



**DUNCAN PARK**  
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# **Duncan Park Holdings Corporation**

Unaudited Condensed Interim Financial Statements

As At and For the Three Months Ended

February 28, 2013 and 2012

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The accompanying unaudited interim financial statements of Duncan Park Holdings Corporation were prepared by management in accordance with International Financial Reporting Standards. Management acknowledges responsibility for the preparation and presentation of the period end unaudited interim financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances.

## **NOTICE TO READER**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these unaudited interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

**Duncan Park Holdings Corporation**  
**Unaudited Condensed Interim Statements of Financial Position**  
Expressed in Canadian Dollars  
February 28, 2013

	<b>February 28</b>	<b>November 30</b>
	<b>2013</b>	<b>2012</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash (Note 6)	\$90,427	\$76,000
Federal sales tax recoverable	7,926	4,750
	<u>98,353</u>	<u>80,750</u>
<b>NON-CURRENT ASSETS</b>		
Exploration and evaluation assets		
Dome project (Notes 4 and 7)	1,461,839	1,461,745
McManus project (Notes 4 and 7)	1,221,092	1,170,997
	<u>2,682,931</u>	<u>2,632,742</u>
<b>TOTAL ASSETS</b>	<u>\$2,781,284</u>	<u>\$2,713,492</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$98,095	\$64,190
<b>OTHER LIABILITIES</b>		
Flow-through share premium	2,500	-
Term loan (Note 8)	156,000	75,000
	<u>256,595</u>	<u>139,190</u>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 9)	10,875,664	10,856,803
Contributed surplus	400,293	400,293
Accumulated deficit	(8,751,268)	(8,682,794)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<u>2,524,689</u>	<u>2,574,302</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<u>2,781,284</u>	<u>\$2,638,492</u>

**Commitments Note 13**

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**  
**Unaudited Condensed Interim Statements of Operations and Comprehensive Loss**  
**Expressed in Canadian Dollars**  
**For the three month periods ended February 28, 2013 and February 29, 2012**

	<b>February 29</b>	<b>February 29</b>
	<b>2013</b>	<b>2012</b>
<b>EXPENSES</b>		
Compensation (Note 11)	\$13,215	\$56,999
Professional fees		
Legal	9,167	18,853
Audit	13,736	3,000
Regulatory compliance	21,112	33,128
Investor communications	3,658	2,250
Finance costs	1,488	614
Office and general	6,098	6,915
<b>TOTAL EXPENSES</b>	<b>68,474</b>	<b>121,759</b>
<b>FINANCE INCOME</b>		
Interest and foreign exchange	-	(752)
Amortization of flow-through premium	-	(10,000)
<b>LOSS FOR THE PERIOD</b>	<b>(68,474)</b>	<b>(111,007)</b>
<b>OTHER COMPREHENSIVE INCOME</b>	<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b>(\$68,474)</b>	<b>(\$111,007)</b>
<b>LOSS PER SHARE</b>		
Basic	(\$0.001)	(\$0.001)
Diluted	(\$0.001)	(\$0.001)
<b>Weighted Average Number of Shares Outstanding</b>	<b>99,877,078</b>	<b>90,022,133</b>

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

**Duncan Park Holdings Corporation**  
**Unaudited Statements of Changes in Shareholders' Equity**  
Expressed in Canadian Dollars  
**February 28, 2013**

	Share Capital	Contributed Surplus	Deficit	Total
Balance - December 1, 2010	8,373,421	112,000	(7,983,662)	501,759
Issue of shares to Sphere pursuant to the Dome agreement	380,000			380,000
Issue of shares and warrants pursuant to private placements	1,700,000			1,700,000
Flow-through premium	(52,381)			(52,381)
Share issue expenses	(160,399)	33,550		(126,849)
Share based payments		174,556		174,556
Loss for the year			(432,988)	(432,988)
Balance November 30, 2011	10,240,641	320,106	(8,416,650)	2,144,097
Issue of shares pursuant to private placements	580,000			580,000
Flow-through premiums	(40,100)			(40,100)
Share issue expenses	(43,738)			(43,738)
Issue of shares to Sphere pursuant to the Dome agreement	120,000			120,000
Share based payments		80,187		80,187
Loss for the period			(266,144)	(266,144)
Balance November 30, 2012	10,856,803	400,293	(8,682,794)	2,574,302
Issue of shares pursuant to private placement	25,000			25,000
Share issue expenses	(3,639)			(3,639)
Flow-through premium	(2,500)			(2,500)
Loss for the period			(68,474)	(68,474)
Balance February 28, 2013	10,875,664	400,293	(8,751,268)	2,524,689

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

**Duncan Park Holdings Corporation**  
**Unaudited Condensed Interim Statements of Cash Flows**  
**Expressed in Canadian dollars**  
**For the three month periods ended February 29, 2013 and February 29, 2012**

	February 28 2013	February 29 2012
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES</b>		
<b>OPERATING ACTIVITIES</b>		
Net loss for the period	(\$68,474)	(\$111,007)
Flow-through share premium	-	(10,000)
Stock-based compensation	-	33,734
Finance income and cost	-	1,366
Recovery of prior years' federal sales tax	-	-
Increase in federal sales tax recoverable	(3,176)	(3,864)
Increase in current liabilities	33,905	24,409
	<u>(37,745)</u>	<u>(65,362)</u>
<b>FINANCING ACTIVITIES</b>		
Issue of flow-through shares for cash	25,000	288,000
Issue of shares for cash	-	52,000
Financing income received	-	(752)
Financing costs paid	-	(614)
Share issue expenses	(3,639)	(27,847)
Term loan	81,000	-
	<u>102,361</u>	<u>310,787</u>
<b>INVESTING ACTIVITIES</b>		
Investment in exploration properties	(50,189)	(243,192)
<b>INCREASE IN CASH</b>	14,427	2,233
<b>CASH</b>		
<b>AT BEGINNING OF PERIOD</b>	76,000	351,260
<b>AT END OF PERIOD</b>	<u>\$90,427</u>	<u>\$353,493</u>

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

# **Duncan Park Holdings Corporation**

## **Notes to the Unaudited Condensed Interim Financial Statements**

### **For the Three Month Period Ended February 28, 2013**

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

##### **Nature of Business**

The Corporation is incorporated in the Province of Ontario, Canada and is 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. The Corporation's registered address is Suite 406, 372 Bay Street, Toronto, ON, M5H 2W9.

##### **Going Concern**

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 minimal working capital to meet its essential administrative costs and must raise the approximately \$20,000 per month needed for normal ongoing administrative expenses. This raises significant doubt as to the Corporation's ability to continue as a going concern.

#### **2. BASIS OF PREPARATION**

##### **Statement of compliance**

These condensed interim financial statements of the Corporation were prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34") using accounting policies consistent with International Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

These condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Corporation's audited financial statements for the year ended November 30, 2012.

The standards and interpretations within IFRS are subject to change and accordingly, the accounting policies for the annual report that are relevant to these interim financial statements will be finalized only when the annual IFRS financial statements are prepared for the year ending November 30, 2013.

These condensed interim financial statements were authorized for issue by the Board of Directors on April 26, 2013.

# **Duncan Park Holdings Corporation**

## **Notes to the Unaudited Condensed Interim Financial Statements**

### **For the Three Month Period Ended February 28, 2013**

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#### **Basis of preparation**

These condensed interim financial statements are prepared on the historical cost basis with a functional and presentation currency of Canadian dollars. Further, they have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying condensed interim financial statements. Such adjustments could be material.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgement in applying the Corporation’s accounting policies. The areas involving a higher degree of judgment of complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

#### **New and revised standards and interpretations not yet effective**

The Corporation did not adopt any new International Financial Reporting Standards (IFRSs) or interpretations during the period that had a material impact on the Corporation’s financial statements.

IFRS Standards issued but not yet effective:

IFRS 9:	Financial Instruments
IFRS 11:	Joint Arrangements
IFRS 12:	Disclosure of Interests in Other Entities
IFRS 13:	Fair Value Measurement
IAS 28:	Investments in Associates and Joint Ventures
IAS 32:	Financial Instruments

The Corporation intends to adopt the new standards prospectively in its financial statements. The impact of adoption of these standards has not yet been determined.

### **3. SIGNIFICANT ACCOUNTING POLICIES:**

These condensed interim financial statements follow the same significant accounting policies and critical judgements in applying these policies as described in the Corporation’s audited financial statements for the year ended November 30, 2012 and have been applied consistently in the preparation of these condensed interim financial statements.

### **4. EXPLORATION OPTION AGREEMENTS**

There have been no significant developments in the exploration option agreements during the period. The following should be read in conjunction with the Corporation’s audited financial statements for the year ended November 30, 2012.

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, the Corporation has acquired Sphere’s right to earn a 75% interest in the Dome property and a 100% interest in the McManus property

**Duncan Park Holdings Corporation**  
**Notes to the Unaudited Condensed Interim Financial Statements**  
**For the Three Month Period Ended February 28, 2013**

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by assuming Sphere's earn-in obligations, subject to Sphere's right to buy 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 results to date of the agreements are that the Corporation has earned the 75% interest in the Dome property at a cost of approximately \$1,000,000, (Sphere did not exercise its buy back right) and still has the right to earn a 100% interest in the McManus property at a cost of approximately \$1,200,000 by making one further property payment of \$75,000 and potentially issuing 78,000 shares, subject to Sphere's right to buy back 51% at a cost to Sphere of \$4.8 million leaving the Corporation with 49%.

**5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

There have been no changes in critical accounting estimates and judgements during the period. Readers should refer to the Corporation's audited financial statements for the year ended November 30, 2012 for detailed descriptions.

**6. CASH**

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

**7. EXPLORATION AND EVALUATION ASSETS**

	<b>Dome</b>	<b>McManus</b>	<b>Total</b>
Balance November 30, 2011	1,128,654	783,426	1,912,080
Issue of shares to Sphere	120,000	0	120,000
Property payments	0	50,000	50,000
Exploration costs	213,091	337,571	550,662
Balance November 30, 2012	1,461,745	1,170,997	2,632,742
Property payments		50,000	50,000
Exploration costs	94	95	189
Balance February 28, 2013	1,461,839	1,221,092	2,682,931

**8. TERM LOAN**

On November 30, 2012, the board of directors authorized the Corporation to borrow up to \$150,000 from available sources, pursuant to which it has entered into unsecured term loan agreements with two non-arm's length parties to borrow \$156,000. The loans bears an interest rate of 5% per annum, calculated annually and are due and payable on or before March 15, 2014. The authorization was subsequently expanded to \$300,000, and the due date was extended to December 15, 2014.

Proceeds of the loans have been used for working capital purposes and may be prepaid by the Corporation prior to their maturity date without penalty.

**9. SHARE CAPITAL**

The authorized capital is an unlimited number of common shares.

**Duncan Park Holdings Corporation**  
**Notes to the Unaudited Condensed Interim Financial Statements**  
**For the Three Month Period Ended February 28, 2013**

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The following share transactions have occurred in the past fiscal year and the current year to date.

	Number Of Shares	Amount
Balance November 30, 2011	89,077,078	10,240,641
Issue of flow through shares pursuant to a private placement	1,000,000	100,000
Issue of flow through and non-flow-through shares pursuant to a private placement	3,000,000	240,000
Issue of flow-through and non- flow-through shares for cash pursuant to a private placement	3,000,000	150,000
Issue of flow-through and non-flow-through shares for cash pursuant to a private placement	1,800,000	90,000
Issue of shares to Sphere pursuant to the Dome agreement (Note 4)	2,000,000	120,000
Share issue expenses		(43,738)
Flow-through premium		(40,100)
Balance November 30, 2012	99,877,078	10,856,803
Issue of flow through shares pursuant to a private placement (See (iii) below)	500,000	25,000
Share issue expenses		(3,639)
Flow-through premium		(2,500)
Balance February 28, 2013	10,377,078	10,875,664

## 10. 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.

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 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.

**Duncan Park Holdings Corporation**  
**Notes to the Unaudited Condensed Interim Financial Statements**  
**For the Three Month Period Ended February 28, 2013**

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**Director/Officer/Contractor Options**

The following table sets out the director/officer/contractor stock option activity for the latest fiscal year and the current year to date.

	2013		2012	
	Number	Average Price	Number	Average Price
At beginning of period	4,800,000	\$0.13	4,800,000	\$0.13
Granted	-	-	-	-
Exercised	-	-	-	-
Expired	-800,000	\$0.30	-	-
Forfeited	-	-	-	-
At end of period	4,000,000	\$0.10	4,800,000	\$0.13

Vested options exercisable at February 28, 2013 – 4,000,000 (2012 – 3,666,667)

Weighted average exercise price of vested options exercisable - \$0.10 (2012 - \$0.13)

4,000,000 options to acquire common shares at a price of \$0.10 expiring March 31, 2016 were issued during the second quarter of 2011, 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 vest over an 18-month period, with one-third of the options vesting every six months.

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%; expected forfeiture rate of 0%; risk free interest rate of 1.25%; expected life of 5 years. The expected volatility was based upon the actual volatility for the preceding year, which was considered to be representative of the ensuing eighteen months. This amount was 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.

The 800,000 options with an exercise price of \$0.30 expired unexercised on January 2, 2013.

At February 28, 2013 the following Director/Officer/Contractor options were outstanding.

**Duncan Park Holdings Corporation**  
**Notes to the Unaudited Condensed Interim Financial Statements**  
**For the Three Month Period Ended February 28, 2013**

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Holder	On # Of Shares	Exercise Price	Expiry Date
Eric Salsberg	500,000	\$0.10	March 31, 2016
Harold Doran	1,000,000	\$0.10	March 31, 2016
Ian McAvity	1,000,000	\$0.10	March 31, 2016
Larry Kornze	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>4,000,000</u>		

The weighted average exercise price of the options is \$0.10 (2012 -\$0.13).

The weighted average contractual life of the options is 3 years (2012 – 4 years)

#### **11. RELATED PARTIES**

The Corporation's compensation costs for the period comprise:

	2013	2012
Cash Based		
Executives	13,215	23,265
Stock Based		
Executives	-	16,334
Non-executive directors	-	12,250
Other contractors	-	5,150
Total stock based	-	33,734
Total compensation	13,215	56,999

#### **12. FINANCIAL INSTRUMENTS**

The Corporation's financial instruments include from time to time cash, miscellaneous receivables and deposits and trade accounts payable and accrued liabilities. The Corporation designated its cash as loans and receivables which are measured at amortized cost. 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.

#### **13. COMMITMENTS**

If the Corporation elects to continue from year to year with the McManus option agreement, which it intends to do, it must pay Camp McMan \$75,000 by December 15, 2013.

**Duncan Park Holdings Corporation**  
**Notes to the Unaudited Condensed Interim Financial Statements**  
**For the Three Month Period Ended February 28, 2013**

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In December 2011, February 2012, May 2012, and August 2012 the Corporation entered into flow-through share subscription agreements whereby it is committed to incur qualifying Canadian Exploration Expenses as described in the Income Tax Act, in the amounts of \$100,000 on or before December 31, 2012, and \$366,550 on or before December 31, 2013. These commitments have been met.

In December 2012 the Corporation entered into flow-through share subscription agreements whereby it is committed to incur qualifying Canadian Exploration Expenses as described in the Income Tax Act, in the amount of \$25,000 on or before December 31, 2013, none of which has yet been expended.

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