



DUNCAN PARK

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Duncan Park Holdings Corporation

Financial Statements

As At and For the Year Ended

November 30, 2011 and 2010

Duncan Park Holdings Corporation

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of Duncan Park Holdings Corporation were prepared by management in accordance with Canadian generally accepted accounting principles. Management acknowledges responsibility for the preparation and presentation of the year-end audited financial statements, including responsibility for significant accounting judgements and estimates and the choice of accounting principles and methods that are appropriate to the Corporation's circumstances.

Duncan Park Holdings Corporation

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Independent Auditor's Report

To the Shareholders of Duncan Park Holdings Corporation

We have audited the accompanying financial statements of Duncan Park Holdings Corporation, which comprise the statement of financial position as at November 30, 2011, and the statements of changes in shareholders' equity, operations and comprehensive loss and cash flows for the year 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit 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 in our audit 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 Duncan Park Holdings Corporation as at November 30, 2011 and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Other Matters

The financial statements of the Company for the year ended November 30, 2010, were audited by another auditor who expressed an unmodified opinion on those statements on March 25, 2011.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants

January 19, 2012
Toronto, Ontario

Duncan Park Holdings Corporation
Statements of Financial Position
As at November 30

	2011	2010
ASSETS		
CURRENT ASSETS		
Cash (Note 5)	\$351,260	\$318,643
Federal sales tax recoverable	28,836	26,525
	<u>380,096</u>	<u>345,168</u>
NON-CURRENT ASSETS		
Mineral exploration properties (Note 2)		
Dome project (Note 6)	1,144,549	194,773
McManus project (Note 6)	767,531	-
	<u>1,912,080</u>	<u>194,773</u>
TOTAL ASSETS	\$2,292,176	\$539,941
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$148,079	\$38,182
SHAREHOLDERS' EQUITY		
Share capital (Note 7)	10,010,641	8,413,421
Contributed surplus	316,662	112,000
Accumulated deficit	(8,183,206)	(8,023,662)
TOTAL SHAREHOLDERS' EQUITY	<u>2,144,097</u>	<u>501,759</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$2,292,176	\$539,941

Commitments Note 16

SIGNED ON BEHALF OF THE BOARD

"Signed" Eric Salsberg

"Signed" Ian McAvity

The accompanying notes are an integral part of these financial statements

Duncan Park Holdings Corporation
Statements of Changes in Shareholders' Equity
For the year ended November 30

	Share Capital	Contributed Surplus	Deficit	Total
Balance - November 30, 2009	\$7,916,754	\$112,000	(\$7,741,221)	\$287,533
Issue of flow-through shares pursuant to a private placement	200,000			200,000
Issue of shares upon the exercise of warrants	296,667			296,667
Loss for the year			(282,441)	(282,441)
Balance - November 30, 2010	8,413,421	112,000	(8,023,662)	501,759
Issue of shares to Sphere pursuant to the Dome agreement	172,000			172,000
Issue of flow-through shares and warrants pursuant to a private placement	1,100,000			1,100,000
Share issue expenses	(132,836)	33,550		(99,286)
Flow-through renunciation	(322,381)			(322,381)
Issue of shares to Sphere pursuant to the Dome agreement	208,000			208,000
Issue of shares for cash pursuant to a private placement	600,000			600,000
Share issue expenses	(27,563)			(27,563)
Loss for the year			(159,544)	(159,544)
Stock-based compensation		171,112		171,112
Balance November 30, 2011	\$10,010,641	\$316,662	(\$8,183,206)	\$2,144,097

The accompanying notes are an integral part of these financial statements

Duncan Park Holdings Corporation
Statements of Operations and Comprehensive Loss
For the year ended November 30

	2011	2010
EXPENSES		
Compensation (Note 12)	\$265,110	\$79,347
Professional fees		
Legal	100,416	106,547
Audit	22,500	11,491
Geologist	2,969	8,697
Capital market advisory services	5,053	-
Regulatory compliance	49,013	27,688
Investor communications	24,367	30,302
Interest and bank charges	1,098	653
Office and general	16,572	17,221
TOTAL EXPENSES	487,098	281,946
OTHER INCOME		
Interest and foreign exchange	(5,173)	495
LOSS BEFORE INCOME TAXES	(481,925)	(282,441)
RECOVERY OF FUTURE INCOME TAXES (Note 11)	322,381	-
NET LOSS FOR THE YEAR	(159,544)	(282,441)
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(\$159,544)	(\$282,441)
LOSS PER SHARE		
Basic	(\$0.002)	(\$0.004)
Diluted	(\$0.002)	(\$0.004)
Weighted Average Number of Shares Outstanding	76,949,847	63,761,635

The accompanying notes are an integral part of these financial statements

Duncan Park Holdings Corporation
Statements of Cash Flows
For the year ended November 30

	2011	2010
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES		
OPERATING ACTIVITIES		
Net loss for the year	(\$159,544)	(\$282,441)
Recovery of income taxes	(322,381)	-
Stock-based compensation	171,112	-
Recovery of prior years' federal sales tax	-	24,361
Increase in federal sales tax recoverable	(2,311)	-
Increase in current liabilities	17,110	10,613
	(296,014)	(247,467)
FINANCING ACTIVITIES		
Issue of "flow-through" shares for cash	1,100,000	200,000
Exercise of share purchase warrants	-	296,667
Share issue expenses	(99,286)	-
Issue of shares for cash	600,000	-
Share issue expenses	(27,563)	-
	1,573,151	496,667
INVESTING ACTIVITIES		
Investment in exploration properties	(1,244,520)	(194,773)
INCREASE IN CASH	32,617	54,427
CASH		
AT BEGINNING OF YEAR	318,643	264,216
AT END OF YEAR	\$351,260	\$318,643
Non-cash transactions		
Issue of shares to Sphere Resources Inc.	380,000	-

The accompanying notes are an integral part of these financial statements

Duncan Park Holdings Corporation

Notes to the Financial Statements

November 30, 2011

1. NATURE OF BUSINESS AND BUSINESS RISK

Nature of Business

The Corporation is incorporated in the Province of Ontario, Canada and is a development stage enterprise operating in the mining industry, devoting its efforts to establishing commercially viable mineral properties by exploring for gold and other precious metals in politically stable areas of the world. Currently it is exploring two properties in Ontario's prolific Red Lake mining district. It raises money by way of private placements and expends that money on exploration activities and administrative expenses. It is a reporting issuer which trades in Canada on the TSX Venture exchange under the symbol DPH-V and in the United States on the OTCQX under the symbol DCNPF.

Business Risk

At this stage of its development the Corporation has no commercial operations and, therefore, no revenue, and is subject to the normal risks and challenges experienced by other such exploration companies in a comparable stage of development. Specifically, the recovery of the Corporation's investment in mineral properties and related deferred expenditures is dependent upon the discovery of economically recoverable reserves, the ability of the Corporation to obtain necessary financing to develop the properties and establish future profitable production from the properties, or from the proceeds of their disposition. The Corporation has sufficient working capital to meet its administrative costs for the ensuing year. Typically it raises the exploration funding immediately prior to the commencement of each summer and winter phase of the project.

2. SIGNIFICANT ACCOUNTING POLICIES:

These financial statements are stated in Canadian dollars and are prepared in accordance with Canadian generally accepted accounting principles.

The presentation of the comparative figures for some balance sheet items has been reclassified to conform to the current year's presentation.

Mineral Exploration Properties

Investments in mineral exploration properties are recorded at cost and are not written down except to the extent that it is determined that their value is impaired.

Expenditures which are initially capitalized include:

- Acquisition of rights to explore;
- Topographical, geological, geochemical and geophysical studies;
- Exploratory drilling;
- Trenching;
- Sampling, and
- Activities in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource.

Duncan Park Holdings Corporation

Notes to the Financial Statements

November 30, 2011

Some facts and circumstances which may be indicative of possible impairment are:

- The expiration of the period for which the Corporation has the right to explore the property or the Corporation's intention not to renew that right;
- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Corporation has decided to discontinue such activities in the specific area;
- Sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration asset is unlikely to be recovered in full from successful development or sale.

Any impairment loss identified is recognized as an expense in the income statement.

Use of Estimates

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. These include such matters as the provision, if any, required against the carrying value of the properties, stock-based compensation, and future income taxes. Actual results could differ from these estimates.

Stock Based Compensation

The Corporation follows the recommendations of the CICA Handbook Section 3870, "*Stock Based Compensation and Other Stock-Based Payments*". The section establishes standards for the recognition, measurement and disclosure of stock-based payments made in exchange for goods and services. The standard requires that all stock-based awards made to employees and non-employees must be measured and recognized using a fair value based method.

Fair value is estimated using the Black-Scholes Option Pricing Model. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and, therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Corporation's stock options or other stock awards.

Financial Instruments

The Corporation has no complex financial instruments. In reporting its financial position and results of operations in accordance with the recommendations of the CICA Handbook section 3855 "Financial Instruments" the Corporation classifies its cash and cash equivalents as held-for-trading which are measured at fair value. Accounts payable and accrued liabilities are classified as other financial liabilities which are measured at amortized cost.

Duncan Park Holdings Corporation

Notes to the Financial Statements

November 30, 2011

Income Taxes

Income taxes are calculated using the asset and liability method of accounting. Under this method current income taxes are recognized for the estimated income taxes payable for the current period. Future income tax asset and liabilities are determined based upon differences between the financial reporting and tax bases of assets and liabilities and on unclaimed losses carried forward and are measured using the substantively enacted tax rates that will be in effect when the differences are expected to reverse or the losses are expected to be utilized. A valuation allowance is recognized to the extent that the recoverability of future income tax assets is not considered "more likely than not".

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, including contingently issuable shares which are included when the conditions necessary for issuance have been met. Diluted loss per share is calculated in a similar manner, except that the weighted number of common shares outstanding is increased to include potentially issuable common shares from the assumed exercise of common share purchase options and warrants, if dilutive. In periods of a loss, the effect of potential issuances of shares under options and warrants would be anti-dilutive, and, accordingly, reported basic and diluted loss per share are equal.

Flow-Through Shares

The Corporation finances a portion of its exploration activities through the issuance of flow-through shares, which transfers the tax deductibility of exploration expenditures to the investor. The Corporation follows the guidance of the CICA provided in Abstract #146 by its Emerging Issues Committee. Under Canadian GAAP, flow-through shares are accounted for as an issuance of capital stock at the price paid for the shares net of any issue costs and future income tax liability. On the date that the Corporation files the renouncement documentation with the tax authorities to renounce the tax credits associated with the exploration expenditures and the Corporation has reasonable assurance that the expenditures will be completed, a future income tax liability is recognized and shareholders' equity is reduced.

If the Corporation has sufficient unused tax loss carry-forwards to offset all or part of this future income tax liability and no future income tax assets have been previously recognized for these carry-forwards, a portion of such unrecognized losses may be recorded as income up to the amount of the future income tax liability that was previously recognized on the renounced expenditures.

Foreign Currency Translation

In prior years the Corporation had a wholly-owned United States subsidiary which was accounted for as an integrated foreign operation. Transactions of the Corporation and its subsidiary originating in a foreign currency were translated at the rates in effect at the time of the transaction. Monetary items denominated in a foreign currency were translated into Canadian dollars at the exchange rate in effect at the balance sheet date and non-monetary items were translated at historical exchange rates. Foreign exchange gains and losses were included in operations.

Duncan Park Holdings Corporation

Notes to the Financial Statements

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Future Accounting Changes

In keeping with the CICA program to transition Canadian Generally Accepted Accounting Principles to International Financial Reporting Standards (“IFRS”), the Corporation will be transitioning to IFRS commencing with the first quarter of fiscal 2012. The Corporation is working on the transition and is developing and refining disclosures for the financial statements under IFRS. The effects on the Corporation’s December 1, 2010 transition date balance sheet will be set out in the Corporation’s first set of unaudited interim financial statements for the quarter ended February 29, 2012.

3. EXPLORATION OPTION AGREEMENTS

The Corporation has entered into two agreements with Sphere Resources Inc. (“Sphere”) with respect to two properties in the Red Lake mining district of north-western Ontario, Canada, commonly referred to as the “Dome” and the “McManus” properties. Pursuant to the agreements, which are described fully below, the Corporation has acquired Sphere’s right to earn a 75% interest in the Dome property and a 100% interest in the McManus property by assuming Sphere’s earn-in obligations, subject to Sphere’s right to claw back a 51% interest in either property by the payment to the Corporation of four times the amount expended on the property and subject to Net Smelter Royalty obligations (“NSR’s”) to the underlying property owners. The result of the agreements is that the Corporation has the right to earn into 75% of the Dome property at a cost of approximately \$1,000,000 subject to Sphere’s right to claw back 51% at a cost to Sphere of approximately \$4.0 million, leaving the Corporation with 24%, and the right to earn a 100% interest in the McManus property at a cost of approximately \$1,200,000 subject to Sphere’s right to claw back 51% at a cost to Sphere of \$4.8 million leaving the Corporation with 49%.

Dome Agreement

On March 7, 2010, following upon a letter of intent dated November 28, 2009, the Corporation entered into an option and joint venture arrangement (the “Dome Option Agreement”) with Sphere with respect to 13 unpatented mining claims covering 34 units in the Dome, Byshe and Heyson Townships in Ontario’s Red Lake Gold District, generally referred to as the Dome Property (the “Property”). Subsequently, 4 unpatented mining claims covering 5 mining units were added to the Dome Property at nominal cost.

Under the terms of the Option Agreement, the Corporation would join Sphere in exploring the Property, which had been optioned by Sphere from Global Minerals Limited (“Global”). Subsequently, Sphere acquired the properties from Global. A provision in that acquisition agreement, which required Duncan Park’s approval, states that this acquisition will have no effect on the Dome Option Agreement. Sphere has granted Duncan Park the option to acquire a 75% interest in the Property, subject to the following:

1. A 2% net smelter royalty (“NSR”) held by the original property owners, one percent of which may be acquired for \$1,750,000 and one percent of which is subject to a right of first refusal in favour of Sphere and Duncan Park;
2. Satisfaction of the terms of the original Global/Sphere agreement, which are essentially the making of the payments and incurring the exploration expenses set out below; and

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3. Sphere's right to claw back from Duncan Park a 51% undivided interest in the Property by paying Duncan Park an amount equal to four times Duncan Park's expenditures for the Property, which right must be exercised by Sphere within 30 days following the earn-in date, and payment must be made within a further 30 days.

For Duncan Park to acquire a 75% interest in the Property, Duncan Park must make cash payments of \$25,000 per year (which have been made), issue to Sphere two million Duncan Park shares per year for three years, (two of which have come due and been issued) and make staged exploration expenditures of \$75,000 in year one, \$350,000 in year two and \$500,000 in year three, which is substantially complete. Duncan Park retains the right to accelerate the cash payments and share issuances.

The Option Agreement provides that Sphere will act as operator of the Property during the option period with Duncan Park having the right to approve all work plans and budgets. It also contemplates that shortly after the earn-in date the continuing parties will enter into a joint venture agreement to carry on the exploration.

McManus Agreement.

On December 23, 2010, the Corporation entered into a Letter of Intent, which has since been superceded on March 29, 2011 by a definitive agreement (the "Definitive Agreement") with Sphere and Camp McMan Red Lake Gold Mines Inc. ("Camp McMan") with respect to funding the exploration of 17 patented mining claims and 11 licenses of occupation (the "McManus Claims") covering approximately 324 hectares, which expand the Red Lake property.

The McManus Claims about the Dome property, add approximately 65% to the size of the Red Lake property and square up and fill in the north-eastern section of the property.

Sphere is entitled to earn a 100% interest in the McManus Claims, subject to the satisfaction of certain conditions as set out below.

Sphere's original financial obligations (which are to be funded by Duncan Park under the Definitive Agreement) and share issuance obligations pursuant to the agreement with Camp McMan are:

Date	Option Payment	Sphere Share Issues	Exploration Costs
On signing letter agreement	\$ 10,000	Nil	Nil
On signing option agreement	\$ 25,000	300,000	Nil
On or before December 15, 2011	\$ 50,000	400,000	\$ 100,000
On or before December 15, 2012	\$ 50,000	500,000	\$ 200,000
On or before December 15, 2013	\$ 75,000	500,000	\$ 350,000
On or before December 15, 2014	Nil	Nil	\$ 550,000
Total	\$210,000	1,700,000	\$1,200,000

In addition, Sphere is obligated to make the tax payments on the Claims.

Upon making the required option and tax payments and share issuances and incurring the exploration costs, Sphere would have earned a 100% interest in the Claims, including the residue

Duncan Park Holdings Corporation

Notes to the Financial Statements

November 30, 2011

of surface rights with respect thereto, subject only to a 3½% Net Smelter Royalty (“NSR”) interest on all metals produced from the McManus Claims to Camp McMan. Sphere also has the right to buy down the NSR interest from 3½% to 2% for \$500,000 per ½%. Upon Sphere earning its interest in the Claims, Sphere is obligated to make annual advance royalty payments of \$10,000 until either it exercises this NSR buy-down option or a decision is made to enter production. As noted above, under the Definitive Agreement Duncan Park will have earned the above-mentioned 100% interest in the Claims and the above-mentioned NSR buy-down right, and will be responsible for the above-mentioned advance royalty payments, all subject to Sphere’s 51% Clawback Right upon the payment to Duncan Park of four times the amount spent by Duncan Park.

4. PREVIOUS OPERATIONS

The Corporation, through a wholly-owned subsidiary, Duncan Park Holdings Nevada Ltd., had been exploring for gold on owned and leased properties in the State of Nevada, USA. It had not determined whether the properties contained ore reserves that were economically recoverable. However, on April 6, 2009 the Corporation received a letter from the lessor of certain key properties effectively forcing the termination of renegotiation of the contractual arrangements needed by the Corporation to continue exploration of those properties. The result was that the Corporation had to abandon those properties. It then also abandoned the lease of neighbouring property and subsequently abandoned adjacent mining claims it owned in the area. The carrying value of these properties was written off in the 2009 financial statements and the Nevada subsidiary company was wound up.

5. CASH

Cash in the bank earns interest at floating rates based on daily bank deposit rates.

6. EXPLORATION PROJECTS

		2011		2010
	Dome	McManus	Total	Dome
Shares issued	\$ 380,000	\$ -	\$ 380,000	\$ -
Property payments	76,620	35,000	111,620	51,620
Exploration expenses	687,929	732,531	1,420,460	143,153
	\$ 1,144,549	\$ 767,531	\$ 1,912,080	\$ 194,773

Duncan Park Holdings Corporation
Notes to the Financial Statements
November 30, 2011

7. SHARE CAPITAL

The authorized capital is an unlimited number of common shares.

The following share transactions have occurred in the past two fiscal years.

	Shares	\$
Balance November 30, 2009	61,634,224	7,916,754
2010		
Second Quarter		
Issue of "flow through" shares pursuant to a private placement at \$0.05 per share (See (i) below)	4,000,000	200,000
Fourth Quarter		
Issue of shares on the exercise of warrants at \$0.10 per share (See (ii) below)	2,966,666	296,667
Balance November 30, 2010	68,600,890	8,413,421
2011		
First Quarter		
Issue of shares to Sphere pursuant to the Dome agreement (See Note 3)	2,000,000	172,000
Issue of flow through shares for cash pursuant to a private placement (See (iii) below)	10,476,188	1,100,000
Share issue expenses		(132,836)
Flow through renunciation		(322,381)
Second Quarter		
Issue of shares to Sphere pursuant to the Dome agreement (See Note 3)	2,000,000	208,000
Third Quarter		
Issue of shares for cash pursuant to a private placement (See (iv) below)	6,000,000	600,000
Share issue expenses		(27,563)
Balance November 30, 2011	89,077,078	10,010,641

(i) In the second quarter of 2010, the Corporation completed a non-brokered private placement of 4,000,000 flow-through common shares at \$0.05 per share for aggregate proceeds of \$200,000.

(ii) In the fourth quarter of 2010 warrant holders, including two directors of the Corporation, exercised warrants on 2,966,666 shares at a price of \$0.10 per share for total proceeds of \$296,667.

(iii) On February 24, 2011, the Corporation completed the issuance of \$1,100,000 of units ("Units") pursuant to a private placement at a price of \$0.105 per Unit. Each Unit was comprised of one "flow-through" common share and one-half of one non flow-through common share purchase warrant (a "Warrant"). Each whole Warrant is exercisable for one common share at a price of \$0.15 per share for a period of 12 months.

Duncan Park Holdings Corporation

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In connection with the February 2011 private placement, the Corporation paid an aggregate cash fee of \$78,700 to the following finders: Limited Market Dealer Inc., Secutor Capital Management Inc. and Jones, Gable & Company Limited (collectively, the “Finders”). The Company also issued an aggregate of 919,047 finder’s options (“Finder’s Options”) to the Finders. Each Finder’s Option is exercisable for one non flow-through unit (a “Finder’s Unit”) at a price of \$0.105 per Finder’s Unit for a period of 12 months. Each Finder’s Unit is exercisable on the same terms as the Units, except that the common shares issuable thereunder shall be non flow-through shares.

(iv) On August 3, 2011 the Corporation issued 6,000,000 common shares at a price of \$0.10 per share. Proceeds from the private placement are being used for general working capital purposes. The Corporation paid a finder’s fee of \$5,500 to Jones, Gable & Company Limited. Insiders of the Company subscribed for approximately 9.9% of the private placement. The securities issued pursuant to the private placement are subject to a hold period expiring December 4, 2011.

8. WARRANTS

In February, 2011, as part of the issue of units described in 5(iii) above, the Corporation issued an aggregate of 5,238,094 warrants exercisable for the purchase of one common share at \$0.15. 4,999,998 of these warrants are exercisable until February 24, 2012, and 238,096 are exercisable until February 28, 2012.

The following table sets out the warrant activity for the last two fiscal years.

	2011	2010
At beginning of year	-	6,666,666
Issued	5,238,094	-
Exercised	-	1,133,333
Expired	-	5,533,333
At end of year	5,238,094	-

9. STOCK OPTION PLAN

The Corporation has a share option plan which was originally approved by shareholders in January, 2003, with certain amendments approved by shareholders in October, 2005, and further amendments in May 2010, at which time it was converted to a “rolling” plan under which the maximum number of options available to be granted is equal to 10% of the shares outstanding at the time of issuance of the grant. (The “Share Option Plan”).

Options may be granted only to directors, officers, employees and other service providers, subject to applicable securities laws and the rules of any Canadian stock exchange upon which the Common Shares may be listed or may trade from time to time. Options are personal to each optionee. The aggregate number of Common Shares reserved for issuance to any person, pursuant to the grant of options, may not exceed 5% of the total number of Common Shares then outstanding. In addition, the total number of Common Shares reserved for issuance to any one consultant or to an employee conducting investor relations activities, within a one-year period, shall not exceed 2% of the total number of Common Shares then outstanding. The Plan also provides that the aggregate number of Common Shares that may be reserved for issuance

Duncan Park Holdings Corporation

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pursuant to options granted to insiders of the Corporation within a 12 month period shall not exceed 10% of the total number of Common Shares outstanding, unless the Corporation has obtained disinterested shareholder approval.

The exercise price of an option shall not be less than the closing price of the Common Shares on the stock exchange upon which its shares are listed on the last trading day on which the Common Shares traded immediately prior to the date of the grant, subject to an allowable discount of 25% and a \$0.10 minimum.

Options granted under the Share Option Plan that have been cancelled or that have expired without being exercised shall again become available for grant. The Board has the discretion to determine the vesting schedule, if any, that would apply to option grants (subject to certain mandated vesting requirements for consultants conducting investor relations activities) and discretion to determine when options will cease to be exercisable in the event of retirement or termination, subject to a 12-month outside date. Notwithstanding this discretion, options are not exercisable past their expiry date.

As a rolling plan, the plan must be approved by shareholders of the Corporation yearly at the Corporation's annual and special meeting of shareholders. The Share Option Plan continues to be administered by the Board, and provides that disinterested shareholder approval shall be obtained for any reduction in the exercise price of options held by insiders of the Corporation.

10. OPTIONS

Director/Officer/Contractor Options

The following table sets out the director/officer/contractor stock option activity for the latest two fiscal years.

	2011		2010	
	Number	Average Price	Number	Average Price
At beginning of year	800,000	\$0.30	1,300,000	\$0.39
Granted	4,000,000	\$0.10	-	-
Exercised	-	-	-	-
Expired	-	-	(400,000)	\$0.70
Forfeited	-	-	(100,000)	\$0.60
At end of year	4,800,000	\$0.13	800,000	\$0.30

Vested options exercisable at November 30, 2011 - 2,133,333 (2010 – 800,000)

Weighted average exercise price of vested options exercisable - \$0.18 (2010 - \$0.30)

The fair value of stock options granted is expensed over the vesting period as compensation expense with an offsetting credit to contributed surplus. When stock options are exercised the

Duncan Park Holdings Corporation

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proceeds are recorded in share capital and the fair value assigned to the options is transferred from contributed surplus. The value of stock options that expire remains in contributed surplus.

4,000,000 options to acquire common shares at a price of \$0.10 expiring March 31, 2016 were issued during the second quarter, including the grant of an aggregate of 3,500,000 options to the officers and/or directors of the Corporation. The balance of the options was granted to certain consultants of the Corporation. The options are exercisable for a period of five years at a price of \$0.10 per share and will vest over an 18-month period, with one-third of the options vesting every six months. The option grants are the first options issued by the Corporation since January 2008 and were issued under the Corporation's amended option plan approved by shareholders in May 2010, and reaffirmed in 2011. The decision to issue the options followed the restructuring and recapitalization of the Corporation with its Red Lake Ontario properties.

The fair value of these options on the date of issue was estimated to be \$240,000 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 97.5%; risk free interest rate of 1.25%; expected life of 5 years. This amount will be charged to expense and credited to contributed surplus over the seven fiscal quarters commencing in the second quarter of 2011, which corresponds approximately to the vesting period of the options.

At November 30, 2011 the following Director/Officer/Contractor options were outstanding

Holder	On # Of Shares	Exercise Price	Expiry Date
Eric Salsberg	100,000	\$0.30	January 2, 2013
	500,000	\$0.10	March 31, 2016
Harold Doran	150,000	\$0.30	January 2, 2013
	1,000,000	\$0.10	March 31, 2016
Ian McAvity	300,000	\$0.30	January 2, 2013
	1,000,000	\$0.10	March 31, 2016
Larry Kornze	250,000	\$0.30	January 2, 2013
	500,000	\$0.10	March 31, 2016
David Shaddrick	500,000	\$0.10	March 31, 2016
James Doran	300,000	\$0.10	March 31, 2016
Shaun Ruddy	100,000	\$0.10	March 31, 2016
Alan McLellan	100,000	\$0.10	March 31, 2016
	<u>4,800,000</u>		

The weighted average exercise price of the options is \$0.13 (2010 - \$0.30)

The weighted average contractual life of the options is 3.81 years (2010 – 2.17 years)

Finder's Options

As described in note 5(iii) above, in the first quarter the Corporation issued an aggregate of 919,047 finder's options ("Finder's Options") to the Finders. Each Finder's Option is exercisable

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for one non flow-through unit (a “Finder’s Unit”) at a price of \$0.105 per Finder’s Unit for a period of 12 months. Each Finder’s Unit is exercisable on the same terms as the Units, except that the common shares issuable thereunder shall be non flow-through shares.

The fair value of these options on the date of issue was estimated to be \$33,500 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 97.5%; risk free interest rate of 1.25%; expected life of 1 year. This amount was charged to share capital and credited to contributed surplus in the first quarter.

11. INCOME TAXES

In fiscal 2011 the Corporation renounced \$200,000 of exploration expenses to the investors in the 2010 issue of flow-through shares, and \$1,100,000 to the investors in the 2011 issue of flow-through shares. Accordingly, these amounts will never be deductible by the Corporation for income tax purposes. The result is the future income taxes payable by the Corporation will be higher than they would otherwise be. Based upon a substantially enacted future corporation income tax rate of 25%, a liability of \$322,381 has been reflected in these accounts, with the offset being taken as a reduction in shareholders’ equity. The existence of this future tax liability enables the reflection in the accounts of the potential future tax reduction due to losses. Prior to this, as the prospect of utilizing these losses was not “more likely than not” the Corporation has not reflected that potential asset in these financial statements.

The reported recovery of income taxes differs from amounts computed by applying the combined Canadian federal and provincial income tax rates to the reported loss before income taxes due to the following:

	2011	2010
Reported loss before income taxes	\$(481,924)	\$(282,441)
Combined statutory income tax rate	28.42%	31.25%
Expected income tax recovery at current rate	(136,963)	(88,263)
Permanent differences	16,918	-
Losses expired	33,590	56,066
Tax rate differences	10,630	17,652
Change in valuation allowance	<u>(246,556)</u>	<u>14,545</u>
Future tax	<u>\$(322,381)</u>	\$ -

Future Tax Balances

The balance in the statement of financial position comprises:

	2011	2010
Losses carried forward	\$477,624	\$427,169
Share issue costs	25,370	-
Mineral property	<u>(322,381)</u>	-
	180,613	427,169
Valuation allowance	<u>(180,613)</u>	<u>(427,169)</u>
Balance in statement of financial position	\$ -	\$ -

The Corporation has losses of approximately \$2,000,000 expiring as shown in the following table.

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Loss	Expiring	Loss	Expiring
236,217	2014	188,981	2028
304,850	2015	125,437	2029
39,310	2026	282,441	2030
397,080	2027	481,924	2031

In addition, it has a capital loss of \$5,349,190 arising primarily from the write off of advances to its former US subsidiary company, one half of which is deductible indefinitely against capital gains.

12. COMPENSATION

The Corporation's compensation costs for the year comprise:

	2011	2010
Cash based		
Executives	93,998	79,347
Stock-based		
Executives	85,556	-
Non-executive directors	64,167	-
Other contractors	21,389	-
Total stock based	171,112	-
Total compensation	<u>265,110</u>	<u>79,347</u>

13. FINANCIAL INSTRUMENTS

The Corporation's financial instruments include from time to time cash, Government of Canada treasury bills, miscellaneous receivables and deposits and trade accounts payable and accrued liabilities. The Corporation designated its cash and Government of Canada treasury bills as held for trading which are measured at fair value. Fair value is measured at level 1 based upon the quotes price for identical assets. Transaction costs are expensed as incurred for financial instruments classified as held for trading. Miscellaneous receivables and deposits are classified as loans and receivables which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities and are measured at amortized cost.

14. LOAN FROM DIRECTOR

During the second quarter the Corporation received a \$40,000 interest free advance from a director which was due on demand and was repaid in the third quarter.

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15. FINANCIAL RISK

i) Foreign-exchange risk

The Corporation's exposure to foreign exchange fluctuations is low, limited to its U.S. cash which at November 30, 2011 amounted to US\$8,774 (2010 - \$444) and US accounts payable which were \$7,801 (2010 - \$2011).

ii) Interest-rate risk

The Corporation currently has no fixed-term cash or cash equivalent assets or interest bearing debt outstanding.

iii) Liquidity risk

The Corporation's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet its liabilities as they come due. This includes ensuring that the use of funds raised through the issue of flow-through shares is limited to those types of expenditures which qualify for such treatment and that it has sufficient non flow-through funds to meet its administrative costs and those exploration costs which do not qualify for flow-through funding.

iv) Capital disclosures

The Corporation's objectives when managing capital is to safeguard its ability to continue as a going concern and to provide the funding needed to continue exploration of its properties. Since it has no commercial operations this requires repetitive approaches to the financial markets to raise capital, to date by way of private placement. Typically, it raises exploration dollars in accordance with work plans and budgets in advance of upcoming exploration programs by way of flow-through shares. It also raises unrestricted dollars by private placement to fund costs such as property option payments and share issue expenses which are not eligible to be paid by flow-through dollars, and administrative expenses.

Capital expenditures for exploration are carefully planned and monitored.

The Corporation is not subject to any externally imposed capital requirements and there has been no change in the capital risk management strategy in the current fiscal year.

16. COMMITMENTS

Pursuant to the Dome Option Agreement referred to in Note 2, the Corporation committed to incur exploration costs in the amount of \$925,000 before November 18, 2012, which is 90% completed, and issue an additional 2,000,000 shares to Sphere in April 2012.

Pursuant to the McManus Option Agreement referred to in Note 2, the Corporation committed to incur exploration costs in the amount of \$100,000 before December 15, 2011, which has been done.

If it elects to continue from year to year with the McManus option agreement beyond December 15, 2011, it must then pay Camp McMan \$50,000 on December 15, 2011 and 2012, and \$75,000 on December 15, 2013, and incur further exploration expenses of \$200,000, \$350,000, and \$550,000 in each of the ensuing years which total \$1,100,000 by December 15, 2013, which is 80% completed.

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In May 2010 the Corporation entered into flow-through share subscription agreements whereby it was committed to incur on or before December 31, 2011, a total of \$200,000 of qualifying Canadian Exploration Expenses as described in the Income Tax Act, which has been done.

In February 2011 the Corporation entered into flow-through share subscription agreements whereby it was committed to incur on or before December 31, 2012, a total of \$1,100,000 of qualifying Canadian Exploration Expenses as described in the Income Tax Act, which has been done.

The Corporation had indemnified the subscribers for any tax related amounts that may become payable by the subscribers as a result of the Corporation not meeting its expenditure commitments.

17. SUBSEQUENT EVENT

Subsequent to the year-end the Corporation issued 1,000,000 flow-through shares at \$0.10 per share. Proceeds from the non-brokered private placement of 1,000,000 shares will be used to finance exploration on the Corporation's Red Lake properties. Ian McAvity, President & CEO of the Corporation, subscribed for 100% of the private placement. The financing was approved by the non-interested directors of the Corporation.