



DUNCAN PARK

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Duncan Park Holdings Corporation

Financial Statements

As At and For the Year Ended

November 30, 2012 and 2011

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying 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 year-end 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.

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 statements of financial position as at November 30, 2012, November 30, 2011 and December 1, 2010, and the statements of operations and comprehensive loss, changes in shareholders' equity and cash flows for the years ended November 30, 2012 and November 30, 2011, 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 International Financial Reporting Standards 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 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 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 audits 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, 2012, November 30, 2011 and December 1, 2010 and its financial performance and its cash flows for the years ended November 30, 2012 and November 30, 2011 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates that the Corporation's ability to recover amounts shown for mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the Corporation to obtain financing and future profitable production. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Corporation's ability to continue as a going concern.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants

Toronto, Ontario
January 18, 2013

Duncan Park Holdings Corporation
Statements of Financial Position
Expressed in Canadian Dollars
As at November 30, 2012 and 2011, and December 1, 2010

| | November 30 2012 | November 30 2011 | December 1 2010 |
|---|---------------------|---------------------|--------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash (Note 6) | \$76,000 | \$351,260 | \$318,643 |
| Federal sales tax recoverable | 4,750 | 28,836 | 26,525 |
| | <u>80,750</u> | <u>380,096</u> | <u>345,168</u> |
| NON-CURRENT ASSETS | | | |
| Exploration and evaluation assets | | | |
| Dome project (Notes 4 and 7) | 1,461,745 | 1,128,654 | 194,773 |
| McManus project (Notes 4 and 7) | 1,170,997 | 783,426 | - |
| | <u>2,632,742</u> | <u>1,912,080</u> | <u>194,773</u> |
| TOTAL ASSETS | <u>\$2,713,492</u> | <u>\$2,292,176</u> | <u>\$539,941</u> |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Accounts payable and accrued expenses | \$64,190 | \$148,079 | \$38,182 |
| TERM LOAN (Note 8) | <u>75,000</u> | <u>-</u> | <u>-</u> |
| TOTAL LIABILITIES | <u>139,190</u> | <u>148,079</u> | <u>38,182</u> |
| SHAREHOLDERS' EQUITY | | | |
| Share capital (Note 9) | 10,856,803 | 10,240,641 | 8,373,421 |
| Contributed surplus | 400,293 | 320,106 | 112,000 |
| Accumulated deficit | (8,682,794) | (8,416,650) | (7,983,662) |
| TOTAL SHAREHOLDERS' EQUITY | <u>2,574,302</u> | <u>2,144,097</u> | <u>501,759</u> |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | <u>\$2,713,492</u> | <u>\$2,292,176</u> | <u>\$539,941</u> |

Commitments Note 18

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 Operations and Comprehensive Loss
Expressed in Canadian Dollars
For the year ended November 30, 2012 and 2011

| | 2012 | 2011 |
|---|-------------------|-------------------|
| EXPENSES | | |
| Compensation (Note 13) | \$136,831 | \$265,110 |
| Professional fees | | |
| Legal | 47,474 | 100,416 |
| Audit | 15,000 | 22,500 |
| Geologist | - | 2,969 |
| Capital market advisory services | - | 5,053 |
| Regulatory compliance | 44,853 | 49,013 |
| Investor communications | 32,189 | 27,811 |
| Bank charges | 1,692 | 1,098 |
| Office and general | 28,204 | 14,967 |
| TOTAL EXPENSES | 306,243 | 488,937 |
| FINANCE INCOME | | |
| Interest income | - | (3,568) |
| Amortization of flow-through premium | (40,100) | (52,381) |
| | (40,100) | (55,949) |
| TOTAL LOSS AND COMPREHENSIVE LOSS FOR THE YEAR | \$266,144 | \$432,988 |
| LOSS PER SHARE (Note 16) | | |
| Basic | \$0.003 | \$0.005 |
| Diluted | \$0.003 | \$0.005 |
| Weighted Average Number of Shares Outstanding | 95,836,094 | 81,973,360 |

The accompanying notes are an integral part of these financial statements

Duncan Park Holdings Corporation
Statements of Changes in Shareholders' Equity
Expressed in Canadian Dollars
For the year ended November 30, 2012 and 2011

| | 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 |

The accompanying notes are an integral part of these financial statements

Duncan Park Holdings Corporation
Statements of Cash Flows
Expressed in Canadian Dollars
For the year ended November 30, 2012 and 2011

| | <u>2012</u> | <u>2011</u> |
|---|------------------|--------------------|
| NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES | | |
| OPERATING ACTIVITIES | | |
| Net loss for the year | (\$266,144) | (\$432,988) |
| Interest received | - | (3,568) |
| Flow-through share premium | (40,100) | (52,381) |
| Share based payments | 80,187 | 174,556 |
| (Increase) decrease in federal sales tax recoverable | 24,087 | (2,311) |
| Increase(decrease) in current liabilities | (83,889) | 17,110 |
| | <u>(285,859)</u> | <u>(299,582)</u> |
| FINANCING ACTIVITIES | | |
| Issue of flow-through shares for cash | 466,550 | 1,100,000 |
| Interest received | - | 3,568 |
| Term loan | 75,000 | - |
| Issue of shares for cash | 113,450 | 600,000 |
| Share issue expenses | (43,738) | (126,849) |
| | <u>611,262</u> | <u>1,576,719</u> |
| INVESTING ACTIVITIES | | |
| Investment in exploration and evaluation properties | (600,663) | (1,244,520) |
| | <u>(600,663)</u> | <u>(1,244,520)</u> |
| INCREASE (DECREASE) IN CASH | <u>(275,260)</u> | <u>32,617</u> |
| CASH | | |
| AT BEGINNING OF YEAR | <u>351,260</u> | <u>318,643</u> |
| AT END OF YEAR | <u>\$76,000</u> | <u>\$351,260</u> |
| Non Cash Transactions | | |
| Issue of shares to Sphere Resources Inc. pursuant to the Dome agreement | \$120,000 | \$380,000 |

The accompanying notes are an integral part of these financial statements

Duncan Park Holdings Corporation

Notes to the Financial Statements

For the Years Ended November 30, 2012 and 2011

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 sufficient working capital to meet its essential administrative costs for two months, but must raise the approximately \$20,000 per month needed for normal ongoing administrative expenses. Typically it raises funding for exploration and working capital immediately prior to the commencement of each summer and winter phase of the project. At the year-end the Corporation had \$16,560 (2011 - \$232,087) in working capital which is inadequate. Since the year-end, the Corporation has raised \$25,000 through a share offering and \$25,000 from a term loan (see Note 15). This raises significant doubt as to the Corporation's ability to continue as a going concern.

2. BASIS OF PREPARATION

Statement of compliance

The financial statements of the Corporation for the year ending November 30, 2012 and the comparative figures for the year ended November 30, 2011 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), having previously prepared its financial statements in accordance with pre-changeover Canadian Generally Accepted Accounting Principles ("pre-changeover Canadian GAAP").

As these financial statements are the Corporation's first annual financial statements prepared using IFRS, certain disclosures that are required to be included in annual financial statements prepared in accordance with IFRS that were not included in the Corporation's most recent annual financial statements prepared in accordance with pre-changeover Canadian GAAP have been included in these financial statements for the comparative annual period.

These financial statements should be read in conjunction with the explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Corporation provided in Note 19.

These financial statements were authorized for issue by the Board of Directors on January 18, 2013.

Duncan Park Holdings Corporation

Notes to the Financial Statements

For the Years Ended November 30, 2012 and 2011

Basis of preparation

These financial statements are prepared on the historical cost basis with a functional and presentation currency of Canadian dollars.

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

At the date of authorization of these Financial Statements, the IASB and IFRIC have issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods.

IFRS 9 Financial Instruments was issued in November 2009 and addresses the classification and measurement of financial assets. This new standard reduces the number of categories and measurement options for financial assets. This new standard also amends the measurement of equity instruments whereas these instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. This standard must be applied for years beginning January 1, 2015.

IFRS 13 Fair Value Measurement was issued in May 2011. IFRS 13 replaces the fair value measurement guidance with a single source of fair value measurement guidance. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, i.e. an exit price. The standard also establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements to provide information that enables financial statement users to assess the methods and inputs used to develop fair value measurements and, for recurring fair value measurements that use significant unobservable inputs (Level 3), the effect of the measurements on profit or loss or other comprehensive income. This standard is effective for annual periods beginning on or after January 1, 2013.

IAS 1 Presentation of Financial Statements was amended in June 2011 to require that items in other comprehensive income be presented together based on whether they will be ultimately reclassified to the statement of operations. This amendment is effective for annual periods beginning on or after July 1, 2012.

IFRS 7 Financial Instruments: Disclosures was amended in December 2011 to require additional quantitative disclosures for financial instruments which have been offset or are subject to master netting arrangements. This amendment is effective for annual periods beginning on or after January 1, 2013 and requires retrospective application.

IFRS 11 Joint Arrangements was issued in May 2011. Under IFRS 11, joint arrangements are classified as either joint operations or joint ventures. IFRS 11 essentially carves out of previous jointly controlled entities, those arrangements which although structured through a separate vehicle, such separation is ineffective and the parties to the arrangement have rights to the assets and obligations for the liabilities and are accounted for as joint operations in a fashion consistent with jointly controlled assets/operations under IAS 31. In addition, under IFRS 11 joint ventures are stripped of the free choice of equity accounting or proportionate consolidation; these entities must now use the equity method. Upon

Duncan Park Holdings Corporation

Notes to the Financial Statements

For the Years Ended November 30, 2012 and 2011

application of IFRS 11, entities which had previously accounted for joint ventures using proportionate consolidation shall collapse the proportionately consolidated net asset value (including any allocation of goodwill) into a single investment balance at the beginning of the earliest period presented. The investment's opening balance is tested for impairment in accordance with IAS 28 (2011) and IAS 36 Impairment of Assets. Any impairment losses are recognized as an adjustment to opening retained earnings at the beginning of the earliest period presented. This standard is effective for annual periods beginning on or after January 1, 2013.

IFRS 12 Disclosure of Interests in Other Entities was issued in May 2011. IFRS 12 contains the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities. Interests are widely defined as contractual and non-contractual involvement that exposes an entity to variability of returns from the performance of the other entity. The required disclosures aim to provide information in order to enable users to evaluate the nature of, and the risks associated with, an entity's interest in other entities, and the effects of those interests on the entity's financial position, financial performance and cash flows. This standard is effective for annual periods beginning on or after January 1, 2013.

IAS 32 Financial Instruments: Presentation was amended in December 2011 to clarify that the right of offset for financial assets and liabilities must be available on the current date and not dependent on the occurrence of a future event. This amendment is effective for annual periods beginning on or after January 1, 2014 and requires retrospective application.

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:

The accounting policies set out below have been adopted for the year ended November 30, 2012 and have been applied consistently to all periods presented in these financial statements and in preparing the opening IFRS statement of financial position at December 1, 2010 for the purpose of transition to IFRS, unless otherwise indicated.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk or change in value.

Pre-exploration Costs

Pre-exploration costs are expensed in the period in which they are incurred.

Exploration and Evaluation Expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures ("E&E") are recognized and capitalized, in addition to the exploration costs. These direct expenditures include such costs as material used, surveying costs, drilling costs and payments made to contractors.

Duncan Park Holdings Corporation

Notes to the Financial Statements

For the Years Ended November 30, 2012 and 2011

The Corporation assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. 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.

When a project is deemed to no longer have commercially viable prospects to the Corporation, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of operations and comprehensive loss.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mines under construction". Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

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

Any impairment loss identified is recognized as an expense in the statement of operations and comprehensive loss.

Financial Instruments

The Corporation has no complex financial instruments. In reporting its financial position and results of operations in accordance with IFRS, the Corporation classifies its cash and cash equivalents as loans and receivables which are measured at amortized cost. Accounts payable and accrued liabilities and promissory notes payable are classified as other financial liabilities which are measured at amortized cost.

Income Taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is

Duncan Park Holdings Corporation

Notes to the Financial Statements

For the Years Ended November 30, 2012 and 2011

not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax assets can be utilized. At the end of each reporting period the Corporation reassesses unrecognized deferred tax assets. The Corporation recognizes a previous unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Share Capital

Financial instruments issued by the Corporation are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Corporation's common shares, share purchase warrants and flow-through shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

Loss Per Share

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the year. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the year, if dilutive. The "treasury stock method" is used for the assumed proceeds upon the exercise of the options and warrants that are used to purchase common shares at the average market price during the year. 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 from time to time issues flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying expenditures to investors. On issuance, the Corporation bifurcates the flow-through into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon qualifying expenditures being incurred, the Corporation derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two year period. The portion of the proceeds received but not yet expended at the end of the Corporation's period is disclosed separately as flow-through share liability.

The Corporation may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. If applicable, this tax is accrued as a finance expense.

Duncan Park Holdings Corporation

Notes to the Financial Statements

For the Years Ended November 30, 2012 and 2011

Share-based Payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of the grant is charged to the statement of operations and comprehensive loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss/income over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss/income over the vesting period, described as the period during which all the vesting conditions are satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss/income, unless they are related to the issuance of shares. Costs related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

Segments

The Corporation operates in one operating segment only.

4. 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 a 75% interest in 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

Duncan Park Holdings Corporation

Notes to the Financial Statements

For the Years Ended November 30, 2012 and 2011

claw back 51% at a cost to Sphere of \$4.8 million leaving the Corporation with 49%. The Corporation has met all of the requirements of the Dome agreement and all but a required \$125,000 property payment of the McManus agreement, \$50,000 of which was paid subsequent to the year-end (Note 15).

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 Dome 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 that 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
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 had to make cash payments of \$25,000 per year, issue to Sphere two million Duncan Park shares per year for three years, and make staged exploration expenditures of \$75,000 in year one, \$350,000 in year two and \$500,000 in year three, all of which have been done. Sphere did not exercise its claw-back option. Accordingly, further exploration of the Dome property will be conducted pursuant to a joint venture agreement as contemplated by the Dome Option Agreement under which the Corporation will have an initial 75% interest and corresponding voting privileges, be the "Operator" of the project, and have the properties transferred into its name. The agreement will have typical dilution provisions should a participant not meet a cash call.

McManus Agreement.

On December 23, 2010, the Corporation entered into a Letter of Intent, which has since been superseded 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.

Duncan Park Holdings Corporation
Notes to the Financial Statements
For the Years Ended November 30, 2012 and 2011

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.

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

The 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 |

As of November 30, 2012 all of the minimum required obligations have been met, and the full exploration requirements have been fulfilled. Further, subsequent to the year-end, the Corporation made the \$50,000 option payment required on or before December 15, 2012, and Sphere issued the required 500,000 Sphere shares. Accordingly, all that remains to complete the earn-in is that the Corporation must make an additional \$75,000 option payment, and either Sphere must issue 500,000 Sphere shares or the Corporation must issue 186,000 Duncan Park shares on or before December 15, 2013. In addition, Sphere is obligated to make the tax payments on the Claims.

Upon making the final \$75,000 option payment on or before December 15, 2013, the Corporation and Sphere will be considered to have exercised the earn-in option and have earned a 100% interest in the Claims, including the residue 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. The Corporation and Sphere also have the right to buy down the NSR interest from 3½% to 2% for \$500,000 per ½%. Upon earning the 100% interest in the Claims, Sphere and Duncan Park are obligated to make annual advance royalty payments of \$10,000 until either the exercise of the 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 McManus 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% Claw-back Right upon the payment to Duncan Park of four times the amount spent by Duncan Park. The claw-back option must be exercised within 30 days of the earn-in date and, if exercised, the payment must be made within an additional 30 days.

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5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Corporation makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and judgments.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustments to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

i) Exploration and Evaluation Expenditure

The application of the Corporation's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Corporation, which may be based on assumptions about future events or circumstances. Assumptions made may change if new information becomes available. If after an expenditure is capitalized, information becomes available suggesting that the recovery of that expenditure is unlikely, the amount capitalized is written off the in the statement of comprehensive loss in the period the new information becomes available.

ii) Title to Mineral Property Interests

Although the Corporation has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Corporation's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

iii) Income Taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Corporation recognizes liabilities and contingencies for anticipated tax issues based on the Corporation's current understanding of tax law. For matters where it is probable that an adjustment will be made, the Corporation records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

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In addition, the Corporation recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

iv) Impairment of Exploration and Evaluation Expenditures

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of assumptions.

Determining whether to test E&E assets for impairment requires management's judgment on the following situations among others: the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed; substantive expenditure on further exploration and evaluation of mineral resources in a specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable discovery quantities of mineral resources and the Corporation has decided to discontinue such activities in the specific area and sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the E&E asset is unlikely to be recovered in full from successful development or by sale.

v) Going concern

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment.

Estimates

Information about estimates which may affect the reported financial statements is as follows:

i) Share-based Payment Transactions

The Corporation measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payments transactions requires determining the most appropriate valuations model, which is dependent on the terms and conditions of the grant. The estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 12.

6. CASH

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

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7. EXPLORATION AND EVALUATION ASSETS

| | Dome | McManus | Total |
|-----------------------------|-------------|----------------|--------------|
| Balance at December 1, 2010 | 194,773 | - | 194,773 |
| Issue of shares to Sphere | 380,000 | - | 380,000 |
| Property payments | 25,000 | 35,000 | 60,000 |
| Exploration costs | 528,881 | 748,426 | 1,277,307 |
| Balance November 30, 2011 | 1,128,654 | 783,426 | 1,912,080 |
| Issue of shares to Sphere | 120,000 | - | 120,000 |
| Property payments | - | 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 |

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 an unsecured term loan agreement with a non-arm's length party to borrow \$75,000 (the "Loan"). The Loan bears an interest rate of 5% per annum, calculated annually and is due and payable on or before March 15, 2014.

The loan was made by Ian McAvity, president, CEO, a director and a 10%+ shareholder of the Corporation.

Proceeds of the loan are to be used for working capital purposes and may be prepaid by the Corporation prior to its maturity date without penalty.

During the second quarter of 2011 the Corporation received a \$40,000 interest free advance from Ian McAvity, CEO and a director which was due on demand and was repaid in the third quarter of 2011.

9. SHARE CAPITAL

The authorized capital is an unlimited number of common shares.

Duncan Park Holdings Corporation
Notes to the Financial Statements
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The following share transactions have occurred in the past two fiscal years.

| | Number Of Shares | Amount |
|---|---------------------|------------|
| Balance December 1, 2010 | 68,600,890 | 8,373,421 |
| Issue of shares to Sphere pursuant to the Dome agreement (Note 4) | 4,000,000 | 380,000 |
| Issue of flow-through shares for cash pursuant to a private placement (See (i) below) | 10,476,188 | 1,100,000 |
| Issue of shares for cash pursuant to a private placement (See (ii) below) | 6,000,000 | 600,000 |
| Share issue expenses | | (160,399) |
| Flow-through premium | | (52,381) |
| Balance November 30, 2011 | 89,077,078 | 10,240,641 |
| Issue of flow through shares pursuant to a private placement (See (iii) below) | 1,000,000 | 100,000 |
| Issue of flow through and non-flow-through shares pursuant to a private placement (See (iv) below) | 3,000,000 | 240,000 |
| Issue of flow-through and non- flow-through shares for cash pursuant to a private placement (see (v) below) | 3,000,000 | 150,000 |
| Issue of flow-through and non-flow-through shares for cash pursuant to a private placement (see (vi) below) | 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 |

(i) 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.

In connection with the February 2011 private placement, the Corporation paid aggregate cash fees of \$78,700 to three organizations (collectively, the “Finders”), and 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.

(ii) 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 were used for general working capital purposes. The Corporation paid a finder’s fee of \$5,500.

(iii) On December 29, 2011, the Corporation completed a private placement of \$100,000 of flow-through common shares at a price of \$0.10 per share. The securities issued pursuant to the private placement were subject to a hold period which expired April 30, 2012.

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(iv) On February 22, 2012 the Corporation completed a private placement of \$240,000 of flow-through and non-flow-through common shares at a price of \$0.08 per share. The Corporation issued an aggregate of 3,000,000 “flow-through” and “non-flow-through” shares pursuant to the non-brokered private placement. The securities issued pursuant to the private placement were subject to a hold period which expired June 22, 2012.

(v) On May 22, 2012 the Corporation completed a private placement of \$150,000 of flow-through and non-flow-through common shares at a price of \$0.05 per share. The Corporation issued an aggregate of 3,000,000 “flow-through” and “non-flow-through” shares pursuant to the non-brokered private placement. The securities issued pursuant to the private placement were subject to a hold period which expired September 23, 2012.

(vi) On August 31, 2012 the Corporation completed a private placement of \$90,000 of flow-through and non-flow-through common shares at a price of \$0.05 per share. The Corporation issued an aggregate of 1,800,000 “flow-through” and “non-flow-through” shares pursuant to the non-brokered private placement. The securities issued pursuant to the private placement are subject to a hold period expiring December 1, 2013.

10. WARRANTS

In February, 2011, as part of the issue of units described in 9(i) 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 were exercisable until February 24, 2012, and 238,096 were exercisable until February 28, 2012. All of the warrants expired without exercise.

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

| | Number |
|---------------------------|-------------|
| Balance December 1, 2010 | - |
| Issued | 5,238,094 |
| Exercised | - |
| Expired | - |
| Balance November 30, 2011 | 5,238,094 |
| Issued | - |
| Exercised | - |
| Expired | (5,238,094) |
| Balance November 30, 2012 | - |

11. 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

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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.

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.

Director/Officer/Contractor Options

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

| | 2012 | | 2011 | |
|----------------------|-----------|---------------|-----------|---------------|
| | Number | Average Price | Number | Average Price |
| At beginning of year | 4,800,000 | \$0.13 | 800,000 | \$0.30 |
| Granted | - | - | 4,000,000 | \$0.10 |
| Exercised | - | - | - | - |
| Expired | - | - | - | - |
| Forfeited | - | - | - | - |
| At end of year | 4,800,000 | \$0.13 | 4,800,000 | \$0.13 |

Vested options exercisable at November 30, 2012 – 4,800,000 (2011 – 2,133,333)

Weighted average exercise price of vested options exercisable - \$0.133 (2011 - \$0.175)

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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 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 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 will vest over an 18-month period, with one-third of the options vesting every six months. The option grants were 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%; 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 November 30, 2012 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 \$0.133 (2011 - \$0.175).

The weighted average contractual life of the options is 3.33 years (2011 – 3.81 years)

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Finder's Options

As described in note 9(i) above, in the first quarter of 2011 the Corporation 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. During the year all of the Finder's Options expired without exercise.

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 of 2011.

12. 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. In fiscal 2012, the Corporation renounced a further \$466,550. Accordingly, these amounts will never be deductible by the Corporation for income tax purposes. The result is the deferred income taxes payable by the Corporation will be higher than they would otherwise be. Based upon a substantially enacted deferred corporation income tax rate of 26.5%, a liability of \$436,594 has been reflected in these accounts, but offset by recognition of deferred tax assets from loss carry forwards. The existence of this future tax liability enables the reflection in the accounts of the potential deferred tax reduction due to losses.

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:

| | 2012 | 2011 |
|--|---------------|---------------|
| Reported loss before income taxes | \$(266,144) | \$(432,998) |
| Combined statutory income tax rate | 26.63% | 28.42% |
| Expected income tax recovery at current rate | (70,861) | (123,055) |
| Non-deductible expenses | 1,589 | 27,512 |
| Loss expiring | - | 33,590 |
| Tax rate changes and other differences | (26,872) | 11,498 |
| Unrecognized deferred tax assets | <u>96,144</u> | <u>50,455</u> |
| Deferred tax | \$ - | \$ - |

Changes to the federal and provincial income tax rates were announced in 2011 and 2012 which resulted in an adjustment to the opening carrying value of temporary differences and current tax rates.

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Deferred Tax Balances

The balance in the statement of financial position comprises:

| | 2012 | 2011 |
|--|-----------|-----------|
| Losses carried forward | \$573,768 | \$477,625 |
| Share issue costs | 29,441 | 25,370 |
| Mineral property | (468,136) | (325,000) |
| | 135,073 | 177,995 |
| Deferred tax assets not recognized | (135,073) | (177,995) |
| Balance in statement of financial position | \$ - | \$ - |

The Corporation has non-capital losses of approximately \$2,165,000 expiring as shown in the following table.

| Loss | Expiring | Loss | Expiring | Loss | Expiring |
|---------|----------|---------|----------|---------|----------|
| 236,217 | 2015 | 188,981 | 2029 | 260,174 | 2033 |
| 304,850 | 2016 | 125,437 | 2030 | | |
| 39,310 | 2017 | 282,441 | 2031 | | |
| 397,080 | 2028 | 330,670 | 2032 | | |

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

The potential benefit of these carry-forward non-capital losses, capital losses, and deductible temporary differences in excess of the deferred tax liabilities have not been recognized in these financial statements as it is not considered probable that sufficient future tax profit will allow the deferred tax assets to be recovered.

13. RELATED PARTIES

The Corporation's compensation costs for the year comprise:

| | 2012 | 2011 |
|-------------------------|---------|---------|
| Cash Based | | |
| Executives | 68,200 | 93,998 |
| Stock Based | | |
| Executives | 34,446 | 85,556 |
| Non-executive directors | 25,833 | 64,167 |
| Other contractors | 8,352 | 21,389 |
| Total stock based | 68,631 | 171,112 |
| Total compensation | 136,831 | 265,110 |

See note 8 for details of the loan payable to the Chief Executive Officer of the Corporation.

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14. 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.

15. SUBSEQUENT EVENTS

i) On December 3, 2012, the Corporation made the required \$50,000 option payment to Camp McMan Red Lake Gold Mines Ltd. with respect to the McManus patents.

ii) On December 14, 2012, the Corporation issued 500,000 "flow-through" common shares at a price of \$0.05 per share, pursuant to its previously announced private placement. Proceeds from the \$25,000 private placement will be used for the Company's exploration program on its Red Lake properties. An insider of the Company subscribed for 100% of the shares issued pursuant to the private placement, which are subject to a four month hold period.

Also on December 14, 2012, the Corporation entered into an unsecured term loan agreement with another insider of the Company to borrow \$25,000 (the "Loan"). The Loan bears an interest rate of 5% per annum, calculated annually and is due and payable on or before March 15, 2014. Proceeds of the Loan will be used for working capital purposes and may be prepaid by the Company prior to its maturity date without penalty.

16. LOSS PER SHARE

Basic loss per share is calculated by dividing the net loss for the year by the weighted average number of shares in issue during the year.

| | <u>2012</u> | <u>2011</u> |
|-----------------------------------|-------------|-------------|
| Net loss | (266,144) | (432,988) |
| Weighted average number of shares | 95,836,094 | 81,973,360 |
| Loss per share | \$0.003 | \$0.005 |

17. FINANCIAL RISK

The Corporation's financial instruments consist primarily of cash and cash equivalents, accounts payable and loans payable. The Corporation is exposed to various risks as it relates to these financial instruments. There have not been any changes in the nature of these risks or the process of managing these risks from previous periods.

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Notes to the Financial Statements

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i) Foreign-exchange risk

The Corporation's exposure to foreign exchange fluctuations is low, limited to its U.S. cash which at November 30, 2012 amounted to US\$298 (2011 - \$8,774) and US accounts payable which were \$25 (2011 - \$7,801).

ii) Interest-rate risk

The Corporation currently has no fixed-term cash or cash equivalent assets. It does have interest bearing debt outstanding at a fixed rate of 5%.

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.

The Corporation considers capital to comprise share capital, contributed surplus, and accumulated deficit. At November 30, 2012 the balance in these accounts was:

| | 2012 | 2011 |
|---------------------|-------------|-------------|
| Share capital | 10,856,803 | 10,240,641 |
| Contributed surplus | 400,293 | 320,106 |
| Accumulated deficit | (8,682,794) | (8,416,650) |

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.

18. 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 \$50,000 on or before December 15, 2012, which has been done, and \$75,000 by December 15, 2013.

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

Duncan Park Holdings Corporation

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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.

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.

19. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Corporation's financial statements for the year end November 30, 2012 are the first annual financial statements that will be prepared in accordance with IFRS. IFRS 1, First Time Adoption of International Financial Reporting Standards, requires that comparative financial information be provided. As a result, the first date at which the Corporation has applied IRFS was December 1, 2010, the Transition Date. IFRS 1 requires that first-time adopters retrospectively apply IRFS standards as of the reporting date, which for the Corporation is November 30, 2012. However, it also provides for certain optional exemptions and certain mandatory exceptions for first time IFRS adoption. Prior to transition to IFRS, the Corporation prepared its financial statements in accordance with pre-changeover Canadian Generally Accepted Accounting Principles ("pre-changeover Canadian GAAP").

In preparing the Corporation's opening IFRS financial statements, the Corporation has adjusted amounts reported previously in the financial statements prepared in accordance with pre-changeover Canadian GAAP.

The Corporation elected to take the following IFRS 1 optional exemption:

- to apply the requirements of IFRS 2, Share-based payments, only to equity instruments granted after November 7, 2002 which had not vested as of the Transition Date.

Estimates

The estimates previously made by the Corporation under pre-changeover Canadian GAAP were not revised for the application of IRFS except where necessary to reflect any difference in accounting policy or where there was objective evidence that those estimates were in error. As a result the Corporation has not used hindsight to revise estimates.

Reconciliations of Pre-changeover Canadian GAAP Equity and Comprehensive Loss to IFRS

IFRS 1 requires an entity to reconcile equity, comprehensive loss and cash flows for prior periods. The changes made to the statements of financial position and statements of comprehensive loss as shown below have resulted in reclassifications of various amounts on the statements of cash flows. However, as there have been no material adjustments to the net cash flows, no reconciliation of the statement of cash flows has been prepared.

Duncan Park Holdings Corporation

Notes to the Financial Statements

For the Years Ended November 30, 2012 and 2011

| Reconciliation of Statement of Financial Position | | | | |
|--|--|------------------|----------------------|------------------|
| As at December 1, 2010 - Transition Date | | | | |
| | | Canadian | Effect of | |
| | | GAAP | transition to | |
| | | | IFRS | IFRS |
| ASSETS | | | | |
| CURRENT ASSETS | | | | |
| Cash | | \$318,643 | \$ - | \$318,643 |
| Federal sales tax recoverable | | 26,525 | | 26,525 |
| | | 345,168 | - | 345,168 |
| NON-CURRENT ASSETS | | | | |
| Mineral exploration properties | | | | |
| Dome project | | 194,773 | - | 194,773 |
| McManus project | | - | - | - |
| | | 194,773 | - | 194,773 |
| TOTAL ASSETS | | \$539,941 | \$ - | \$539,941 |
| LIABILITIES | | | | |
| CURRENT LIABILITIES | | | | |
| Accounts payable and accrued expenses | | \$38,182 | - | \$38,182 |
| SHAREHOLDERS' EQUITY | | | | |
| Share capital (Note C) | | 8,413,421 | (40,000) | 8,373,421 |
| Contributed surplus | | 112,000 | - | 112,000 |
| Accumulated deficit (Note C) | | (8,023,662) | 40,000 | (7,983,662) |
| TOTAL SHAREHOLDERS' EQUITY | | 501,759 | - | 501,759 |
| TOTAL LIABILITIES AND | | | | |
| SHAREHOLDERS' EQUITY | | \$539,941 | \$ - | \$539,941 |

Duncan Park Holdings Corporation

Notes to the Financial Statements

For the Years Ended November 30, 2012 and 2011

| Reconciliation of Statement of Financial Position | | | | |
|--|--|--------------------|----------------------|--------------------|
| As At November 30, 2011 | | | | |
| | | Canadian | Effect of | |
| | | GAAP | transition to | |
| | | | IFRS | IFRS |
| ASSETS | | | | |
| CURRENT ASSETS | | | | |
| Cash | | \$351,260 | \$ - | \$351,260 |
| Federal sales tax recoverable | | 28,836 | | 28,836 |
| | | 380,096 | - | 380,096 |
| NON-CURRENT ASSETS | | | | |
| Mineral exploration properties | | | | |
| Dome project | | 1,128,654 | - | 1,128,654 |
| McManus project | | 783,426 | - | 783,426 |
| | | 1,912,080 | - | 1,912,080 |
| TOTAL ASSETS | | \$2,292,176 | \$ - | \$2,292,176 |
| LIABILITIES | | | | |
| CURRENT LIABILITIES | | | | |
| Accounts payable and accrued expenses | | 148,079 | - | 148,079 |
| SHAREHOLDERS' EQUITY | | | | |
| Share capital (Note C) | | 10,010,641 | \$230,000 | 10,240,641 |
| Contributed surplus (Note B) | | 316,662 | 3,444 | 320,106 |
| Accumulated deficit (Notes B and C) | | (8,183,206) | (233,444) | (8,416,650) |
| TOTAL SHAREHOLDERS' EQUITY | | 2,144,097 | - | 2,144,097 |
| TOTAL LIABILITIES AND | | | | |
| SHAREHOLDERS' EQUITY | | \$2,292,176 | \$ - | \$2,292,176 |

Duncan Park Holdings Corporation

Notes to the Financial Statements

For the Years Ended November 30, 2012 and 2011

Notes to Reconciliations

A) Acquisition, exploration and evaluation expenditures

Under pre-changeover Canadian GAAP –The Corporation used the policy to defer the cost of mineral properties and their related exploration and development expenditures until the properties are placed into production, sold or abandoned. These costs would be amortized over the estimated useful life of the properties following the commencement of production. Cost includes both the cash consideration as well as the fair market value of any securities issued on the acquisition of mineral properties. Properties acquired under option agreements or joint ventures, whereby payments were made at the sole discretion of the Corporation, were recorded in the accounts at such time as the payments are made. The proceeds from property options granted reduced the cost of the related property and any excess over cost is applied to income.

Under IFRS – All direct costs related to the acquisition and exploration of mineral property interests are capitalized into intangible assets on a property by property basis. On the commencement of commercial production, depletion of each mining property will be provided on a unit of production basis using estimated resources as the depletion base.

B) Share-based Payment

Under pre-changeover Canadian GAAP – The fair value of stock-based awards with graded vesting were calculated as one grant and the resulting fair value was recognized on a straight-line basis over the vesting period. Forfeitures of awards were recognized as they occurred.

Under IFRS – The fair value of awards to officers, directors and employees is calculated using an option pricing model such as the Black-Scholes model, whereas the fair value of awards to third party contractors is based upon the value of the service rendered. Each tranche of an award with different vesting dates is considered a separate grant for the calculation of fair value, and the resulting fair value is amortized over the vesting period of each of the respective tranches. Forfeiture estimates are recognized on the grant date and revised for actual experiences in subsequent periods.

C) Flow-through Shares

Under pre-changeover Canadian GAAP –

The resource expenditure deductions for income tax purposes related to exploratory and development activities funded by flow-through shares arrangements are renounced to investors in accordance with tax legislation. The deferred income taxes relating to the temporary difference that arise when the qualifying expenditures are incurred were recorded at the time of filing the renunciation with the tax authorities. The recognition of the deferred income tax liability results in a corresponding reduction to the carrying value of the shares issued.

Under IFRS –

The obligation to renounce tax deductions at the time of issuance of flow-through shares is recorded as a liability in accordance with IAS 37, “Provisions, Contingent Liabilities and Contingent Assets” measured using a residual or a relative fair value method. This obligation is released into the statement of comprehensive loss as a gain as and when the Corporation incurs qualifying expenditures (i.e. fulfilling its obligation to renounce tax attributes).

Duncan Park Holdings Corporation
Notes to the Financial Statements
For the Years Ended November 30, 2012 and 2011

A deferred tax liability is recognized (with the debit to statement of comprehensive loss), in accordance with IAS 12, Income Taxes, in respect of the taxable temporary difference that arises from the difference between the carrying amount of eligible expenditures capitalized as an asset in the statement of financial position and its tax base. A corresponding previously unrecognized deferred tax asset amount is recognized as these assets now meet the criteria for recognition.