share of the planned 2009 project costs. In the longer term, 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.

RELATED PARTY TRANSACTIONS

The following is a summary of related party transactions and balances for the three months ended January 31, 2009.

- The Company incurred management fees of \$24,000 to a company controlled by the President of the Company.

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 January 31, 2009 was 65,364,955 common shares with a recorded value of \$18,441,714.
As of the date of this report there are 65,364,955 common shares outstanding.

c) Options outstanding at January 31, 2009

Number of Options	Exercise Price	Expiry Date
650,000	0.53	May 24, 2009
180,000	0.53	July 5, 2009
500,000	0.39	March 17, 2010
1,125,000	0.53	April 4, 2011
925,000	0.70	January 11, 2012
100,000	0.99	April 14, 2012
585,000	0.35	September 14, 2012
340,000	0.36	February 7, 2013
60,000	0.40	June 9, 2013
445,000	0.76	June 25, 2013
174,500	0.26	September 17, 2013

Subsequent to the end of the quarter, the company granted incentive stock options to purchase 855,000 common shares at \$0.13, expiring February 9, 2014.

d) Warrants outstanding at January 31, 2009

Number of Warrants	Exercise Price	Expiry Date
1,925,714	\$0.50	October 25, 2009
240,000	\$0.35	March 14, 2010
64,800	\$0.12	November 3, 2010
210,000	\$0.12	December 3, 2010
120,000	\$0.12	December 16, 2010

Stock-based Compensation

Total stock-based compensation expense recognized during the three months ended January 31, 2009 was \$4,567 (2008 - nil).

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.

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.