

# **NOTICE TO SHAREHOLDERS FOR THE THREE MONTHS ENDED MARCH 31, 2006**

## **BISON GOLD EXPLORATION INC. (A Development Stage Company)**

### Responsibility for Financial Statements

The accompanying financial statements for Bison Gold Exploration Inc. have been prepared by management in accordance with Canadian generally accepted accounting principles consistently applied. The most significant of these accounting principles have been set out in the December 31, 2005 audited financial statements. Only changes in accounting information have been disclosed in these financial statements. These statements are presented on the accrual basis of accounting. Accordingly, a precise determination of many assets and liabilities is dependent upon future events. Therefore, estimates and approximations have been made using careful judgment. Recognizing that the Company is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these financial statements have been fairly presented.

### Auditors' involvement

The auditors of Bison Gold Exploration Inc. have not performed a review of the unaudited financial statements for the three months ended March 31, 2006.

BISON GOLD EXPLORATION INC.  
(A Development Stage Company)

BALANCE SHEETS

(PREPARED BY MANAGEMENT)

	March 31, 2006 (Unaudited)	December 31, 2005 (Audited)
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents (Note 7)	\$ 547,406	\$ 722,832
GST receivable	28,799	23,699
Prepaid and sundry receivables	41,846	7,273
	618,051	753,804
<b>Equipment</b>	15,735	16,835
Mineral properties and deferred exploration costs (Note 3)	615,047	590,805
	\$ 1,248,833	\$ 1,361,444
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 104,627	\$ 108,537
Accrued interest payable	18,737	17,761
Notes payable (Note 9)	31,060	31,060
Liability for shares to be issued (Note 4(b)(ii))	49,875	52,500
	204,299	209,858
<b>Shareholders' Equity</b>		
Share capital (Note 4(b))	1,384,460	1,381,835
Contributed surplus (Note 4(c))	106,788	-
Deficit	(446,714)	(230,249)
	1,044,534	1,151,586
	\$ 1,248,833	\$ 1,361,444

BISON GOLD EXPLORATION INC.  
(A Development Stage Company)

STATEMENT OF OPERATIONS AND DEFICIT

(PREPARED BY MANAGEMENT)

(UNAUDITED)

	Cumulative Since Inception (April 18, 2005 to March 31, 2006)	Three Months Ended March 31, 2006
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Expenses		
Accounting and audit	\$ 42,231	\$ 14,681
Business development fees	37,383	-
Consulting fees	79,439	-
Incorporation costs	1,027	-
Insurance	5,471	2,900
Interest and bank charges	1,098	974
Investor relations	6,854	1,604
Legal fees	39,410	26,487
Office and general	33,688	9,410
Rent	29,748	9,916
Salaries	126,531	31,631
Stock based compensation (Note 4(c))	106,788	106,788
Transfer agent, listing and filing	21,175	14,446
Travel	4,056	665
Amortization	6,252	1,100
	<hr/>	<hr/>
	541,151	220,602
Interest income	(4,137)	(4,137)
	<hr/>	<hr/>
Net loss for the period before the following:	(537,014)	(216,465)
Recovery of income taxes	90,300	-
	<hr/>	<hr/>
Net loss for the period	(446,714)	(216,465)
Deficit, beginning of period	-	(230,249)
	<hr/>	<hr/>
Deficit, end of period	\$ (446,714)	\$ (446,714)
	<hr/>	<hr/>
Loss per share (Note 5)		\$ (0.01)
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Weighted average number of common shares		20,358,112
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**BISON GOLD EXPLORATION INC.**  
**(A Development Stage Company)**

**STATEMENT OF CASH FLOWS**

(PREPARED BY MANAGEMENT)

(UNAUDITED)

	Cumulative Since Inception (April 18, 2005 to March 31, 2006)	Three Months Ended March 31, 2006
<b>Operating activities</b>		
Cash (used in) provided by:		
Net loss for the period	\$ (446,714)	\$ (216,465)
Items not affecting cash:		
Amortization	6,252	1,100
Stock based compensation (Note 4(c))	106,788	106,788
Future income tax recovery	(90,300)	-
Changes in non-cash working capital:		
GST receivable	(27,828)	(5,100)
Prepaid and sundry receivables	(41,846)	(34,573)
Accounts payable and accrued liabilities	51,459	(2,934)
	(442,189)	(151,184)
<b>Investing activities</b>		
Mineral property expenditures	(59,037)	(24,242)
Purchase of equipment	(21,987)	-
Acquisition of Mid-North Resources Limited, net of cash received	(167,191)	-
	(248,215)	(24,242)
<b>Financing activities</b>		
Issuance of common shares	1,250,300	-
Costs associated with issuance of common shares	(12,490)	-
	1,237,810	-
Change in cash and cash equivalents	547,406	(175,426)
Cash and cash equivalents, beginning of period	-	722,832
Cash and cash equivalents, end of period	\$ 547,406	\$ 547,406

**BISON GOLD EXPLORATION INC.**  
**(A Development Stage Company)**

**NOTES TO FINANCIAL STATEMENTS**

**(PREPARED BY MANAGEMENT)**

**For The Three Months Ended March 31, 2006**

**(UNAUDITED)**

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**1. BASIS OF PRESENTATION AND GOING CONCERN**

Bison Gold Exploration Inc. (the "Company" or "Bison") was incorporated on April 18, 2005 in Ontario and carries on business in one segment, being the acquisition, exploration and development of properties for mining of precious and base metals. The Company has not earned any revenue to date from its operations and is therefore considered to be in the development stage.

On December 23, 2005, the Company amalgamated with Mid-North Resources Limited ("Mid-North"). Refer to the December 31, 2005 audited financial statements for details and disclosure with respect to this transaction.

The unaudited financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and notes to the financial statements required by Canadian generally accepted accounting principles for annual financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three month period ended March 31, 2006 may not necessarily be indicative of the results that may be expected for the year ending December 31, 2006.

The balance sheet at December 31, 2005 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by Canadian generally accepted accounting principles for complete financial statements. The interim financial statements have been prepared by management in accordance with the accounting policies described in the Company's annual financial statements for the year ended December 31, 2005. For further information, refer to the financial statements and notes thereto included in the Company's annual financial statements for the year ended December 31, 2005.

**Going concern**

These financial statements have been prepared on a going concern basis, which presumes the Company will be able to realize its assets and discharge its liabilities in the normal course of operations in the foreseeable future.

The recoverability of the costs incurred to date on mining properties and deferred exploration expenditures is dependent upon the existence of economically recoverable reserves, maintaining title and beneficial interest in the properties, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures. The Company will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to obtain adequate financing. Changes in future conditions could require material write-downs to the carrying value of the mining properties.

**BISON GOLD EXPLORATION INC.**  
**(A Development Stage Company)**

NOTES TO FINANCIAL STATEMENTS

(PREPARED BY MANAGEMENT)

For The Three Months Ended March 31, 2006

(UNAUDITED)

2. NEW ACCOUNTING PRONOUNCEMENT

In January 2005, the Canadian Institute of Chartered Accountants issued four new accounting standards: Handbook Section 1530, Comprehensive Income, Handbook Section 3251, Equity, Handbook Section 3855, Financial Instruments - Recognition and Measurement, and Handbook Section 3865, Hedges. These standards are effective for interim and annual financial statements for the Company's fiscal years beginning January 1, 2007.

3. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS

As of March 31, 2006, accumulated costs with respect to the Company's interest in mineral properties owned, leased, under consideration to be acquired or under option, consisted of the following:

	Opening Balance January 1, 2006	Additions (Reductions)	Ending Balance March 31, 2006	Ending Balance December 31, 2005
Central Manitoba Bissett (*)	\$ 515,805	\$ 24,242	\$ 540,047	\$ 515,805
Burntwood River (*)	75,000	nil	75,000	75,000
	<u>\$ 590,805</u>	<u>\$ 24,242</u>	<u>\$ 615,047</u>	<u>\$ 590,805</u>

(\*) Property descriptions may be found in Note 5 of the December 31, 2005 audited financial statements.

4. SHARE CAPITAL

(a) AUTHORIZED

An unlimited number of common shares

(b) COMMON SHARES ISSUED

	NUMBER OF SHARES	STATED VALUE
Balance on incorporation, April 18, 2005	7,700,000	\$ 100
Private placements (i)	3,625,000	1,250,000
Warrants exercised (i)	5,685,000	200
Common shares issued for acquisition of Mid-North (i)	3,347,502	234,325
Tax benefits of renounced flow-through shares (i)	-	(90,300)
Costs of issue (i)	-	(12,490)
Balance at December 31, 2005	20,357,502	1,381,835
Issued on settlement of related party debt (ii)	5,000	2,625
Balance at March 31, 2006	20,362,502	\$ 1,384,460

BISON GOLD EXPLORATION INC.  
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

(PREPARED BY MANAGEMENT)

For The Three Months Ended March 31, 2006

(UNAUDITED)

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4. SHARE CAPITAL (Continued)

(b) COMMON SHARES ISSUED (Continued)

(i) Details of these transactions can be found in the audited financial statements for the period ending December 31, 2005.

(ii) During the period, the Company issued 5,000 common shares of the Company in settlement of an amount owing to a related party creditor. The settlement of this obligation was accrued in the December 31, 2005 audited financial statements.

(c) STOCK OPTIONS

The following table reflects the continuity of stock options for the period:

	Number of Stock Options	Weighted Exercise Price per share (\$)
Balance at April 18, 2005 and December 31, 2005 (audited)	-	nil
Granted during the period	1,510,000	0.57
Balance at March 31, 2006 (unaudited)	1,510,000	0.57

The following table summarizes the stock options outstanding at March 31, 2006:

Expiry Date	Exercise Price (\$)	Options Outstanding	Black-Scholes Value (\$)
December 23, 2010	0.50	1,310,000	87,338
December 23, 2006	1.00	200,000	19,450
		1,510,000	106,788

BISON GOLD EXPLORATION INC.  
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

(PREPARED BY MANAGEMENT)

For The Three Months Ended March 31, 2006

(UNAUDITED)

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4. SHARE CAPITAL (Continued)

(c) STOCK OPTIONS (Continued)

The value assigned to the 1,310,000 option grant was calculated using the Black-Scholes valuation model with the following assumptions: dividend yield 0%, expected volatility 100%, risk-free interest rate 2.78% and expected maturity of 5 years. The fair value of each stock option granted averaged \$0.377 per option. The total fair value assigned to these options was \$493,870, of which \$87,338 was expensed as stock based compensation in the period. The balance of \$406,532 will be expensed in future periods in accordance with the vesting terms.

The value assigned to the 200,000 option grant was calculated using the Black-Scholes valuation model with the following assumptions: dividend yield 0%, expected volatility 100%, risk-free interest rate 2.03% and expected maturity of 1 year. The fair value of each stock option granted averaged \$0.389 per option. The total fair value assigned to these options was \$77,800, of which \$19,450 was expensed as stock based compensation in the period. The balance of \$58,350 will be expensed in future periods in accordance with the vesting terms.

5. LOSS PER SHARE

Basic loss per share is computed by dividing the loss for the period by the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated in a similar manner, except that the weighted average number of common shares outstanding is increased to include potentially issuable common shares from the assumed exercise of stock options, if dilutive. The number of additional shares included in the calculation is based on the treasury stock method for stock options. The effect of potential issuances of shares under stock options would be anti-dilutive, and accordingly basic and diluted loss per share are the same.

6. INCOME TAX INFORMATION

The estimated taxable income for the period ended is \$nil. Based on the level of historical taxable income it cannot be reasonably estimated at this time if it is more likely than not the Company will realize the benefits from future income tax assets or the amounts owing from future income tax liabilities.

Consequently, the future recovery or loss arising from differences in tax values and accounting values has been reduced by an equivalent estimated taxable temporary difference valuation allowance.

The estimated taxable temporary difference valuation allowance will be adjusted in the period in which it is determined that it is more likely than not that some portion or all of the future tax assets or future tax liabilities will be realized.

For further information on the Company's actual losses for tax purposes, refer to the December 31, 2005 audited financial statements. The benefit of these losses and the estimated loss for the period ended have not been recognized in these financial statements.

**BISON GOLD EXPLORATION INC.**  
**(A Development Stage Company)**

**NOTES TO FINANCIAL STATEMENTS**

**(PREPARED BY MANAGEMENT)**

**For The Three Months Ended March 31, 2006**

**(UNAUDITED)**

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**7. COMMITMENT**

The Company is committed to spending \$250,000 on exploration costs during calendar 2006 as part of the flow-through funding agreements that were completed during calendar 2005. The Company estimates that it has spent \$18,000 towards this commitment.

**8. RELATED PARTY TRANSACTION**

Included in prepaid and sundry receivables is an amount owing to Bison of \$26,409 from an officer of the Company. Subsequent to March 31, 2006, this amount was repaid.

**9. NOTES PAYABLE**

The notes payable bear interest at 8% per annum, are unsecured and have no specific terms of repayment.

**10. SUBSEQUENT EVENT**

The Company announced on May 30, 2006, subject to regulatory approval, that it has engaged Canaccord Capital Corp to act as its Agent to complete a private placement on a "best efforts" basis of 1,250,000 of flow-through shares (the "Flow Through Shares") as defined under subsection 66(15) of the Income Tax Act (Canada) and 1,562,000 units (the "Units") for aggregate gross proceeds of approximately C\$2,500,000 with an option exercisable by the Agent at any time before closing to increase the aggregate gross proceeds raised by up to C\$500,000 (collectively the "Offerings").

Each Unit will be issued at a price of C\$0.80 and each Flow Through Share will be issued at a price of C\$1.00. Each Unit shall consist of one common share ("Common Share") and one-half of one share purchase warrant. Each whole share purchase warrant (a "Warrant") shall be exercisable to acquire one common share at a price of \$1.20 for a period of 18 months (the "Warrant Term") from the Closing Date.

The proceeds from the Offerings will be used to fund Bison's ongoing exploration program on its Central Manitoba property in Bissett, Canada, as well as working capital and general corporate services.

In consideration for its services, Canaccord will receive an 8% commission and broker warrants that will entitle the Agent to acquire that number of Units that is equal to 10% of the sum of the number of Flow Through Shares and Units issued on the Closing Date. Each Broker Warrant will entitle the holder to acquire one Unit at an exercise price of \$0.80 for a period of 18 months from the Closing Date. The Agent will also receive options to acquire 200,000 Common Shares, which options shall be exercisable for a period of five years at \$0.80 per share.

BISON GOLD EXPLORATION INC.  
(A Development Stage Entity)

SUPPLEMENT I TO FINANCIAL STATEMENTS  
(PREPARED BY MANAGEMENT)

For The Three Months Ended March 31, 2006

(UNAUDITED)

Mineral properties and deferred exploration costs breakdown

Central Manitoba Bissett

	Cumulative since inception of project	Three Months Ended March 31, 2006
Activity during the period		
Acquisition costs	\$ 481,010	\$ -
Consulting	17,793	5,643
Claims staking	5,522	5,522
Equipment rental	2,350	400
Laboratory analysis	4,804	4,804
Other	850	229
Reports	500	500
Subcontractor	19,463	5,767
Transportation and accommodation	7,755	1,377
	<b>\$ 540,047</b>	<b>\$ 24,242</b>

Burntwood River

	Cumulative since inception of project	Three Months Ended March 31, 2006
Activity during the period		
Acquisition costs	\$ 75,000	\$ -