
BITTERROOT RESOURCES LTD.
CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 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 April 30, 2009, and for six months ended April 30, 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)

	April 30 2009	October 31 2008
	\$	\$
ASSETS		
Current Assets		
Cash and cash equivalents	1,997,572	381,957
Accounts receivable - other	116,069	1,275,284
Prepaid expenses	10,860	21,407
	<u>2,124,501</u>	<u>1,678,648</u>
Reclamation Deposit	15,800	15,800
Resource Properties (Note 3)	13,726,844	13,887,432
Equipment (Note 4)	<u>12,218</u>	<u>14,020</u>
	<u>15,879,363</u>	<u>15,595,900</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	56,566	401,143
Future Income Taxes (Note 10)	<u>790,749</u>	<u>790,749</u>
	847,315	1,191,892
SHAREHOLDERS' EQUITY		
Share Capital (Note 5)	18,453,114	18,467,531
Contributed Surplus (Note 6)	2,769,000	2,641,647
Deficit	<u>(6,190,066)</u>	<u>(6,705,170)</u>
	<u>15,032,048</u>	<u>14,404,008</u>
	<u>15,879,363</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)

	Three Month Period Ended April 30 2009	Three Month Period Ended April 30 2008	Six Month Period Ended April 30 2009	Six Month Period Ended April 30 2008
	\$	\$	\$	\$
Expenses				
Amortization	901	1,233	1,802	2,467
Foreign exchange (gain) loss	9,618	(883)	19,559	(11,449)
Interest and bank charges	269	941	1,082	1,681
Management fees	24,000	24,000	48,000	48,000
Office, printing and travel	26,146	34,149	53,861	56,394
Professional fees	32,831	31,622	59,475	54,860
Property investigation (recoveries)	313	23,241	(18,814)	27,333
Regulatory fees	8,307	8,807	7,782	8,807
Shareholder information	9,753	6,965	10,033	11,052
Stock-based compensation	84,186	63,892	88,753	63,892
Transfer agent fees	8,860	9,321	10,584	11,681
Loss Before Other Items	(205,184)	(203,288)	(282,117)	(274,718)
Other Items				
Interest income	17,227	19,240	17,270	42,628
Loss Before Income Taxes	(187,957)	(184,048)	(264,847)	(232,090)
Future income tax recovery	-	-	779,951	513,492
Net Earnings (Loss) For The Period	(187,957)	(184,048)	515,104	281,402
Deficit, beginning of period	(6,002,109)	(5,594,031)	(6,705,170)	(6,059,481)
Deficit, End Of Period	(6,190,066)	(5,778,079)	(6,190,066)	(5,778,079)
Basic And Diluted Earnings (Loss) Per Share	(0.00)	(0.00)	0.01	0.01
Weighted Average Number Of Shares Outstanding	65,441,067	53,860,465	64,147,512	53,408,042

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

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

	Three Month Period Ended April 30 2009	Three Month Period Ended April 30 2008	Six Month Period Ended April 30 2009	Six Month Period Ended April 30 2008
	\$	\$	\$	\$
Operating Activities				
Net earnings (loss) for the period	(187,958)	(184,048)	515,104	281,402
Items not involving cash				
Amortization	901	1,233	1,802	2,467
Stock-based compensation	84,186	63,892	88,753	63,892
Future income tax recovery	-	-	(779,951)	(513,492)
	(102,871)	(118,923)	(174,292)	(165,731)
Changes in non-cash working capital				
Accounts receivable - other	70,719	148,457	1,262,221	250,619
Prepaid expenses	4,833	664	10,547	1,328
Accounts payable and accrued liabilities	(24,454)	(7,072)	(345,268)	(237,174)
	51,098	142,049	927,500	14,773
	(51,773)	23,126	753,208	(150,958)
Financing Activity				
Share issuances	-	1,671,817	731,134	1,692,817
Investing Activities				
Resource property expenditures, net of recoveries	523,076	(181,530)	131,273	(1,210,024)
Increase During the Period	471,303	1,513,413	1,615,615	331,835
Cash and cash equivalents, beginning of period	1,526,269	1,913,125	381,957	3,094,703
Cash and Cash Equivalents, End of Period	1,997,572	3,426,538	1,997,572	3,426,538

Supplemental disclosure with respect to cash flows

	Three Month Period Ended April 30 2009	Three Month Period Ended April 30 2008	Six Month Period Ended April 30 2009	Six Month Period Ended April 30 2008
	\$	\$	\$	\$
Cash paid during the period for income taxes	-	-	-	-
Cash paid during the period for interest	-	-	-	-

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

BITTERROOT RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED APRIL 30, 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, except where noted below, and should be read in conjunction with the audited annual financial statements.

New Accounting Standards:

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities – EIC 173

The Accounting Standards Board (“AcSB”) issued EIC-173 which requires the corporation to consider its own credit risk as well as the credit risk of its counterparty when determining the fair value of financial assets and liabilities, including derivative instruments. The accounting treatments provided in EIC-174 have been applied in the preparation of these financial statements and did not have an impact on the valuation of the Company’s financial assets and financial liabilities.

Mining Exploration Costs – EIC 174

The AcSB issued EIC-174 which provides guidance to mining enterprises related to the measurement of exploration costs and the conditions that a mining enterprise should consider when determining the need to perform an impairment review of such costs. The accounting treatments provided in EIC-174 have been applied in the preparation of these financial statements and did not have an impact on the valuation of the Company’s mineral properties.

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 April 30, 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 \$515,104 for the six month period ended April 30, 2009 (2008 - \$281,402) and had a deficit of \$6,190,066 at April 30, 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.

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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 Southeaster Property B.C., Canada	Michigan Lands Michigan, USA	Total
	\$	\$	\$	\$	\$	\$	\$
Balance - October 31, 2008	2,914,185	3,513,764	1,824,266	526,376	1,877,848	3,234,389	13,890,828
Deferred Costs During the Period							
Acquisition costs	-	65,208	50,286	9,000	-	-	124,494
Claims, leases and permits	9,933	250	10,009	-	4,314	10,263	34,769
Consulting and professional	7,898	53,145	19,195	845	225	187,787	269,095
Drilling	-	4,279	-	-	-	258,357	262,636
Field supplies	98	33,104	-	-	57	20,513	53,772
Fuel	-	264	-	-	-	9,886	10,150
Geochemistry	-	5,123	-	-	-	27,549	32,672
Geophysics	-	10,242	-	2,819	375	26,355	39,791
Ground transportation	-	5,819	400	-	50	13,820	20,089
Other	990	7,586	1,363	125	1,730	37,775	49,569
Recovery of costs	(214,498)	(22,572)	(210,115)	(42,837)	-	(617,101)	(1,107,123)
Room and board	-	6,535	332	-	78	20,210	27,155
Travel and freight	-	9,574	-	-	-	9,373	18,947
	(195,579)	178,557	(128,530)	(30,048)	6,829	4,787	(163,984)
Balance - April 30, 2009	2,718,606	3,692,321	1,695,736	496,328	1,884,677	3,239,176	13,726,844

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 \$1,600,000 of exploration expenditures. During the six month period ended April 30, 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.

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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 six month period ended April 30, 2009, the Company incurred exploration expenditures of \$621,888 relating to the Michigan properties and received and/or accrued recoveries of \$617,101.

(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 issued 300,000 common shares at a value of \$85,000, and made payments totalling \$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 six month period ended April 30, 2009, the Company incurred acquisition and exploration expenditures of \$18,919 relating to the GK property and received recoveries of \$214,498.

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

The Company owns a 75% interest (increased to a 100% interest subsequent to period end (Note 16)) 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, completed exploration expenditures of \$2,000,000 and issued 650,000 common shares. In addition, the Company owns a 75% interest (increased to a 100% interest subsequent to period end) in four adjoining mineral claims.

During the six month period ended April 30, 2009, the Company incurred acquisition and exploration expenditures of \$201,129 relating to the Mineral Creek property and received recoveries of \$22,572.

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3. Resource Properties *(Cont'd)*

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

The Company owns a 100% interest in the North Brenda molybdenum/copper/gold property in southwestern British Columbia. In order to earn this interest, the Company paid \$10,000, completed \$50,000 of exploration expenditures and issued 507,142 common shares at a value of \$128,000 within a two 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 six month period ended April 30, 2009, the Company incurred acquisition and exploration expenditures of \$81,585 relating to the North Brenda property and received 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 six month period ended April 30, 2009, the Company incurred acquisition and exploration expenditures of \$12,789 and received 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 (issued subsequent to period end). 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 six month period ended April 30, 2009, the Company incurred acquisition and exploration expenditures of \$6,829 relating to the Big Southeaster property.

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4. Equipment

	April 30 2009		October 31 2008	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Computer hardware	9,396	8,294	1,102	1,297
Field equipment	28,095	22,395	5,700	6,705
Furniture and fixtures	8,350	3,197	5,153	5,726
Leasehold improvements	5,655	5,392	263	292
	51,496	39,278	12,218	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	507,142	73,000
Share issue costs	-	(101,866)
Future income taxes on expenditures renounced to shareholders	-	(779,951)
Balance - April 30, 2009	65,722,097	18,453,114

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5. Share Capital *(Cont'd)*

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

During the six month ended April 30, 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 six month period ended April 30, 2009:

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

Flow through shares - Of the shares issued during the six month period ended April 30, 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.

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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 – April 30, 2009	2,560,514	0.45

The following share purchase warrants (convertible to an equivalent number of common shares) were outstanding at April 30, 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	88,753	431,682
Broker warrants	38,600	(26,765)
Balance – April 30, 2009	2,769,000	2,641,647

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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	855,000	0.13
Options exercised	-	-
Options expired and forfeited	(480,000)	0.61
Balance – April 30, 2009	5,939,500	0.48

The following stock options were outstanding and exercisable at April 30, 2009 (Note 16):

Range Of Exercise Price	Options Outstanding			Options Exercisable	
	Options Outstanding	Weighted Average Remaining Contractual Life years	Weighted Average Exercise Price \$	Options Exercisable	Weighted Average Exercise Price \$
0.13 – 0.29	1,029,500	4.72	0.17	979,500	0.17
0.30 – 0.44	1,485,000	2.66	0.37	1,485,000	0.37
0.45 – 0.59	1,955,000	1.15	0.53	1,955,000	0.53
0.60 – 0.74	925,000	2.70	0.70	925,000	0.70
0.75 – 0.99	545,000	3.93	0.80	545,000	0.80
0.13 – 0.99	5,939,500	2.64	0.48	5,889,500	0.48

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7. Stock Option Plan and Stock-Based Compensation *(Cont'd)*

Total compensation expense recognized for stock options granted during the six month period ended April 30, 2009, was \$88,753 (2008 – \$93,039). Stock based compensation of \$nil (2008 – \$29,147) was capitalized to resource properties for options granted to consultants and \$88,753 (2008 - \$63,892) was expensed to operations for options granted to directors and employees of the Company.

The following weighted average assumptions were used for the Black-Scholes valuation of broker warrants in the six month period ended April 30, 2009:

Volatility	93%
Risk-free interest rate	1.94%
Dividend yield	-
Expected life	5 years

8. Non-Cash Transactions

During the six month period ended April 30, 2009, the Company issued 507,142 (2008 – 250,000) shares in respect of option payments for resource properties, with a fair value of \$73,000 (2008 - \$76,000).

Total compensation expense recognized for stock options granted during the six month period ended April 30, 2009 was \$88,753 (2008 - \$93,039). 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 April 30, 2009, management fees of \$48,000 (2008 - \$48,000) 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 April 30, 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)

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10. Income Taxes *(Cont'd)*

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.

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:

	April 30 2009	October 31 2008
	\$	\$
Canada	10,499,886	10,667,064
U.S.A.	3,239,177	3,234,388
	13,739,063	13,901,452

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.

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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 April 30, 2009 the Company does not have any long-term debt and is not subject to externally imposed capital requirements.

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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

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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) On May 11, 2009, the Company and Mineral Creek Ventures Inc. entered into an agreement whereby the Company will increase its ownership of the Mineral Creek gold property in British Columbia from 75 percent to 100 percent. The Company will acquire the additional 25 percent interest in the Mineral Creek property by issuing 2,000,000 common shares and granting 0.5 percent net smelter returns royalty to Mineral Creek Ventures Inc.

- (b) On June 10, 2009, the Company issued 322,580 common shares valued at \$50,000, as required under the Big Southeaster Property option agreement.

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 April 30, 2009

As of June 26, 2009

SUMMARY OF ACTIVITIES

In the six months ended April 30, 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 six month period, excluding recoveries and acquisition costs, were \$818,645. Funding from Cameco Corporation contributed \$617,101 to Bitterroot's working capital during the period, while expenses (net of stock-based compensation) were \$193,364

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 100 percent interests in the Mineral Creek and Big Southeaster gold properties near Port Alberni. In southern BC, the Company owns 100 percent interests in the GK gold project and the North Brenda gold/base metals project and is currently earning a 100 percent interest in the SPN base metals project. 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 six months ended April 30, 2009, commodity prices have rebounded from the lows experienced in late 2008, although equity markets for junior resource issuers remain relatively weak. 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, silver, copper and 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 April 30, 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 – During and subsequent to the second quarter, Bitterroot's partner and project operator Mineral Creek Ventures Inc. (MCVI) installed a 10 tpd ball mill and associated electrical equipment and began processing stockpiled crushed mineralized rock from the Linda zone. As a result, production of gold-bearing concentrates has resumed. MCVI anticipates that mining of high-grade material from the Linda zone will resume in July. 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 – On May 11, 2009, Bitterroot increased its ownership in the Mineral Creek property to 100 percent by issuing 2,034,000 shares and granting a 0.5 percent NSR royalty to the vendors. Drilling of the Ember vein resumed on May 29. Since that time approximately 1,200 metres has been drilled in eight holes, with assay results pending. In 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 5,000 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 six months ended April 30, 2009, Bitterroot spent \$201,129 on the Mineral Creek project, net of stock-based compensation and recoveries, mainly on option payments, milling and associated equipment 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, the Michigan Uranium Joint Venture completed a 17-hole, 2,360-metre core drilling program. Drilling tested several basement-hosted conductive (graphitic) zones which are unconformably overlain by Proterozoic sandstones. Results from the drilling program have identified several areas which warrant additional exploration. Bitterroot's management is currently in discussions with Cameco management regarding the size and scope of future exploration activities in Michigan. 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 six months ended April 30, 2009, Bitterroot spent \$621,888 on its Michigan exploration projects, net of stock-based compensation and recoveries, mainly on drilling and consulting and professional costs. Cameco refunded approximately \$617,101 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 and silver-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 mineralization and alteration seen adjacent to the high-grade gold-bearing veins at the nearby Elk/Siwash gold deposit. Trenching of three gold/silver targets is underway, along with additional soil sampling.

In the six months ended April 30, 2009, Bitterroot spent \$81,585 on the North Brenda project, net of stock-based compensation and recoveries, mainly on acquisition costs and geological consulting. Mr. Charles Greig, P.Geol 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 approximately 500 soil samples collected in 2008 has been completed. Limited work is currently planned on the SPN project in 2009 due to funding constraints.

In the six months ended April 30, 2009, Bitterroot spent \$12,789 on the SPN project, net of stock-based compensation and recoveries, mainly on acquisition costs. Mr. Charles Greig, P.Geol is the Qualified Person responsible for the design and execution of exploration programs on the SPN project.

Big Southeaster Gold/VMS Project, British Columbia

No field work is currently planned on the Big Southeaster project in 2009 due to funding constraints. In the six months ended April 30, 2009, Bitterroot spent \$6,829 on the Big Southeaster project, net of stock-based compensation and recoveries, mainly on the acquisition of additional claims.

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. Additional claims have been staked in areas adjoining the Hornet zone. The Company is currently seeking a joint venture partner for the 100 percent-owned GK project. In the six months ended April 30, 2009, Bitterroot spent \$18,919 on the GK

Project, net of stock-based compensation and recoveries, mainly on claims and 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 April 30, 2009, Bitterroot had working capital of \$2,067,935, which included \$103,006 due from Cameco, accrued interest of \$5,504 and \$7,559 due from GST refunds. Resource properties had a book value of \$13,726,844 compared to \$13,887,432 at the beginning of the period. The decline in book value was caused by the application of BC METC refunds and other recoveries, which exceeded resource property expenditures during the second quarter and six month period. For the six months ended April 30, 2009, cash inflows exceeded cash outflows by \$1,615,615, which when combined with the \$381,957 cash balance at the beginning of the year, resulted in a cash position of \$1,997,572. Cash outflows were comprised principally of resource property expenditures of \$943,139 (excluding recoveries from Cameco and METC) and operating expenses of \$191,562 (net of stock-based compensation and amortization).

Summary of Financial Results

During the six months ended April 30, 2009, the Company had a loss before income tax adjustments of \$264,847, compared to a net loss of \$232,090 in the first six months of the prior year. The increased loss during the most recent six month period compared to the first six months of the previous year was mainly attributable to lower interest income and higher foreign exchange losses on US dollar cash holdings, plus increased stock-based compensation charges. Excluding stock-based compensation, recoveries and amortization charges, the Company's operating expenses for the six months were \$210,376, which is approximately 1% higher than operating expenses incurred during the same period of the previous year. The Company's exploration expenditures in BC decreased in the first half mainly due to limited road access due to winter snow conditions in mountainous terrain, while exploration expenditures increased in Michigan due to improved drill access on frozen, flat terrain.

Changes in Accounting Policies

Effective November 1, 2008, the Company adopted 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.

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 April 30, 2009. Financial information is prepared according to Canadian GAAP and is reported in Canadian dollars.

	Quarter Ended April 30, 2009	Quarter Ended Jan 31, 2009	Quarter Ended Oct 31, 2008	Quarter Ended July 31, 2008
Interest Income	17,277	43	28,832	16,046
Income (loss) for the period	(187,957)	703,061	(647,231)	(279,860)
General and administrative	(205,184)	(76,933)	(79,090)	(140,447)
Stock-based compensation	(84,186)	(4,567)	(142,166)	(145,439)
Write-off of resource property	-	-	(64,850)	-
Net Earnings (Loss) per share				
Basic and diluted	(0.00)	0.01	(0.01)	(0.00)

	Quarter Ended April 30 2008	Quarter Ended Jan 31 2008	Quarter Ended Oct 31, 2007	Quarter Ended July 31, 2007
Interest income	19,240	23,388	31,445	31,939
Income (loss) for the period	(184,048)	465,450	(665,779)	(88,593)
General and administrative	(131,672)	(71,430)	(100,908)	(119,603)
Stock-based compensation	(63,892)	-	(143,055)	-
Write-off of resource property	-	-	(52,533)	(929)
Net Earnings (Loss) per share Basic and diluted	(0.00)	0.01	(0.01)	(0.00)

LIQUIDITY

During the six months ended April 30, 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,
- \$617,101 of exploration cost recoveries and management fees from Cameco Corporation,
- \$796,777 from BC METC refunds for exploration done in 2006 and 2007,
- \$663,068, from Manitoba Mines Branch for withdrawn Quarry Exploration Permits.

The Company's working capital at April 30, 2009 was \$2,067,935, compared to working capital of \$1,277,505 at October 31, 2008. Current liabilities at April 30, 2009 were \$56,566, consisting of accounts payable incurred in the normal course of the mineral exploration business.

At April 30, 2009, there were 2,560,514 share purchase warrants outstanding, which are exercisable at prices between \$0.12 and \$0.50. During the first 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 5,939,500 incentive stock options outstanding, which if exercised would provide proceeds to the Company of approximately \$2,850,960. During the second 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%) have formed a joint venture whereby Bitterroot and Cameco are funding their pro-rata shares of ongoing expenditures within a 56 square-mile area of interest. Bitterroot's current cash balance is sufficient to fund its share of 2009 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 six months ended April 30, 2009.

- The Company incurred management fees of \$48,000 with 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 April 30, 2009 was 65,722,097 common shares with a recorded value of \$18,453,114.
As of the date of this report there are 68,145,044 common shares outstanding.
- c) Options outstanding at April 30, 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
855,000	0.13	February 9, 2014

d) Warrants outstanding at April 30, 2009

<u>Number of Warrants</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
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

Stock-based Compensation

Total compensation expense recognized for stock options granted during the six months ended April 30, 2009 was \$88,753 (2008 - \$63,892).

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.