

*Duncan Park Holdings Corporation*

Consolidated Financial Statements

For the Periods Ended February 28, 2006 and 2005

# Duncan Park Holdings Corporation

## Consolidated Interim Balance Sheets

As At February 28, 2006 and November 30, 2005

(unaudited)

ASSETS	February 28 2006	November 30 2005
<b>CURRENT</b>		
Cash and cash equivalents	\$234,397	\$103,743
Due from brokers	139,637	100,513
Due from Randsberg International Gold Corp.	86,775	-
Temporary investments		
Randsburg International Gold Corp.	530,997	531,000
Other marketable securities	294,987	343,468
Advance payments on drilling contracts	-	89,265
	1,286,793	1,167,989
<b>INVESTMENT IN MINING PROPERTIES</b>		
Mining claims staked - at nominal value	1	1
Deferred expenditures on leased properties		
Elephant	2,553,405	2,043,638
Rock Creek	355,272	242,181
Santa renia	295,147	182,056
	3,203,825	2,467,876
	\$ 4,490,618	\$ 3,635,865
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued expenses	\$ 478,919	\$ 347,780
Unclaimed dividends	6,957	6,957
	485,876	354,737
<b>MINORITY INTEREST</b>		
50% Of Elephant Joint Venture (Note 3)	1,239,920	1,066,009
<b>TOTAL LIABILITIES</b>	1,725,796	1,420,746
<b>SHAREHOLDER'S EQUITY</b>		
Share capital (Note 5)	4,688,934	4,344,934
Warrants and Options (Note 7)	-	-
Proceeds from exercise of warrants	-	30,000
Contributed surplus	33,972	33,972
	4,722,906	4,408,906
Deficit	(1,958,084)	(2,193,787)
	2,764,822	2,215,119
	\$4,490,618	\$3,635,865

Approved by the board

(signed) Leonard J. Taylor, Director

(signed) Ian McAvity, Director

**Duncan Park Holdings Corporation**  
**Consolidated Interim Statements of Deficit**  
For The Three Month Periods Ended February 28, 2006 and 2005  
(unaudited)

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	2006	2005
DEFICIT - BEGINNING OF PERIOD	\$ (2,193,787)	\$ (1,731,830)
INCOME (LOSS) FOR THE PERIOD	235,703	(85,282)
DEFICIT - END OF PERIOD	\$ (1,958,084)	\$ (1,817,112)

**Duncan Park Holdings Corporation**  
**Consolidated Interim Statements of Operations**  
For The Three Month Periods Ended February 28, 2006 and 2005  
(unaudited)

	<u>2006</u>	<u>2005</u>
<b>INCOME</b>		
Interest and dividends	\$750	\$206
Trading gains (losses)		
Realized	237,053	-
Unrealized	108,568	(11,122)
Foreign exchange gain (loss)	(1,086)	(495)
	<u>345,285</u>	<u>(11,411)</u>
<b>EXPENSES</b>		
Interest and bank charges	2,436	3,922
Investor communications	0	1,492
Management fees	16,900	7,500
Office and general	9,726	13,994
Professional fees		
Legal	59,193	34,454
Audit and accounting	11,775	5,500
Regulatory compliance	8,871	5,296
Travel and meals	681	1,713
	<u>109,582</u>	<u>73,870</u>
<b>INCOME (LOSS) BEFORE INCOME TAXES</b>	<b>235,703</b>	<b>(85,282)</b>
<b>PROVISION FOR INCOME TAXES (NOTE 8)</b>	<b>-</b>	<b>-</b>
<b>NET INCOME (LOSS) FOR THE PERIOD</b>	<b>\$235,703</b>	<b>(\$85,282)</b>
<b>INCOME (LOSS) PER SHARE</b>	<b>\$0.014</b>	<b>(\$0.007)</b>
<b>Weighted Average Number of Shares Outstanding</b>	<b>17,030,191</b>	<b>11,515,727</b>

**Duncan Park Holdings Corporation**  
**Consolidated Statements of Changes in Cash Position**

For The Three Month Periods Ended February 28, 2006 and 2005

(unaudited)

	2006	2005
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES</b>		
<b>OPERATING</b>		
Income (loss) for the period	235,703	(85,282)
Increase in net current liabilities	131,142	111,425
Reduction (increase) in temporary investments	48,481	2,801
Increase in cash in brokerage accounts	(39,124)	-
	376,202	28,944
<b>FINANCING</b>		
Issue of common shares		
On exercise of options	69,000	-
On exercise of warrants	120,000	-
In payment of advance minimum royalties	125,000	-
Issue of promissory notes	-	250,000
Randsburg funding of the Elephant joint venture	173,911	24,500
Less advance to Randsburg re cash call	(86,775)	
	401,136	274,500
<b>INVESTING</b>		
Investment in mining properties	(646,684)	(300,384)
	(646,684)	(300,384)
<b>INCREASE (DECREASE) IN CASH</b>	130,654	3,060
<b>CASH AND EQUIVALENTS</b>		
<b>AT BEGINNING OF PERIOD</b>	103,743	41,150
<b>AT END OF PERIOD</b>	234,397	44,210

# **Duncan Park Holdings Corporation**

## **Notes to Consolidated Financial Statements**

**February 28, 2006**

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### **1. NATURE OF OPERATIONS**

The Company, directly and through a joint venture, is exploring for gold on owned and leased properties in the State of Nevada, USA. It has not yet determined whether the properties contain ore reserves that are economically recoverable.

### **2. SIGNIFICANT ACCOUNTING POLICIES:**

These financial statements are prepared in accordance with Canadian generally accepted accounting principles and include:

a) Consolidation

The investments in the wholly owned subsidiary, Duncan Park Holdings Nevada Ltd., and in the project commonly referred to as the Elephant Joint Venture are consolidated.

b) Temporary Investments

Shares in common stocks, share purchase warrants and commodity contracts are carried at estimated market value.

c) Mining Properties

Investments in mining properties are recorded at cost and are not written down except to the extent that it is determined that their value is less than cost, or the project is abandoned.

### **3. EXPLORATION ACTIVITIES**

In February, 2003 the Company entered into leases on four mineral exploration properties in the Carlin Trend and the Battle Mountain-Eureka Trend in northern Nevada: the Rock Creek-South Silver Cloud Gold-Silver property, the Santa Renia Gold-Silver property, the Woodruff/Tonka Gold-Silver property and the Elephant Gold-Silver property.

The terms of the arms-length leases with Carl A. and Janet L. Pescio (the Pescio leases) called for first-year advance minimum royalty (AMR) payments of US\$20,000 per property and the issue to the Pescios of an aggregate of 297,536 common shares of the Company. In addition, the Company was responsible for an aggregate of US\$132,978 of initial staking costs and holding and filing fees.

In the event the Company were to proceed with exploration on a property after the first year, the terms of the lease called for the following additional AMR payments in respect of each such property: US\$30,000 on the first anniversary, US\$40,000 on the second anniversary, US\$55,000 and 50,000 common shares on the third anniversary, US\$75,000 on the fourth anniversary, US\$100,000 on the fifth anniversary and US\$150,000 on the sixth and subsequent anniversaries. The Company may terminate the lease on a property on 30 days notice, subject to certain conditions.

# **Duncan Park Holdings Corporation**

## **Notes to Consolidated Financial Statements**

**February 28, 2006**

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The AMR payments are to be deducted from a 3% net smelter royalty (NSR) retained by the vendors on each of the properties. The Company may purchase one or more of the percentage points on the NSR up to the time of commencement of production on a property for US\$1,000,000 per percentage point.

The Company paid the additional AMR's on all of the properties on the first anniversary in 2004 and on three of the four on the second anniversaries in 2005 and 2006. The Company decided not to proceed with exploration on the Woodruff/Tonka property in 2005. In knowledge of this decision when the 2004 annual financial statements were issued, the Company wrote off the related costs in the fourth quarter of that year.

The Company has received approval to drill on its Elephant property from the U.S. Bureau of Land Management (BLM) in Battle Mountain, Nevada. The Company has commenced the construction of up to 34 drill sites for up to fifty drill holes.

In addition, the Company entered into a lease agreement with Nevada Land Resources Company, LLC for the lease of 3,591 acres of land adjoining the Pescio Elephant properties. Taken together with the Pescio Elephant properties, these form the Company's Elephant gold and silver mining project.

The Nevada Land arrangement is subject annual rental payments ranging from US\$5.00 per acre in the first year to US\$20.00 per acre in the fifteenth and subsequent years, and to royalty percentage payments of 3.25% on precious metals and 1.0% on base metals.

The Company has an option to purchase this property for cash.

#### **4 JOINT VENTURE**

On February 15, 2005 the Company signed an agreement with Randsburg International Gold Corporation whereby Randsburg could earn up to a 50% interest in the Company's Elephant Gold and Silver project in the Battle Mountain mining district in Nevada. To earn the first 25% Randsburg paid 100,000 shares of its stock and an option to acquire 100,000 shares at a strike price of \$1.85 for two years. It was also required to and did expend US\$200,000 on exploration costs in the first year.

On June 6, 2005 Randsburg indicated its intention to exercise its right to earn an additional 25% interest in the project. To do so it was required to first pay an additional US\$250,000 in stock or cash. It chose to issue 200,000 shares at \$1.48. It was then to spend an additional US\$250,000 on the property to earn the first additional 12 % interest, and a further US\$250,000 on the property for another 13%. By June 30, Randsburg had advanced US\$245,000. On July 7, the Company advanced Cdn\$200,000 to the project on behalf of Randsburg to meet ongoing exploration expenditures. Randsburg was given until September 30, 2005 to meet its commitment without facing the adverse dilution provisions of the agreement. This it has done, and the loan to the Company was repaid.

The Company is the operator of the project.

**Duncan Park Holdings Corporation**  
**Notes to Consolidated Financial Statements**  
February 28, 2006

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**5. SHARE CAPITAL**

The authorized capital is an unlimited number of common shares.

The following share transactions have occurred:

	Shares	\$
Balance November 30, 2002	7,926,835	1,168,700
2003		
Issued with respect to interest on debentures	111,980	47,828
Issued on conversion of debentures	2,375,000	475,000
Issued for cash on exercise of warrants	517,000	155,100
Issued in partial consideration of Nevada leases	<u>297,536</u>	<u>104,138</u>
Balance November 30, 2003	11,228,351	1,950,766
2004		
Issued on conversion of debentures	125,000	25,000
Issues for cash on exercise of warrants	1,983,000	594,900
Issued for cash	<u>1,000,000</u>	<u>700,000</u>
Balance November 30, 2004	14,336,351	3,270,666
2005		
Issued for cash in connection with the Elephant joint venture	200,000	100,000
Issued for cash on exercise of options	446,340	89,268
Issued for cash	<u>1,770,000</u>	<u>885,000</u>
Balance November 30, 2005	16,752,691	4,344,934
2006		
Issued for cash on exercise of options	230,000	69,000
Issued in connection with the Elephant joint venture	125,000	125,000
Issues for cash on exercise of warrants	<u>200,000</u>	<u>150,000</u>
Balance February 28, 2006	<u>17,307,691</u>	<u>4,688,934</u>

**6. STOCK OPTION PLAN**

The Company has in place an incentive Share Option Plan for directors, officers, employees and consultants of the Company to provide a meaningful incentive to persons to join and remain with the Company and to remain committed to its growth. Pursuant to this plan options on up to 1,591,026 shares (approximately 20% of the issued and outstanding common shares at the time the plan was adopted) may be issued. On June 2, 2005 the board of directors of the Company approved certain amendments to the plan increasing the maximum number of common shares which may be issued by 1,240,488 to 3,350,538 which is equal to 20% of the presently issued and outstanding common shares. The amendments to the plan were subject to regulatory and



**Duncan Park Holdings Corporation**  
**Notes to Consolidated Financial Statements**  
**February 28, 2006**

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shareholder approval. Shareholder approval has been obtained; regulatory approval is still pending.

On June 2, 2005 the Board approved the conditional grant of 1,117,174 options at an exercise price of \$0.60, and on September 16, 2005 the conditional grant of 125,000 options at a price of \$0.80, subject to shareholder approval which has since been obtained. However, the options cannot be issued until the amendments to the plan receive regulatory approval.

**7. WARRANTS / OPTIONS OUTSTANDING**

At February 28, 2006 the following warrants / options were outstanding:

Holder	On # Of Shares	Exercise Price	Expiry Date
<b>Warrants</b>			
Top-Gold AG	1,000,000	\$1.25	June 4, 2006
Randsburg	200,000	\$0.75	February 15, 2007
Private placement	1,570,000	\$0.75	April 4, 2006
		\$1.00	April 4, 2007
Brokers	<u>129,000</u>	\$0.65	April 4, 2006
Total	<u>2,899,000</u>		
<b>Options</b>			
Leonard Taylor	270,470	\$0.60	January 9, 2007
	567,174*	\$0.60	June 2, 2010
Eric Salsberg	100,000	\$0.60	January 9, 2007
	100,000*	\$0.60	June 2, 2010
Ronald Arnold	70,000	\$0.60	January 9, 2007
Larry Kornze	30,000	\$0.60	January 9, 2007
Ian McAvity	150,000	\$0.70	July 22, 2007
Michael Opara	150,000*	\$0.60	June 2, 2010
Harold Doran	150,000*	\$0.60	June 2, 2010
Gregory L. Griffin	100,000*	\$0.80	September 16, 2010
Alexander Po	150,000*	\$0.60	June 2, 2010
Sherry Thompson	<u>25,000*</u>	\$0.80	September 16, 2010
	<u>1,862,644</u>		

\* Subject to regulatory approval

- Options on 75,000 shares expired during 2005.

**Duncan Park Holdings Corporation**  
**Notes to Consolidated Financial Statements**  
**February 28, 2006**

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**8. INCOME TAXES**

Income taxes of approximately \$85,000 would normally be exigible on the reported pre tax profit of \$235,703. However, these were eliminated by the application of prior years' losses carried forward.

**9. RELATED PARTY TRANSACTION**

Leonard J. Taylor, president and a director, earned consulting fees during the period of \$15,000.

**10. FINANCIAL INSTRUMENTS**

- i) Foreign-exchange risk management -  
The company's exposure to foreign exchange fluctuations is limited to its U.S. cash, U.S. investments and certain accounts payable. All such assets and liabilities are recorded on the balance sheet at current exchange rates.
- ii) Interest-rate management -  
The company currently has no exposure to interest bearing debt.
- iii) Fair value of financial instruments -  
Financial instruments include cash, investments and in the prior year debentures, all of which are carried at estimated fair market value.

**11. SUBSEQUENT EVENTS**

Subsequent to the period end, the holders of 1,029,000 warrants exercised their options to purchase an equivalent number of shares for cash consideration of approximately \$750,000

**12. CONTINGENT LIABILITY**

The Company withheld US\$285,342 payment on a disputed invoice from a previous drilling contractor which had worked on its Elephant project prior to the formation of the joint venture. The driller has issued a writ for full payment of the amount billed plus contractual interest at 2% per month which has accumulated to approximately US\$100,000 at November 30, 2005. The Company has responded. In January, 2006, depositions of the witnesses for both sides were taken. On April 24, 2006 the matter was aired before a mediator in Nevada. No significant matter was settled. Additional depositions of potential witnesses are being scheduled. The Company will reevaluate its position after they have been heard. The Company has provided in these accounts for the estimated amount of a settlement.

The Company has filed a counterclaim seeking reimbursement for what it contends has been an overpayment for the exploratory drilling services rendered to it by the contractor.