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

**FINANCIAL STATEMENTS**

**December 31, 2007 and 2006**

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## Auditors' Report

To the Shareholders of  
Bison Gold Exploration Inc.

We have audited the balance sheets of Bison Gold Exploration Inc. as at December 31, 2007 and 2006 and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluation the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2007 and 2006 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Signed: **"MSCM LLP"**

Chartered Accountants  
Licensed Public Accountants

Toronto, Ontario  
March 28, 2008

# BISON GOLD EXPLORATION INC.

(A Development Stage Company)

## BALANCE SHEETS

December 31	2007	2006
<b>Assets</b>		
<b>Current assets</b>		
Cash	\$ 635,143	\$ 103,604
Share subscription receivable	460,000	-
GST receivable	2,721	3,464
Prepaid and sundry receivables	10,070	14,316
	1,107,934	121,384
Equipment (Note 3)	-	14,137
Mineral properties and deferred exploration costs (Note 4)	1,015,593	842,816
	\$ 2,123,527	\$ 978,337
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 167,806	\$ 106,662
Accrued interest payable	-	19,811
Notes payable (Note 5)	-	30,060
Convertible loan (Note 6)	250,000	-
	417,806	156,533
<b>Shareholders' Equity</b>		
Share capital (Note 7a)	2,370,301	1,434,335
Contributed surplus (Note 7b and 7c)	1,085,219	416,650
Deficit	(1,749,799)	(1,029,181)
	1,705,721	821,804
	\$ 2,123,527	\$ 978,337

Going Concern (Note 1)

Approved by the Board of Directors

Signed: "Christopher Carmichael"

Director

Signed: "Brian Maclellan"

Director

# BISON GOLD EXPLORATION INC.

(A Development Stage Company)

## STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For the years ended December 31, 2007 and 2006	2007	2006	Cumulative Since Inception on April 18, 2005
<b>Expenses</b>			
Accounting and audit	\$ 50,123	\$ 60,491	\$ 138,164
Business development fees	-	-	37,383
Consulting fees	52,000	14,500	145,939
Flow-through interest expense	-	6,075	6,075
Insurance	11,409	12,632	26,612
Interest and bank charges (note 11)	19,675	3,436	23,235
Investor relations	2,381	20,581	28,212
Legal fees	25,947	38,394	78,291
Office and general	68,237	62,576	155,091
Rent	16,531	35,729	72,092
Salaries	133,509	107,858	336,267
Stock-based compensation (Note 7b)	233,633	416,650	650,283
Transfer agent, listing and filing fees	36,266	23,737	66,732
Travel	11,409	2,262	17,062
Amortization	474	5,094	10,720
	661,594	810,015	1,792,158
<b>Other income and expenses</b>			
Interest income	(474)	(11,083)	(11,557)
Gain on sale of equipment	(1,093)	-	(1,093)
Debt forgiveness	(20,185)	-	(20,185)
Write-down of deferred expenditures (Note 4)	80,775	-	80,775
<b>Loss for the period before recovery of income taxes</b>	(720,618)	(798,932)	(1,840,099)
Recovery of future income taxes	-	-	90,300
<b>Net loss and comprehensive loss for the period</b>	\$ (720,618)	\$ (798,932)	\$ (1,749,799)
<b>Basic and fully diluted loss per share (Note 8)</b>	\$ (0.03)	\$ (0.04)	-

# BISON GOLD EXPLORATION INC.

(A Development Stage Company)

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the years ended December 31, 2007 and 2006	2007	2006	Cumulative since inception on April 18, 2005
<b>Share capital</b>			
Balance, beginning of period	\$ 1,434,335	\$ 1,381,835	\$ 100
Shares issued on private placements	1,445,400	-	2,695,601
Value of warrants issued (Note 7c)	(434,936)	-	(434,936)
Shares issued for acquisition of Mid-North	-	-	234,325
Tax benefits of renounced flow-through shares	-	-	(90,300)
Shares issued on settlement of debt	51,093	52,500	103,593
Cost of share issue	(125,591)	-	(138,082)
<b>Balance, end of period</b>	<b>2,370,301</b>	<b>1,434,335</b>	<b>2,370,301</b>
<b>Contributed surplus</b>			
Balance, beginning of period	416,650	-	-
Stock-based compensation (Note 7b)	233,633	416,650	650,283
Warrants issued on private placements	434,936	-	434,936
<b>Balance, end of period</b>	<b>1,085,219</b>	<b>416,650</b>	<b>1,085,219</b>
<b>Deficit</b>			
Balance, beginning of period	(1,029,181)	(230,249)	-
Net loss for the period	(720,618)	(798,932)	(1,749,799)
<b>Balance, end of period</b>	<b>(1,749,799)</b>	<b>(1,029,181)</b>	<b>(1,749,799)</b>
<b>Total shareholders' equity, end of period</b>	<b>\$ 1,705,721</b>	<b>\$ 821,804</b>	<b>\$ 1,705,721</b>

**BISON GOLD EXPLORATION INC.**

(A Development Stage Company)

**STATEMENTS OF CASH FLOWS**

				Cumulative since inception on April 18, 2005
For the years ended December 31, 2007 and 2006	2007	2006		
<b>Cash flow from operating activities</b>				
Net loss for the period	\$ (720,618)	\$ (798,932)	\$	(1,749,699)
Items not affecting cash:				
Amortization	474	5,094		10,720
Debt forgiveness	(20,185)	-		(16,096)
Write-down of deferred expenditures	80,775	-		80,775
Gain on sale of equipment	(1,093)	-		(5,182)
Stock-based compensation	233,633	416,650		650,283
Future income tax recovery	-	-		(90,300)
Changes in non-cash working capital:				
GST receivable	744	20,235		(1,749)
Prepaid and sundry receivables	4,246	(7,043)		(10,070)
Accounts payable and accrued interest and liabilities	82,551	175		137,119
	(339,473)	(363,821)		(994,199)
<b>Cash flow from investing activities</b>				
Mineral property and deferred exploration expenditures	(253,522)	(252,011)		(540,358)
Purchase of equipment	(2,829)	(2,396)		(27,212)
Acquisition of Mid-North Resources Limited, net of cash received	-	-		(167,191)
Proceeds on sale of equipment	17,585	-		17,585
	(238,796)	(254,407)		(717,176)
<b>Cash flow from financing activities</b>				
Issuance of common shares	985,400	-		2,235,700
Costs associated with issuance of common shares	(125,592)	-		(138,182)
Proceeds of note payable	30,000	-		30,000
Repayment of note payable	(30,000)	(1,000)		(31,000)
Proceeds of convertible loan	250,000	-		250,000
	1,109,808	(1,000)		2,346,618
<b>Increase (decrease) in cash</b>	<b>531,539</b>	<b>(619,228)</b>		<b>635,143</b>
<b>Cash, beginning of period</b>	<b>103,604</b>	<b>722,832</b>		<b>-</b>
<b>Cash, end of period</b>	<b>\$ 635,143</b>	<b>\$ 103,604</b>	<b>\$</b>	<b>635,143</b>
<b>Non-cash transactions:</b>				
Settlement of liabilities with common shares	\$ 51,093	\$ 52,500	\$	337,918

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

**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2007 and 2006

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**1. NATURE OF BUSINESS AND GOING CONCERN**

**Nature of Business**

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. The amounts shown as mineral properties and deferred exploration expenditures do not necessarily represent present or future values.

**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 mineral properties and deferred exploration costs 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 mineral properties and deferred exploration costs.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Basis of presentation**

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles, and reflect the following policies:

**Financial instruments**

Bison's financial instruments include cash, share subscription receivable, accounts payable and accrued liabilities and the convertible loan. Cash is classified as held-for-trading. The carrying value of this instrument approximates its fair value due to its short-term nature. Receivables are classified as loans and receivables, accounts payable and accrued liabilities and the convertible loan are classified as other financial liabilities, both of which are measured at amortized cost.

**Mineral properties and deferred exploration costs**

Mineral property acquisition costs and related direct exploration and development expenditures, net of recoveries, are deferred until the properties are placed into production. These net costs will be amortized against income using the unit-of-production method based on estimated recoverable reserves if the properties are brought into commercial production, or written off if the properties are abandoned or sold. The cost of mineral properties includes any cash consideration paid and the fair market value of shares issued, if any, on the acquisition of property interests. The recorded amounts of property acquisition costs and their related deferred exploration costs represent actual expenditures incurred and are not intended to reflect present or future values.

The recoverability of amounts shown for mineral properties and deferred exploration costs is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future profitable production or proceeds from the disposition thereof.

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Mineral properties and deferred exploration costs (continued)**

On an annual basis, the Company reviews the carrying values of deferred mineral property acquisition costs and deferred exploration expenditures to assess whether there has been an impairment in value. The Company recognizes write-downs for impairment where the carrying value of the mineral property exceeds its estimated long-term net recoverable value. Recoverable value is estimated based upon current exploration results and upon management's assessment of the future probability of positive cash flows from the property or from the sale of the property.

**Joint ventures**

A portion of the Company's exploration activities is conducted jointly with others wherein the Company enters into agreements that provide for specified percentage interest in mineral properties. Joint venture accounting, which reflects the Company's proportionate interest in mineral properties, is applied by the Company only when commercial feasibility is established and the parties enter into formal comprehensive agreements for ownership and mineral participation.

**Equipment**

Equipment is recorded at cost. Amortization is provided over their expected useful lives using the following methods and annual rates with 1/2 year amortization recorded in the year of addition:

Computers and equipment	-	30 % declining balance
Furniture and fixtures	-	20 % declining balance
Computer software	-	100 % straight line

**Income taxes**

The Company accounts for income taxes using the asset and liability method of accounting. Under this method future income tax assets and future income tax liabilities are recorded based on temporary differences between the financial reporting basis of the Company's assets and liabilities and their corresponding tax basis. The future benefits of income tax assets, including unused tax losses, are recognized subject to a valuation allowance to the extent that it is more likely than not that such losses will be ultimately utilized. These future income tax assets and liabilities are measured using substantively enacted tax rates and laws that are expected to apply when the tax assets or liabilities are to be settled or realized.

**Flow-through shares**

The Company has financed a portion of its exploration activities through the issuance of flow-through shares. Under the terms of the flow-through share agreements, the tax attributes of the related expenditures are renounced to subscribers. The Company records the tax liability associated with the agreements at the time of the renouncement, provided there is reasonable assurance that the expenditures will be incurred. To recognize the foregone tax benefits to the Company, the carrying value of the shares is reduced by the tax effect of the tax benefits renounced to subscribers.

**Share issue costs**

Costs incurred for the issue of Common shares are deducted from share capital.

**Loss per share**

Basic loss per share is calculated using the weighted average number of common shares outstanding during the year. Diluted loss per share is computed using the treasury stock method. Stock options and warrants outstanding are not included in the computation of diluted loss per share if their inclusion would be anti-dilutive.

**Stock-based compensation**

The Company has in effect a Stock Option Plan ("the Plan") which is described in note 7(b). Stock options awarded are accounted for using the fair value-based method. Fair value is calculated using the Black-Scholes model and is recorded as stock based compensation expense over the vesting period of the options. Consideration paid on the exercise of stock options is credited to share capital. The contributed surplus associated with the options is transferred to share capital upon exercise.

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measurement uncertainty**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The Black-Scholes option pricing model is used by the Company to determine the fair value of stock-based compensation. This model requires the input of highly subjective assumptions, including expected future stock price volatility and expected time until exercise. Changes in the assumptions can materially affect the fair value estimate, and therefore, the existing model does not necessarily provide a reliable measure of the fair value of the stock options issued by the Company during the year.

Other significant estimates used in the preparation of these financial statements include determining the estimated net realizable value of mineral properties and deferred exploration costs, the provision for income taxes and composition of future income tax assets and liabilities and the valuation of assets acquired and related shares issued in non-monetary transactions.

**Financial instruments, comprehensive income (loss)**

In January 2005, the Canadian Institute of Chartered Accountants ("CICA") issued Handbook Sections 3855, "Financial Instruments – Recognition and Measurement", Section 3861 "Financial Instruments – Disclosure and Presentation" and Section 1530, "Comprehensive Income". These new standards were effective for interim and annual financial statements relating to fiscal years commencing on or after October 1, 2006 on a prospective basis; accordingly, comparative amounts for prior periods have not been restated.

(a) **Financial instruments - recognition and measurement**

Section 3855 prescribes when a financial instrument is to be recognized on the balance sheet and at what amount. It also specifies how financial instrument gains and losses are to be presented. This Section requires that:

- (i) All financial assets be measured at fair value on initial recognition and certain financial assets to be measured at fair value subsequent to initial recognition;
- (ii) All financial liabilities are measured at fair value if they are classified as held for trading purposes. Other financial liabilities are measured at amortized cost using the effective interest method; and
- (iii) All derivative financial instruments are measured at fair value on the balance sheet, even when they are part of an effective hedging relationship.

As a result of the adoption of these standards, the Company has classified its cash as held-for-trading. Share subscription receivable is classified as loans and receivables. Accounts payable and accrued liabilities and the convertible loan are classified as other financial liabilities.

(b) **Comprehensive income (loss)**

Section 1530 introduces a new requirement to temporarily present certain gains and losses from changes in fair value outside net income. It includes unrealized gains and losses, such as: changes in the currency translation adjustment relating to self-sustaining foreign operations; unrealized gains or losses on available-for-sale investments; and the effective portion of gains or losses on derivatives designated as cash flow hedges or hedges of the net investment in self-sustaining foreign operations. The Company has no items which effect comprehensive loss.

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The Company has evaluated the impact of these new standards on its financial statements and determined that no adjustments are currently required.

**Future accounting changes**

**Capital Disclosures and Financial Instruments – Disclosures and Presentation**

On December 1, 2006, the CICA issued three new accounting standards: Handbook Section 1535, Capital Disclosures, Handbook Section 3862, Financial Instruments – Disclosures, and Handbook Section 3863, Financial Instruments – Presentation. These new standards are effective for interim and annual financial statements for the Company's reporting period commencing on January 1, 2008.

Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance.

The new Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments-Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

The Company does not expect that the adoption of these standards will have a significant impact on its financial statements.

**3. EQUIPMENT**

	Net Book Value 2007	Net Book Value 2006
Computers and equipment	\$ -	\$ 9,107
Furniture and fixtures	-	4,749
Computer software	-	281
	\$ -	\$ 14,137

All equipment was disposed during the year, resulting in a gain of \$1,093.

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**4. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS**

	2007	2006	Cumulative since inception on April 18, 2005
<b>Central Manitoba Bissett</b>			
Balance, beginning of period	\$ 767,816	\$ 515,805	\$ -
Acquisition costs	-	-	481,010
Consulting	4,653	77,942	94,745
Claims staking	-	6,522	6,522
Equipment rental	-	1,300	3,250
Drilling	236,601	115,009	351,610
Laboratory analysis	825	18,258	19,083
Other	-	529	2,902
Reports	3,734	4,328	8,062
Subcontracting	-	11,962	25,659
Linecutting	1,964	6,362	8,326
Transportation and accommodation	-	9,799	14,424
<b>Total expenditures during the period</b>	<b>247,777</b>	<b>252,011</b>	<b>1,015,593</b>
<b>Balance, end of period</b>	<b>1,015,593</b>	<b>767,816</b>	<b>1,015,593</b>
<b>Burntwood River</b>			
Balance, beginning of period	75,000	75,000	-
Acquisition costs	-	-	75,000
Write-down of deferred expenditures	(75,000)	-	(75,000)
<b>Balance, end of period</b>	<b>-</b>	<b>75,000</b>	<b>-</b>
<b>Gunman</b>			
Balance, beginning of period	-	-	-
Acquisition costs	5,775	-	5,775
Write-down of deferred expenditures	(5,775)	-	(5,775)
<b>Balance, end of period</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total mineral properties and deferred exploration costs</b>	<b>\$ 1,015,593</b>	<b>\$ 842,816</b>	<b>\$ 1,015,593</b>

## **BISON GOLD EXPLORATION INC.**

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#### **4. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS (CONTINUED)**

##### **Central Manitoba Bissett (Gold Property)**

The Company owns a 100% interest in 26 Central Manitoba and Cryderman claims located approximately 160 kilometres northeast of Winnipeg, Manitoba.

##### **Burntwood River (Nickel Property)**

The Company has an 11.14% (2006 - 12.08%) interest through a joint venture agreement with Falconbridge Limited in 62 mineral claims located in the Burntwood River area of Manitoba. The Company allocated \$75,000 of the consideration paid to Mid-North to this mineral property.

##### **Gunman Property (Zinc/Copper Property)**

The Company originally entered into a joint venture agreement on January 31, 2002 with Cypress Development Corp. ("Cypress") to continue exploration of the Gunman property in White Pine County, Nevada. As at March 31, 2007, the Company held 26.87% interest and the joint venture partner holds a 73.13% interest. The Company had been requested to participate in an exploration program by making a payment of approximately \$41,000 that is required to maintain its current proportionate interest in the joint venture. On May 14, 2007, the Company advised its joint venture partner on the Gunman property that it would not be participating further in the exploration program. As a result of choosing not to participate, the Company's interest was diluted to approximately 15% following successful completion of a proposed work program, the estimated cost of which is \$440,000USD. In light of this decision by management, the carrying value of this property was fully written down.

##### **Beaucage Lake (Gold Property)**

The Company owns 9 mineral claims situated approximately 50 kilometres southeast of Lynn Lake, Manitoba covering approximately 1,967 hectares. Deferred exploration costs for this property were written off in prior years.

##### **Apex/Miner (Gold Property)**

The Company owns a total of 28 claims (Apex - 5, Miner - 23) in the Snow Lake area of Manitoba. W. Bruce Dunlop Ltd. (a shareholder) and Bart Kobar hold 2 separate net smelter royalties of 1.25% with an option for the Company to buy the royalties down to 0.5% for payments of \$200,000 for each area. Deferred exploration costs for this property were written off in prior years.

##### **War Baby Property**

The Company holds an option to acquire a 10% interest in one claim covering an area of 17 acres located within the limits of the City of Flin Flon, Manitoba. Under the terms of the agreement, the Company may exercise its option to acquire a 10% interest in the mineral claims by paying 10% of the exploration expenditures incurred by Callinan within 90 days of the receipt of a positive feasibility study on the property. Deferred exploration costs for this property were written off in prior years.

#### **5. NOTES PAYABLE**

In November, 2007 the Company settled a statement of claim which demanded repayment of a promissory note of \$30,060. The Company had accrued interest totaling \$21,644 on the promissory note. The settlement amount was payable through the issuance of 140,000 common shares of the Company. The shares for debt issued are subject to a four month hold period expiring on March 26, 2008.

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**6. CONVERTIBLE LOAN**

In August 2007, Bison completed a 6-month, \$250,000 secured convertible loan (the "Loan") financing with GC-Global Capital Corp. The Loan bears interest of 12% per annum and a 2% structuring fee was paid to GC-Global Capital Corp. The Loan is convertible into units at a price of \$0.10 per unit. Each unit consists of one common share and one half of one common share purchase warrant. Each full warrant will entitle the holder thereof to purchase an additional common share of the Company at \$0.15 per share for a period of two years. The proceeds of the Loan were used for general working capital purposes. The Loan is secured by a general security agreement on all present and future movable property of Bison. In October, 2007 the loan was extended to November 2008. As at the date of issue and the date of extension, the Company determined that the conversion factor had no significant value.

**7. SHARE CAPITAL**

**(a) Capital**

**Authorized:** unlimited common shares

**Issued:**

<b>Common Shares</b>	<b>Number of Shares</b>	<b>Value</b>
Balance at December 31, 2005	20,357,502	\$ 1,381,835
Issued on settlement of debt (i)	105,000	52,500
Balance at December 31, 2006	20,462,502	1,434,335
Private placement (ii)	2,868,333	810,500
Fair value of warrants		(238,239)
Share issue costs		(74,800)
Private placement (iii)	933,000	234,900
Fair value of warrants		(96,698)
Share issue costs		(18,791)
Private placement (iv)	1,333,333	400,000
Fair value of warrants		(99,999)
Share issue costs		(32,000)
Issued on settlement of debt (v)	140,000	51,093
Balance at December 31, 2007	25,737,168	\$ 2,370,301

- (i) In March 2006 and November 2006, the Company issued 105,000 shares valued at \$52,500 as settlement of outstanding debts.
- (ii) In October, 2007 the Company issued 1,868,333 flow-through units at \$0.30 per unit for gross proceeds of \$560,500. Each unit consists of one flow-through common share and one half of one common share purchase warrant. Each full share purchase warrant entitles the holder to purchase one common share of the Company at a price of \$0.40 until October 30, 2009. The Company also issued 1,000,000 non flow-through units at \$0.25 per unit for gross proceeds of \$250,000. Each unit consists of one non flow-through common share and one common share purchase warrant. Each full share purchase warrant entitles the holder to purchase one common share of the Company at a price of \$0.35 until October 30, 2009.

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**7. SHARE CAPITAL (CONTINUED)**

**(a) Capital (continued)**

- (iii) In November, 2007 the Company issued 900,000 non flow-through units at \$0.25 per unit for gross proceeds of \$225,000. Each unit consists of one non flow-through common share and one common share purchase warrant. Each full share purchase warrant entitles the holder to purchase one common share of the Company at a price of \$0.35 until November 26, 2009. The Company also issued 33,000 flow-through units at \$0.30 per unit for gross proceeds of \$9,900. Each unit consists of one flow-through common share and one half of one common share purchase warrant. Each full share purchase warrant entitles the holder to purchase one common share of the Company at a price of \$0.40 until November 26, 2009.
- (iv) In December, 2007 the company issued 1,333,333 flow-through units at \$0.30 per unit for gross proceeds of \$400,000. Each unit consists of one flow-through common share and one half of one common share purchase warrant. Each full share purchase warrant entitles the holder to purchase one common share of the Company at a price of \$0.40 until December 28, 2009.
- (v) In November, 2007 the Company settled a statement of claim which demanded repayment of a promissory note of \$30,060. The Company had accrued interest totaling \$21,644 on the promissory note. The settlement amount was \$35,000 payable through the issuance of 140,000 common shares of the Company at a value of \$0.25 per share. The shares for debt issued are subject to a four month hold period expiring on March 26, 2008.

**(b) Stock option plan**

The Company has a stock option plan (the "Plan") under which the directors of the Company may grant options to qualified directors, officers and consultants of the Company. The exercise price of the options cannot be less than the closing price of the Company's shares on the trading day preceding the date of grant and the maximum term of any option cannot exceed five years. One sixth of the options will vest every three months over an eighteen month period. The maximum aggregate number of common shares under option at any time under the Plan cannot exceed 10% of the issued and outstanding shares.

A summary of the Company's stock option activity for the years ended December 31, 2007 and 2006 is as follows:

	Number of Options	Weighted- Average Exercise Price
Outstanding, December 31, 2005	-	\$ -
Granted (i) and (ii)	1,510,000	0.57
Cancelled (ii)	(200,000)	1.00
Outstanding, December 31, 2006	1,310,000	0.50
Granted (iii)	725,000	0.12
Outstanding, December 31, 2007	2,035,000	\$ 0.36

- (i) On January 31, 2006, 1,310,000 stock options exercisable at \$0.50 with an expiry date of December 23, 2010 were granted to directors and an employee of the Company.
- (ii) On January 31, 2006, 200,000 stock options exercisable at \$1.00 with an expiry date of December 23, 2006 were granted to a service provider of the Company. In 2006, all 200,000 options were cancelled.
- (iii) On August 13, 2007, 725,000 stock options exercisable at \$0.12 with an expiry date of August 12, 2012 were granted to directors, officers and a consultant of the Company.

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**7. SHARE CAPITAL (CONTINUED)**

**(b) Stock option plan (continued)**

The weighted-average remaining contractual life and weighted-average exercise price of options outstanding and of options exercisable as at December 31, 2007 are as follows:

Exercise Price	Options Outstanding			Options Exercisable	
	Number Outstanding	Weighted-Average Exercise Price	Average Remaining Contractual Life (years)	Number Exercisable	Weighted-Average Exercise Price
\$0.50	1,310,000	\$0.50	2.98	1,310,000	\$0.50
\$0.12	725,000	\$0.12	4.62	120,833	\$0.12

The fair value of the 725,000 (2006 - 1,310,000) stock options granted during the year has been estimated at \$79,750 (2006 - \$639,429) using the Black-Scholes model for pricing options. The following assumptions were used:

	2007	2006
Risk free interest rate	4.36%	2.03%-2.78%
Dividend	Nil	Nil
Expected stock volatility	150%	100%
Weighted-average expected life	5	4.5

**(c) Warrants**

Details of warrants outstanding are as follows:

	Number of Warrants	Exercise Price/ Warrant	Expiry Date
Balance, December 31, 2005 and 2006	Nil	\$ n/a	n/a
Issued during 2007:			
October 30, 2007	1,934,166	0.37	October 30, 2009
November 26, 2007	916,500	0.35	November 26, 2009
December 28, 2007	666,666	0.40	December 28, 2009
Balance, December 31, 2007	3,517,332	0.37	

The fair value of the warrants issued in 2007 has been determined to be \$434,936 using the Black-Scholes model based on the following assumptions:

	2007
Risk free interest rate	3.08% - 4.10%
Dividend yield	Nil
Expected stock volatility	160%
Weighted-average expected life	2

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**8. LOSS PER SHARE**

	2007	2006
The following sets forth the computation of basic and fully diluted loss per common share for the years ended:		
Net loss attributed to common shareholders - basic and diluted	\$ (720,618)	\$ (798,932)
Weighted average number of common shares outstanding - basic and diluted	21,066,106	20,375,379
Basic and fully diluted loss per share	\$ (0.03)	\$ (0.04)

The stock options and warrants outstanding for the years ended December 31, 2007 and 2006 were excluded from the computation of diluted loss per share as the potential effect was anti-dilutive.

**9. INCOME TAX INFORMATION**

Major items causing the Company's income tax rate to differ from the Canadian statutory rate of 36.12% (2006 – 36.12%) were as follows:

	2007	2006
Loss before recovery of income taxes	\$ (720,618)	\$ (798,932)
Expected tax recovery	260,287	288,574
Non-deductible mineral property expenses and write-downs	(29,176)	(13,538)
Non-deductible stock based compensation	(84,388)	(150,494)
Other items	37,301	(9,914)
Increase in valuation allowance with respect to current year's loss	(184,024)	(114,628)
Current year provision	\$ -	\$ -
	2007	2006
Excess of book value over tax value of mineral properties	\$ (274,003)	\$ (277,593)
Non-capital losses	435,356	385,761
Future income tax asset before valuation allowance	161,353	108,168
Valuation allowance	(161,353)	(108,168)
Net future income tax asset	\$ -	\$ -

The timing of the utilization of the future income tax assets is undeterminable. Consequently, a full valuation allowance has been provided against the future value of those assets.

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**10. INCOME TAX LOSSES CARRYFORWARD**

The Company has incurred non-capital losses of \$1,502,000 for tax purposes which are available to reduce future taxable income. Such benefits will be recorded as an adjustment to the tax provision in the year realized. The losses will expire as follows:

2008	\$	96,000
2009		100,000
2010		66,000
2014		134,000
2015		286,000
2026		376,000
2027		444,000
	\$	1,502,000

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**11. RELATED PARTY TRANSACTIONS**

- (a) On May 15, 2007 the Corporation received a loan in the amount of \$30,000 from Mr. W. Dale Dunlop, a current Director of the Corporation. The proceeds of the loan were used to fund the Corporation's operations. The loan was repaid in full on August 14, 2007.
- (b) In August 2007, Bison completed a 6-month, \$250,000 secured convertible loan financing (the "Loan") with GC-Global Capital Corp., a company with a common Officer. The Loan bears interest of 12% per annum and a 2% structuring fee was paid to GC-Global Capital Corp. The Loan is convertible into units at a price of \$0.10 per unit. Each unit consists of one common share and one half of one common share purchase warrant. Each full warrant will entitle the holder thereof to purchase an additional common share of the Company at \$0.15 per share for a period of two years. The proceeds of the Loan will be used for general working capital purposes. In October 2007 the loan was extended to November 2008.

During 2007, interest expense of \$11,589 was incurred with respect to this Loan. The structuring fee of \$5,000 has been included in interest expense in the statement of loss and comprehensive loss.

**12. COMMITMENTS AND CONTINGENCIES**

- (a) The Company's mineral and exploration activities are subject to various federal and provincial laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.
- (b) Pursuant to the common share flow-through financings described in note 7(a), the Company is required to spend \$727,769 on Canadian Exploration Expenditures in 2008.

**13. FINANCIAL RISKS**

**Commodity price risk**

The ability of the Company to develop its mineral properties and the future profitability of the Company is directly related to the market price of precious metals.