
BISON GOLD RESOURCES INC.
(A Development Stage Company)

FINANCIAL STATEMENTS

December 31, 2010 and 2009

Independent Auditors' Report

To the Shareholders of
Bison Gold Resources Inc. (A Development Stage Company)

Report on the Financial Statements

We have audited the accompanying financial statements of Bison Gold Resources Inc., which comprise the balance sheets as at December 31, 2010 and 2009, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Bison Gold Resources Inc. as at December 31, 2010 and 2009 and its financial performance and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 in the financial statements which describes uncertainty upon Bison Gold Resources Inc.'s ability to continue as a going concern.

Signed: "MSCM LLP"

**Chartered Accountants
Licensed Public Accountants**

Toronto, Ontario
March 24, 2011

BISON GOLD RESOURCES INC.

(A Development Stage Company)

BALANCE SHEETS

December 31	2010	2009
Assets		
Current assets		
Cash and short-term deposits	\$ 3,025,326	\$ 1,414,497
Government grant receivable	-	68,945
HST receivable	61,826	66,237
Prepaid expenses and sundry receivables	20,384	38,270
	3,107,536	1,587,949
Equipment (Note 3)	9,286	11,086
Exploration advance	86,413	-
Mineral properties and deferred exploration costs (Note 4)	4,029,191	2,968,928
	\$ 7,232,426	\$ 4,567,963
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 252,267	\$ 506,275
Accrued interest payable	3,945	2,548
Convertible loan (Note 5)	350,000	250,000
	606,212	758,823
Future income tax liability (Note 8)	223,900	229,500
	830,112	988,323
Shareholders' Equity		
Share capital (Note 6(a))	7,631,704	3,769,288
Units to be issued (Note 6(a)(v))	-	900,000
Contributed surplus (Note 6(b) and 6(c))	2,052,040	1,493,586
Deficit	(3,281,430)	(2,583,234)
	6,402,314	3,579,640
	\$ 7,232,426	\$ 4,567,963

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

Going Concern (Note 1)

Approved by the Board of Directors

Signed: "Dale Dunlop"
Director

Signed: "Lucas Ewart"
Director

BISON GOLD RESOURCES INC.

(A Development Stage Company)

STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For the years ended December 31, 2010 and 2009	2010	2009	Cumulative Since Inception on April 18, 2005
Expenses			
Audit and legal fees	\$ 44,303	\$ 47,803	\$ 351,246
Business development fees	-	-	37,383
Consulting fees (Note 9)	394,636	212,279	1,063,477
Flow-through interest expense	251	28,000	57,456
Insurance	7,171	7,711	49,163
Interest and bank charges (Note 9)	41,118	30,386	125,380
Investor relations	27,000	-	55,212
Office and general	64,491	37,477	319,578
Rent	24,000	24,000	144,092
Salaries	28,466	4,117	368,850
Stock-based compensation (Note 6(b))	134,438	17,762	891,909
Transfer agent, listing and filing fees	39,735	69,489	200,433
Travel and promotion	119,522	56,266	253,197
Amortization	3,665	3,682	19,570
	928,796	538,972	3,936,946
Other income and expenses			
Interest income	-	(2,473)	(36,813)
Gain on sale of equipment	-	-	(1,093)
Debt forgiveness	-	-	(27,185)
Write-down of deferred expenditures	-	-	80,775
Loss for the period before recovery of income taxes	(928,796)	(536,499)	(3,952,630)
Recovery of future income taxes (Note 8)	230,600	71,700	671,200
Net loss and comprehensive loss for the period	\$ (698,196)	\$ (464,799)	\$ (3,281,430)
Basic and fully diluted loss per share (Note 7)	\$ (0.02)	\$ (0.03)	\$ NA

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

BISON GOLD RESOURCES INC.

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STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the years ended December 31, 2010 and 2009	2010	2009	Cumulative since inception on April 18, 2005
Share capital			
Balance, beginning of period	\$ 3,769,288	\$ 3,318,671	\$ 100
Shares issued on private placements	4,511,200	1,051,110	9,627,856
Shares issued on conversion of loan	250,000	-	250,000
Exercise of stock options	18,547	-	18,547
Exercise of common share purchase warrants	170,319	-	170,319
Value of warrants issued	(413,203)	(205,204)	(1,119,772)
Shares cancelled	-	(10,000)	(10,000)
Shares issued for acquisition of Mid-North	-	-	234,325
Tax benefits of renounced flow-through shares	(225,000)	(301,200)	(895,100)
Shares issued on settlement of debt	-	-	103,593
Costs of shares issued	(449,447)	(84,089)	(748,164)
Balance, end of period	7,631,704	3,769,288	7,631,704
Shares to be issued			
Balance, beginning of period	900,000	-	900,000
Units to be issued on private placements	(900,000)	900,000	(900,000)
Balance, end of period	-	900,000	-
Contributed surplus			
Balance, beginning of period	1,493,586	1,270,620	-
Stock-based compensation	134,438	17,762	891,909
Warrants issued on conversion of loan	79,335	-	79,335
Exercise of stock options	(5,214)	-	(5,214)
Exercise of common share purchase warrants	(27,819)	-	(27,819)
Warrants issued as cost of shares issued	43,846	-	43,846
Warrants issued on private placements	333,868	205,204	1,069,983
Balance, end of period	2,052,040	1,493,586	2,052,040
Deficit			
Balance, beginning of period	(2,583,234)	(2,118,435)	-
Net loss for the period	(698,196)	(464,799)	(3,281,430)
Balance, end of period	(3,281,430)	(2,583,234)	(3,281,430)
Total shareholders' equity, end of period	\$ 6,402,314	\$ 3,579,640	\$ 6,402,314

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

BISON GOLD RESOURCES INC.

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STATEMENTS OF CASH FLOWS

For the years ended December 31, 2010 and 2009	2010	2009	Cumulative since inception on April 18, 2005
Cash flow from operating activities			
Net loss for the period	\$ (698,196)	\$ (464,799)	\$(3,281,430)
Items not affecting cash:			
Amortization	3,665	3,682	19,570
Debt forgiveness	-	-	(27,185)
Write-down of deferred expenditures	-	-	80,775
Gain on sale of equipment	-	-	(1,093)
Stock-based compensation	134,438	17,762	891,910
Future income tax recovery	(230,600)	(71,700)	(671,200)
Changes in non-cash working capital:			
Accounts receivable	68,945	(1,878)	67,067
GST receivable	4,411	(55,381)	(60,854)
Prepaid expenses and sundry receivables	17,866	(32,440)	(20,384)
Accounts payable and accrued liabilities and interest payable	(361,496)	16,314	(236,232)
	(1,060,947)	(588,440)	(3,239,056)
Cash flow from investing activities			
Mineral properties and deferred exploration expenditures	(1,078,614)	(1,095,929)	(3,306,346)
Government grant relating to mining expenditures	40,823	-	67,766
Purchase of equipment	(1,865)	(3,475)	(45,348)
Acquisition of Mid-North Resources Limited, net of cash received	-	-	(167,191)
Proceeds on sale of equipment	-	-	17,585
	(1,039,656)	(1,099,404)	(3,433,534)
Cash flow from financing activities			
Proceeds from issue of common shares and warrants	3,767,033	1,053,230	8,873,790
Units to be issued	-	900,000	900,000
Costs associated with issuance of common shares	(405,601)	(84,089)	(674,873)
Proceeds of note payable	350,000	-	600,000
Repayment of note payable	-	-	30,000
Proceeds of convertible loan	-	-	(31,000)
	3,711,432	1,869,141	9,697,917
Increase in cash and short term deposits	1,610,829	181,297	3,025,326
Cash and short term deposits, beginning of period	1,414,497	1,233,200	-
Cash and short term deposits, end of period	\$ 3,025,326	\$ 1,414,497	\$ 3,025,326
Interest received	\$ -	\$ 2,473	\$ 25,920
Non-cash transactions:			
Settlement of liabilities with common shares	-	\$ -	\$ 85,946
Settlement of loan with common shares and warrants	\$ 250,000	\$ -	\$ 250,000
Warrants issued as cost of shares issued	\$ 43,846	\$ -	\$ 381,764

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

BISON GOLD RESOURCES INC.
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NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

1. NATURE OF BUSINESS AND GOING CONCERN

Nature of Business

Bison Gold Resources Inc. (the "Company" or "Bison") (A Development Stage Company) 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 costs 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 mineral properties and deferred exploration costs. 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 ("GAAP"), and reflect the following policies:

Short-term deposits

The Company considers short-term deposits to be financial instruments which can be redeemed in cash without significant penalty, by the Company, on demand.

Financial instruments

Bison's financial instruments include cash and short-term deposits, sundry receivables, accounts payable and accrued liabilities, accrued interest payable and the convertible loan. Cash and short-term deposits are classified as held-for-trading and are measured at fair value with changes in fair value recognized in net loss. The carrying value of these instruments approximates their fair values due to their short-term nature. Sundry receivables are classified as loans and receivables, accounts payable and accrued liabilities and the convertible loan are classified as other financial liabilities, all of which are measured at amortized cost.

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NOTES TO FINANCIAL STATEMENTS
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2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

On an annual basis, the Company reviews the carrying values of mineral properties and deferred exploration costs to assess whether there has been 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.

Government Grants

The Company makes periodic applications for financial assistance under available government incentive programs and tax credits related to the mineral property expenditures. The Company recognizes government assistance on an accrual basis when all requirements to earn the assistance have been completed and receipt is reasonably assured. Government grants relating to mineral expenditures are reflected as a reduction of the cost of the property.

Equipment

Equipment is recorded at cost. Amortization is provided over its expected useful life using the following methods and annual rates:

Computers and equipment	-	30 % declining balance
Furniture and fixtures	-	30 % 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.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 6(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.

Measurement uncertainty

The preparation of financial statements in conformity with GAAP 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.

Future accounting changes

In February 2008, the Canadian Accounting Standards Board confirmed that International Financial Reporting Standards ("IFRS") will replace Canadian Generally Accepted Accounting Principles in 2011 for Canadian publicly-listed companies. The Company will be required to report its results in accordance with IFRS beginning in 2011. The adoption of IFRS on January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010.

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NOTES TO FINANCIAL STATEMENTS
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3. EQUIPMENT

2010	Cost	Accumulated Amortization	Net Book Value
Computers and equipment	\$ 9,805	\$ (4,627)	\$ 5,178
Furniture and fixtures	7,271	(3,558)	3,713
Computer software	1,060	(665)	395
	<u>\$ 18,136</u>	<u>\$ (8,850)</u>	<u>\$ 9,286</u>

2009	Cost	Accumulated Amortization	Net Book Value
Computers and equipment	\$ 7,940	\$ (2,407)	\$ 5,533
Furniture and fixtures	7,271	(2,309)	4,962
Computer software	1,060	(469)	591
	<u>\$ 16,271</u>	<u>\$ (5,185)</u>	<u>\$ 11,086</u>

BISON GOLD RESOURCES INC.
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NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

4. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS

	2010	2009	Cumulative since inception on April 18, 2005
Central Manitoba Bissett			
Balance, beginning of period	\$ 2,883,406	\$ 1,572,572	\$ -
Acquisition costs	-	-	481,010
Consulting and other	338,517	121,392	778,849
Drilling	191,186	1,156,576	2,042,526
Laboratory analysis	196,851	17,381	258,760
Reports	2,042	56,691	104,581
Transportation and accommodation	90,722	25,861	131,008
Government grants	-	(67,067)	(94,010)
Total expenditures during the period	819,318	1,310,834	3,702,724
Balance, end of period	3,702,724	2,883,406	3,702,724
Apex			
Balance, beginning of period	81,163	42,523	-
Consulting and other	131,645	-	131,645
Government grants	(40,823)	-	(40,823)
Transportation and accommodation	59,895	-	59,895
Reports	90,228	38,640	171,391
Total expenditures during the period	240,945	38,640	322,108
Balance, end of period	322,108	81,163	322,108
Cryderman			
Balance, beginning of period	4,359	-	-
Reports	-	3,600	3,600
Transportation and accommodation	-	759	759
Balance, end of period	4,359	4,359	4,359
Total mineral properties and deferred exploration costs	\$ 4,029,191	\$ 2,968,928	\$ 4,029,191

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4. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS (CONTINUED)

Central Manitoba Bissett (Gold Property)

The Company owns a 100% interest in 23 claims located approximately 160 kilometres northeast of Winnipeg, Manitoba. In 2010 the Company began follow-up drilling on their ongoing drill program, the results of which are detailed in the Company's MD&A for the year ended December 31, 2010.

Apex/Miner (Gold Property)

The Company owns a total of 40 claims (Apex - 17, 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.

Cryderman (Gold Property)

The Company owns a 100% interest in 5 claims located approximately 145 kilometres northeast of Winnipeg, Manitoba.

Burntwood River (Nickel Property)

The Company has an 11.14% interest through a joint venture agreement with Falconbridge Limited in 62 mineral claims located in the Burntwood River area of Manitoba.

Gunman Property (Zinc/Copper Property)

The Company has a 1% net smelter return on the Gunman property in White Pine Country, Nevada.

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.

5. CONVERTIBLE LOAN

In August 2007, Bison completed a 6-month, \$250,000 secured convertible loan (the "Loan") financing with GC-Global Capital Corp. ("GC"). The Loan bore interest of 12% per annum and a 2% structuring fee was paid to GC. The Loan was convertible into units at a price of \$0.30 per unit. Each unit consisted of one common share and one half of one common share purchase warrant. Each full warrant entitled GC to purchase an additional common share of the Company at \$0.45 per share for a period of two years. The proceeds of the Loan were used for general working capital purposes. On September 3, 2009 the terms of the Loan were amended. The amended Loan was due December 31, 2010 and was exercisable into units at a price of \$0.10 per unit. Each unit consisted of one common share and one common share purchase warrant. Each full common share purchase warrant entitled GC to purchase one common share of the Company at a price of \$0.15 until September 3, 2011. The Loan was fully converted into 2,500,000 units in fiscal 2010.

On September 9, 2010, Bison completed a 12-month, \$350,000 secured convertible loan (the "2010 Loan") financing with GC. The 2010 Loan bears interest of 12% per annum and is convertible into units at a price of \$0.20 per unit. Each unit consists of one common share and one half of one common share purchase warrant. Each full warrant entitles the holder thereof to purchase an additional common share of the Company at \$0.25 per share for a period of 12 months. The proceeds of the 2010 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. As at the date of issue the Company determined that the conversion factor had no significant value.

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6. SHARE CAPITAL

(a) Share Capital

Authorized: unlimited common shares

Issued:

Common Shares	Number of Shares		Value
Balance at December 31, 2008	34,870,136	\$	3,318,671
Share consolidation (i)	(23,246,934)		-
Private placement (ii)	15,582,221		779,110
Fair value of warrants			(152,100)
Share issue costs			(62,329)
Private placement (iii)	5,440,000		272,000
Fair value of warrants			(53,104)
Share issue costs			(21,760)
Shares cancelled	(22,222)		(10,000)
Effect of renunciation of Canadian exploration expenditures (iv)			(301,200)
Balance at December 31, 2009	32,623,201		3,769,288
Private placement (v)	2,727,272		900,000
Fair value of warrants			(172,889)
Share issue costs			(68,554)
Exercise of stock options	133,333		18,547
Exercise of warrants	1,425,000		170,319
Private placement (vi)	3,412,223		614,200
Fair value of warrants			(160,979)
Share issue costs			(50,820)
Private placement (vii)	8,688,000		2,172,000
Share issue costs			(217,200)
Private placement (viii)	3,300,000		825,000
Share issue costs			(112,873)
Conversion of loan (ix)	2,500,000		250,000
Fair value of warrants			(79,335)
Effect of renunciation of Canadian exploration expenditures (x)			(225,000)
Balance at December 31, 2010	54,809,029	\$	7,631,704

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NOTES TO FINANCIAL STATEMENTS
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6. SHARE CAPITAL (CONTINUED)

(a) Share Capital (Continued)

- (i) On May 8, 2009 the Company announced that the common shares of the Company would be consolidated on a 3 for 1 basis. The shares remained trading under the symbol "BGE" and the consolidation was effective May 11, 2009.
- (ii) On September 3, 2009 the Company issued 15,582,221 units at \$0.05 per unit for gross proceeds of \$779,110. Each unit consisted of one 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 \$0.10 until September 3, 2011. The warrants were valued at \$152,100 using the Black-Scholes model. The Company paid a cash commission of \$62,329 for the financing (see note 9). The securities issued were subject to a four-month hold period that expired on January 3, 2010.
- (iii) On September 17, 2009 the Company issued 5,440,000 units at \$0.05 per unit for gross proceeds of \$272,000. Each unit consisted of one 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 \$0.10 until September 17, 2011. The warrants were valued at \$53,104 using the Black-Scholes model. The Company paid a cash commission of \$21,760 for the financing (see note 9). The securities issued were subject to a four-month hold period that expired on January 17, 2010.
- (iv) In connection with the issuance of flow-through shares under the private placements in fiscal 2008, the Company renounced \$1,204,945 of qualifying expenditures to shareholders in fiscal 2009. The tax benefit forgone by the Company in fiscal 2009 amounted to \$301,200.
- (v) On January 7, 2010 the Company issued 2,727,272 units at \$0.33 per unit for gross proceeds of \$900,000. Each unit consisted 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 \$0.50 until December 31, 2011. The warrants were valued at \$172,889 using the Black-Scholes model. The securities issued were subject to a four-month hold period that expired on April 30, 2010. The Company paid a cash commission of \$56,000 and issued 80,000 compensation warrants to the brokers. Each compensation warrant is exercisable into one common share at a price of \$0.50 until December 31, 2011. The compensation warrants were valued at \$12,554 using the Black-Scholes model.
- (vi) On September 21, 2010 the Company issued 3,412,223 units at \$0.18 per unit for gross proceeds of \$614,200. Each unit consisted of one 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 \$0.25, and has an expiry period of two years. The warrants were valued at \$160,979 using the Black-Scholes model. The Company paid a cash commission of \$50,820 for the financing (see note 9). The securities issued were subject to a four-month hold period that expires on January 20, 2011.
- (vii) Between October 7, 2010 and November 16, 2010 investors subscribed for 8,688,000 flow-through common shares at \$0.25 per flow-through common share for gross proceeds of \$2,172,000. The Company paid a cash commission of \$217,200 (see note 9). The securities issued were subject to a four-month hold period that expires between February 7, 2011 and March 16, 2011.

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6. SHARE CAPITAL (CONTINUED)

(a) Share Capital (Continued)

- (viii) Between December 21, 2010 and December 31, 2010 investors subscribed for 3,300,000 flow-through common shares at \$0.25 per flow-through common share for gross proceeds of \$825,000. The securities issued were subject to a four-month hold period that expires between April 21, 2011 and April 30, 2011. The Company paid a cash commission of \$40,150 and \$41,431 in legal and other fees directly related to the financing and issued 192,514 compensation warrants to the brokers. 10,714 compensation warrants are exercisable into common shares at a price of \$0.35 per share until December 31, 2012. 182,000 compensation warrants are exercisable into common shares at a price of \$0.25 per share until December 31, 2012. The compensation warrants were valued at \$31,292 using the Black-Scholes model.
- (ix) Between November 29, 2010 and December 10, 2010 \$250,000 of the convertible loan (Note 5) was converted into 2,500,000 units with each unit consisting of one common share and one common share purchase warrant (Note 9). Each purchase warrant entitles the holder to purchase one common share at a price of \$0.15 per common share and expiring on September 3, 2011. The warrants were valued at \$79,335 using the Black-Scholes model.
- (x) In connection with the issuance of flow-through shares under the private placements in fiscal 2009, the Company renounced approximately \$900,000 of qualifying expenditures to shareholders in fiscal 2009. The tax benefit forgone by the Company in fiscal 2010 amounted to \$225,000.

(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, 2010 and 2009 is as follows:

	Number of Options	Weighted- Average Exercise Price
Outstanding, December 31, 2008	2,285,000	\$ 0.34
Adjustment for 3:1 share consolidation	(1,523,335)	
Granted (i)	2,075,000	0.10
Forfeited during the period	(633,332)	0.86
Outstanding, December 31, 2009	2,203,333	\$ 0.20
Granted (ii)	1,950,000	0.155
Exercised	(133,333)	0.10
Expired/cancelled	(1,103,333)	0.32
Outstanding, December 31, 2010	2,916,667	\$ 0.13

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6. SHARE CAPITAL (CONTINUED)

(b) Stock option plan (Continued)

- (i) On September 4, 2009, 2,075,000 stock options exercisable at \$0.10 with an expiry date of September 4, 2014 were granted to directors and consultants of the Company. 500,000 (2009 - 75,000) of these options were cancelled during 2010.
- (ii) On July 26, 2010, 1,500,000 stock options exercisable at \$0.155 with an expiry date of July 26, 2015 were granted to directors and consultants of the Company and 450,000 stock options were granted to an investor relations firm. The 450,000 options granted to an investor relations firm were cancelled on August 31, 2010.

The weighted average remaining contractual life and weighted average exercise price of options outstanding and of options exercisable as at December 31, 2010 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
\$0.36	50,000	\$0.36	1.62	50,000	\$0.36
\$0.10	1,366,667	\$0.10	3.67	1,138,889	\$0.10
\$0.155	1,500,000	\$0.155	4.58	250,000	\$0.155
Total	2,916,667	\$0.13	4.10	1,438,889	\$0.12

In fiscal 2010 \$134,438 (2009 - \$17,762) was recorded as stock-based compensation expense for the stock options vested during the year.

The fair value of the 1,950,000 (2009 - 2,075,000) stock options granted during the year has been estimated at \$196,066 (2009 - \$81,138) using the Black-Scholes model for pricing options. The following assumptions were used:

	2010	2009
Risk free interest rate	2.44%	2.61%
Dividend	Nil	Nil
Expected stock volatility	124%	124%
Weighted-average expected life	5	5

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6. SHARE CAPITAL (CONTINUED)

(c) Warrants

Details of warrants outstanding are as follows:

	Number of Warrants	Exercise Price/ Warrant	Expiry Date
Balance, December 31, 2008	4,890,665	0.33	
Adjustment for 3:1 consolidation	(3,260,453)		
Expired during 2009:	(1,285,769)		
Issued during 2009:			
September 3, 2009	7,791,110	0.10	September 3, 2011
September 17, 2009	2,720,000	0.10	September 17, 2011
Balance, December 31, 2009	10,855,553	0.12	
Issued during 2010:			
January 1, 2010	1,443,636	0.50	December 31, 2011
September 20, 2010	1,706,111	0.25	September 20, 2012
November 29, 2010	1,000,000	0.15	September 3, 2011
December 10, 2010	1,500,000	0.15	September 3, 2011
December 23, 2010	10,714	0.35	December 23, 2012
December 31, 2010	182,000	0.25	December 31, 2012
Exercised 2010	(1,425,000)	0.10	September 3, 2011
Expired during the 2010	(344,444)	0.75	
Balance, December 31, 2010	14,928,570	0.17	

The fair value of the warrants issued in 2010 has been determined to be \$457,050 (2009 - \$205,204) using the Black-Scholes model based on the following assumptions:

	2010	2009
Risk free interest rate	1.45% - 1.72%	1.25% - 1.30%
Dividend yield	Nil	Nil
Expected stock volatility	124%	124%
Weighted-average expected life	2.0	2.0

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7. LOSS PER SHARE

The following sets forth the computation of basic and fully diluted loss per common share for the years ended:

	2010⁽ⁱ⁾	2009⁽ⁱ⁾
Net loss attributed to common shareholders - basic and diluted	\$ (698,196)	\$ (464,799)
Weighted average number of common shares outstanding - basic and diluted	39,016,604	18,234,752
Basic and fully diluted loss per share	\$ (0.02)	\$ (0.03)

- i) The stock options and warrants outstanding for the years ended December 31, 2010 and 2009 were excluded from the computation of diluted loss per share as the potential effect was anti-dilutive.

8. INCOME TAX INFORMATION

Major items causing the Company's income tax rate to differ from the Canadian statutory rate of 31% (2009 – 31%) were as follows:

	2010	2009
Loss before recovery of income taxes	\$ (928,796)	\$ (536,499)
Expected tax recovery	(287,900)	(166,300)
Permanent differences	(63,500)	12,600
Tax rate changes and other adjustments	77,300	45,300
Increase (decrease) in valuation allowance	43,500	36,700
Recovery of future income taxes	\$ (230,600)	\$ (71,700)

The tax effects of temporary differences that give rise to the Company's deferred tax assets and liabilities as at December 31, 2010 and 2009 are as follows:

	2010	2009
Non-capital losses	\$ 834,400	\$ 628,200
Capital assets	2,000	-
Undeducted share issue costs	98,700	35,000
Excess of value over tax value – mineral properties	(945,500)	(722,700)
Future income tax (liability) asset before valuation allowance	(10,400)	(59,500)
Valuation allowance	(213,500)	(170,000)
Net future income tax (liability)	\$ (223,900)	\$ (229,500)

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8. INCOME TAX INFORMATION (CONTINUED)

The Company has incurred non-capital losses of \$3,316,100 for tax purposes which are available to reduce future taxable income. The losses will expire as follows:

2014	\$	134,000
2015		286,000
2026		376,200
2027		439,200
2028		594,300
2029		562,900
2030		923,500
	\$	3,316,100

9. RELATED PARTY TRANSACTIONS

- (a) In August 2007, as amended on September 3, 2009, Bison completed a 6-month, \$250,000 secured convertible loan (the "Loan") financing with GC as further detailed in note 5. The Company was related to GC by virtue of a common officer and director up to August 27, 2010. During 2010, interest expense of \$27,830 (2009 - \$30,000) was incurred with respect to this Loan. The loan was converted into 2,500,000 common shares and common share purchase warrants (see note 6(a)(ix)).
- (b) On September 9, 2010, Bison completed a 12-month \$350,000 secured convertible loan with GC as further detailed in note 5. During 2010, interest expense of \$11,852 was incurred with respect to this loan.
- (c) During the year ended December 31, 2010 the Company was charged consulting fees of \$28,000 (2009 - \$21,022) by companies controlled by common directors and officers of Bison. Consulting fees also include \$9,000 (2008 - \$22,201) paid to a director of the Company.
- (d) Share issue costs include commissions of \$271,620 (2009 - \$80,533) paid to Uxbridge Capital Funding Inc. In 2009, Uxbridge Capital Funding Inc. was a related party due to common directors and officers with Bison. In 2010, Uxbridge Capital Funding Inc. was no longer related due to a common director and officer with Bison.
- (e) The Company paid \$24,000 (2009 - \$24,000) in rent to GC.

The transactions above are in the normal course of operations and are measured at the exchange value (the amounts established and agreed to by the related parties), which approximates the arm's length equivalent value.

10. 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 6(a)(vii and viii), the Company is required to spend \$2,997,000 (2009 - \$900,000) on Canadian Exploration Expenditures in 2011.

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11. CAPITAL DISCLOSURES

Bison's capital is composed of shareholders' equity. Bison manages its capital structure and makes adjustments to it, based on the funds available to Bison, in order to support the acquisition, exploration and development of mineral properties. The properties in which Bison currently has an interest are in the exploration stage; as such Bison is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, Bison will spend its existing working capital and raise additional amounts as needed. Bison will continue to assess new properties and seek to acquire an interest in additional properties if it believes there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Bison is not subject to any externally imposed capital requirements other than its requirement to meet certain flow-through share expenditures, as explained in note 10(b).

12. FINANCIAL RISK FACTORS

Bison's risk exposure and the impact on its financial instruments are summarized below:

Credit Risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment/contractual obligations. Bison is exposed to credit risk on its cash and short-term deposits. Bison has deposited the cash and short-term deposits with reputable Canadian financial institutions, from which management believes the risk of loss is minimized.

Liquidity Risk

Bison's approach to managing liquidity risk is to ensure that it has sufficient liquidity to meet liabilities when due. As at December 31, 2010, Bison has current assets of \$3,107,536 (2009 - \$1,587,949) to settle current liabilities of \$606,212 (2009 - \$758,823).

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and commodity and equity prices.

Interest Rate Risk

Bison has cash balances and short-term deposits. Bison's current policy is to invest excess cash in investment-grade short term deposit certificates issued by its banking institutions. Bison monitors the investments it makes and is satisfied with the credit ratings of its banks. The risk the Company will realize a loss as a result of a decline in the fair value of short-term deposits is limited due to the short-term nature of these investments. The convertible loan has a fixed interest rate and therefore does not result in significant interest rate risk.

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.

13. SUBSEQUENT EVENTS

- a) On January 17, 2011, Bison completed a 12-month, \$400,000 secured convertible loan (the "2011 Loan") financing with GC. The 2011 Loan bears interest of 12% per annum. The 2011 Loan is convertible into units at a price of \$0.235 per unit. Each unit consisted of one common share and one half of one common share purchase warrant. Each full warrant entitles GC to purchase an additional common share of the Company at \$0.30 per share for a period of 12 months. The proceeds of the 2011 Loan were used for general working capital purposes. The 2011 Loan is secured by a general security agreement on all present and future movable property of Bison.
- b) On February 28, 2011, 2,090,000 stock options exercisable at \$0.36 with an expiry date of February 28, 2016 were granted to directors, officers and consultants of the Company.