

Suite 406, 372 Bay Street Toronto, ON Canada M5H 2W9  
Phone: (416) 203-0860 Fax: (416) 203-3980



[www.duncanpark.com](http://www.duncanpark.com)

# *Duncan Park Holdings Corporation*

Unaudited Consolidated Interim Financial Statements

As At and For the Three Month Periods Ended

February 28, 2007 and 2006

# TABLE OF CONTENTS

	<u>Page</u>
Consolidated Balance Sheets	1
Consolidated Statements of Deficit	2
Consolidated Statements of Accumulated Comprehensive Income	2
Consolidated Statements of Operations and Comprehensive Income	3
Consolidated Statements of Changes in Cash Position	4
Notes to Consolidated Financial Statements	5-12

**Duncan Park Holdings Corporation**  
**Unaudited Consolidated Balance Sheets**  
As At February 28, 2007 and November 30, 2006

<b>ASSETS</b>	February 28 2007	November 30 2006
<b>CURRENT</b>		
Cash and cash equivalents	\$61,961	\$146,803
Due from brokers	116,685	58,923
Temporary investments		
Randsburg International Gold Corp.	-	-
Other marketable securities	86,122	558,769
	<u>264,768</u>	<u>764,495</u>
<b>INVESTMENT IN MINING PROPERTIES</b>		
Mining claims		
Elephant - at nominal value	1	1
Rock Creek - at staking cost	26,360	26,360
Deferred expenditures on leased properties		
Elephant	3,178,725	3,092,205
Rock Creek	1,426,312	1,217,832
Santa Renia	385,419	298,899
	<u>5,016,817</u>	<u>4,635,297</u>
	<u>\$5,281,585</u>	<u>\$5,399,792</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued expenses	\$424,339	\$542,353
Unclaimed dividends	6,957	6,957
	<u>431,296</u>	<u>549,310</u>
<b>MINORITY INTEREST</b>		
Randsburg interest in Elephant Joint Venture (Note 4)	1,234,915	1,234,915
<b>TOTAL LIABILITIES</b>	<u>1,666,211</u>	<u>1,784,225</u>
<b>SHAREHOLDER'S EQUITY</b>		
Share capital (Note 5)	5,602,554	5,542,554
Contributed surplus	33,972	33,972
	<u>5,636,526</u>	<u>5,576,526</u>
Deficit	(2,021,152)	(1,960,959)
Accumulated comprehensive income	-	-
	<u>3,615,374</u>	<u>3,615,567</u>
	<u>\$5,281,585</u>	<u>\$5,399,792</u>

# Duncan Park Holdings Corporation

## Unaudited Consolidated Interim Statements of Deficit

For the Three Month Periods Ended February 28, 2007 and 2006

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	<u>2007</u>	<u>2006</u>
DEFICIT - BEGINNING OF PERIOD	(\$1,960,959)	(\$2,193,787)
INCOME (LOSS) FOR THE PERIOD	(75,193)	235,703
STOCK-BASED COMPENSATION	15,000	-
	<hr/>	<hr/>
DEFICIT - END OF PERIOD	(\$2,021,152)	(\$1,958,084)

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## Unaudited Consolidated Interim Statements of Accumulated Comprehensive Income

For the Three Month Periods Ended February 28, 2007 and 2006

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	<u>2007</u>	<u>2006</u>
ACCUMULATED COMPREHENSIVE INCOME		
BEGINNING OF PERIOD	-	-
COMPREHENSIVE INCOME FOR THE PERIOD	-	-
	<hr/>	<hr/>
ACCUMULATED COMPREHENSIVE INCOME		
END OF PERIOD	-	-

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**Duncan Park Holdings Corporation**  
**Unaudited Consolidated Interim Statements of Operations**  
**And Comprehensive Income**  
For the Three Month Periods Ended February 28, 2007 and 2006

	2007	2006
<b>INCOME</b>		
Gain (loss) on sale of shares of Randsburg International Gold Corp.	-	-
Interest	\$8,215	\$750
Trading gains (losses)		
Realized	39,083	237,053
Unrealized	12,774	108,568
Foreign exchange gain (loss)	218	(1,086)
	<u>60,290</u>	<u>345,285</u>
<b>EXPENSES</b>		
Executive compensation		
Chief executive officer	17,645	16,900
Chief financial officer	11,946	4,815
Stock-based compensation (Note 6)	15,000	-
Professional fees		
Legal	47,581	59,193
Audit	3,210	6,960
Regulatory compliance	6,151	8,871
Investor communications	212	-
Interest and bank charges	23,519	2,436
Office and general	9,330	9,726
Executive travel	889	681
	<u>135,483</u>	<u>109,582</u>
INCOME (LOSS) BEFORE INCOME TAXES	(75,193)	235,703
PROVISION FOR INCOME TAXES (NOTE 8)	-	-
NET INCOME (LOSS) FOR THE YEAR	(75,193)	235,703
OTHER COMPREHENSIVE INCOME	-	-
NET INCOME AND COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	<u>(\$75,193)</u>	<u>\$235,703</u>
<b>INCOME (LOSS) PER SHARE</b>		
Basic	(\$0.004)	\$0.014
Fully diluted	(\$0.004)	\$0.012
Weighted Average Number of Shares Outstanding	<u>18,517,605</u>	<u>17,030,191</u>

**Duncan Park Holdings Corporation**  
**Unaudited Consolidated Interim Statements of Changes in Cash Position**  
For the Three Month Periods Ended February 28, 2007 and 2006

	2007	2006
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES</b>		
<b>OPERATING</b>		
Income (loss) for the period	(\$75,193)	\$235,703
Stock-based compensation	15,000	-
(Gain) loss on sale of investments	(51,857)	(345,621)
Increase in current liabilities	(118,014)	131,142
Decrease (Increase) in cash in brokerage accounts	(57,762)	(39,124)
	(287,826)	(17,900)
<b>FINANCING</b>		
Issue of common shares		
On exercise of options	60,000	69,000
On exercise of warrants	-	120,000
In payment of advance minimum royalties	-	125,000
	60,000	314,000
<b>INVESTING</b>		
Investment in mining properties	(381,520)	(646,684)
Less: Funded by Randsburg International Gold Corp.	-	173,911
Less: Advance to Randsburg re cash call	-	(86,775)
Treasury management - marketable securities		
Purchases	-	-
Proceeds of sales	524,504	394,102
	142,984	(165,446)
<b>INCREASE IN CASH</b>	(84,842)	130,654
<b>CASH AND EQUIVALENTS</b>		
<b>AT BEGINNING OF PERIOD</b>	146,803	103,743
<b>AT END OF PERIOD</b>	\$61,961	\$234,397

# **Duncan Park Holdings Corporation**

## **Notes to Unaudited Consolidated Interim Financial Statements**

**February 28, 2007**

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

The Corporation, 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) **Financial Instruments**  
The Corporation is reporting its financial position and results of operations in accordance with the recommendations of the CICA Handbook section 3855 "Financial Instruments". No change in accounting policy or the method of applying an accounting policy was required to conform with the requirements as the Corporation had always carried its financial instruments, including shares in common stocks, share purchase warrants and commodity contracts, at estimated market value. There is no other comprehensive income. The only change is that the financial statements now explicitly refer to the zero amounts of other comprehensive income and accumulated comprehensive income.
- 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.
- d) **Stock Based Compensation**  
The Corporation follows the recommendations of the CICA Handbook Section 3870, "*Stock Based Compensation and Other Stock-Based Payments*". The section establishes standards for the recognition, measurement and disclosure of stock-based payments made in exchange for goods and services. The standard requires that all stock-based awards made to employees and non-employees must be measured and recognized using a fair value based method.

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

# **Duncan Park Holdings Corporation**

## **Notes to Unaudited Consolidated Interim Financial Statements**

**February 28, 2007**

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### **3. EXPLORATION LEASES**

In February, 2003 the Corporation 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) call 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 Corporation. In addition, the Corporation was responsible for an aggregate of US\$132,978 of initial staking costs and holding and filing fees.

In the event the Corporation were to proceed with exploration on a property after the first year, the terms of the lease call 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 Corporation may terminate the lease on a property on 30 days notice, subject to certain conditions.

The AMR payments are to be deducted from a 3% net smelter royalty (NSR) retained by the lessors on each of the properties. The Corporation 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 Corporation paid the additional AMR's on all of the properties on the first anniversary in 2004 and on three of the four properties on the second and third and fourth anniversaries in 2005, 2006, and 2007. The Corporation 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 Corporation wrote off the related costs in the fourth quarter of that year.

The Corporation has received approval from the U.S. Bureau of Land Management (BLM) in Battle Mountain, Nevada to drill up to 50 drill holes on 34 drill sites on its Elephant property.

In addition, the Corporation 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 Corporation's Elephant gold and silver mining project.

The Nevada Land arrangement is subject to 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 Corporation also has an option to purchase this property for cash of US\$500 per acre acquired.

The U.S. Bureau of Land Management in Battle Mountain, Nevada has approved a Corporation Letter of Intent to drill up to 50 drill holes on 23 sites on its Rock Creek property.

# **Duncan Park Holdings Corporation**

## **Notes to Unaudited Consolidated Interim Financial Statements**

**February 28, 2007**

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### **4 ELEPHANT PROPERTY**

The Elephant project is located in the heart of the Battle Mountain mining district in Nevada. It abuts Newmont Mining Corporation's Phoenix project upon which Newmont has constructed an open pit mining complex. The Corporation began drilling on the Elephant property in 2004 and spent approximately \$900,000 on exploration. From February, 2005 the Elephant project has been carried on as a joint venture with Randsburg International Gold Corp. (Randsburg). (see "Elephant Joint Venture" below). A further \$1,250,000 was spent in fiscal 2005, and \$1,036,600 in fiscal 2006. Due to the dispute with Randsburg (see Elephant Joint Venture Below) nothing has been spent in fiscal 2007.

There are four main targets in the Elephant project.

1. Porphyry-related gold-copper-silver intrusive-hosted deposits
2. Scarn-related gold-silver-copper deposits similar to Newmont's nearby Fortitude mine
3. Replacement gold-silver (copper) bodies in Paleozoic lime rocks
4. Debris flow alluvial gold deposits

Detailed maps of the exploration project are available on the Corporation's Website at [www.duncanpark.com](http://www.duncanpark.com).

### **ELEPHANT JOINT VENTURE**

On February 15, 2005 the Corporation signed an agreement with Randsburg whereby Randsburg could earn up to a 50% interest in the Corporation'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, 2005, Randsburg had advanced US\$245,000. On July 7 2005, the Corporation 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 was done, and the loan by the Corporation was repaid on September 29, 2005.

On September 7, 2005, the joint venturers announced the encouraging results of the five cored holes drilled to that time. Details of those results can be found in the Corporation's press release of that date, which is available on the Corporation's website at [www.duncanpark.com](http://www.duncanpark.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

# **Duncan Park Holdings Corporation**

## **Notes to Unaudited Consolidated Interim Financial Statements**

**February 28, 2007**

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Based upon the results referred to above, on September 26, 2005 the joint venturers announced phase 3 of the exploration program, a 5,000 ft. drilling program which was intended to increase and verify the strike width of the mineralized zone reported in the September 7, 2005 press release. That program was completed and reported in a press release of May 17, 2006, which is available on the Corporation's website at [www.duncanpark.com](http://www.duncanpark.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

On March 9, 2006 and again on May 10, 2006, the Management Committee of the joint venture approved phase 4 of the exploration program which included up to three holes at a cost of up to US\$300,000. The drill targets were based upon the then recently completed Mise-a-la-Masse and Induced Polarization surveys done by Gradient Geophysics Ltd. The geophysical surveys indicated highly prospective anomalies within probable Paleozoic basement rock. The Paleozoic rock sequence is the known host for the nearby Phoenix Project operated by Newmont Mining Corporation. Additional details can be found in the Corporation's press release of June 14, 2006. The phase 4 drilling further delineated the length and width of the North-South trending horst block of mineralized Paleozoic basement rock. The Corporation issued a press release on these results. Please refer to the Corporation's website at [www.duncanpark.com](http://www.duncanpark.com) to view the details contained in this release.

There is, however, a dispute concerning the extent to which Randsburg must contribute to the costs of that exploration. Randsburg has refused to meet certain cash calls issued by the Corporation in its capacity as operator of the project relating to that phase by denying the validity of the cash calls. Randsburg maintains that, pursuant to the joint venture agreement, it does not have to contribute to any exploration costs before 2008, and that it will not suffer any dilution of its interest in the project for not having done so. The Corporation maintains that Randsburg must contribute its share of the costs either in cash or by way of dilution of its interest pursuant to a formula specified in the agreement. Further, the Corporation has notified Randsburg that it has elected to treat Randsburg's failure to meet the cash calls as a deemed withdrawal from the project pursuant to of the joint venture agreement, in which instance the Randsburg interest in the project automatically terminates and is relinquished to the Corporation. For accounting and financial reporting purposes, the Randsburg interest will continue to be shown separately, until the matter is resolved.

Randsburg has demanded arbitration of the issue (and others – see contingent liabilities below). The Corporation is cooperating in the arbitration process. The arbitration was to have been heard in January, 2007, but has been deferred.

**Duncan Park Holdings Corporation**  
**Notes to Unaudited Consolidated Interim Financial Statements**  
**February 28, 2007**

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**ROCK CREEK PROPERTY**

The Rock Creek project is located in northern Nevada, thirty miles east-northeast of the town of Battle Mountain. The property is located along the Northern Nevada Rift (NNR), a major geologic feature that hosts high-grade, vein gold properties like Midas, Ivanhoe and Silver Cloud. The property has had shallow, intermittent exploration in the past. None of the earlier drilling tested deeper levels for high-grade mineralization associated with boiling zones during vein formation.

Data from a Gradient Array survey, conducted by Practical Geophysics, was recently acquired. Gradient Array is a geophysical technique useful for locating and defining veins associated with the NNR. The data covers much of the Rock Creek project area and is interpreted to show both known and previously unknown veins on the property. A new Gradient Array/self potential survey is being conducted by Practical Geophysics to completely cover the remainder of the Rock Creek project.

In a previous Management Discussion and Analysis, the Corporation reported that it had had preliminary discussions with a major mining Corporation concerning the possibility of a joint venture for the exploration of the Rock Creek property. The Corporation received the outline of a proposal, responded in very general terms, and met with representatives of that Corporation. To date, no suitable arrangements have been attained. Accordingly, the Corporation elected to commence its own exploration of the property.

The Corporation has received approval from the U.S. Bureau of Land Management in Battle Mountain, Nevada to drill up to 50 drill holes on 23 sites on its Rock Creek property. On August 10, 2006, the Corporation announced the commencement of a four diamond bit core drill hole program in the initial phase of drilling, totaling a minimum of 8,000 feet of coring. The results of this program were reported in press releases on November 9, 2006, and April 2, 2007.

The Corporation also staked an additional 270 claims for greater than an additional seven square miles of exploration properties along the North-Northwest trending Rock Creek – South Silver Cloud claims group. The addition of these claims solidifies the Corporation's land position between the Rock Creek exploration project on the southern end and the South Silver Cloud property at the northern end.

**SANTA RENIA PROPERTY**

Santa Renia is located in the North Carlin Trend area of Northern Nevada. The Corporation has acquired 27 unpatented lode mining claims totaling 487 acres. Previous geologic mapping and exploration geophysical surveys on and near the Santa Renia property show that it lies directly on the main Carlin Trend. No exploration holes have ever been drilled on the Santa Renia property, making it one of the only untested properties directly on the Carlin Trend.

The Corporation has not yet developed formal plans for the exploration of the Santa Renia property, but intends to initiate activities to begin this process.

**Duncan Park Holdings Corporation**  
**Notes to Unaudited Consolidated Interim Financial Statements**  
February 28, 2007

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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, 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		
First quarter		
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>
Second quarter		
Issued for cash on exercise of warrants	<u>1,074,200</u>	<u>793,620</u>
Balance May 31, 2006	18,381,891	5,482,554
Third quarter		
Issued for cash on exercise of options	<u>100,000</u>	<u>60,000</u>
Balance August 31, and November 30, 2006	<u>18,481,891</u>	<u>5,542,554</u>
2007		
First quarter		
Issued for cash on exercise of options	<u>100,000</u>	<u>60,000</u>
Balance February 28, 2007	<u>18,581,891</u>	<u>5,602,554</u>

**6. STOCK OPTION PLAN**

The Corporation has in place an incentive Share Option Plan for directors, officers, employees and consultants of the Corporation to provide a meaningful incentive to persons to join and remain with the Corporation and to remain committed to its growth. Pursuant to this plan options on up to 3,350,538 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 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 regulatory and shareholder approval which has since been obtained.

**Duncan Park Holdings Corporation**  
**Notes to Unaudited Consolidated Interim Financial Statements**  
**February 28, 2007**

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The Corporation has determined that the fair value of the options issued pursuant to the plan is \$60,000. The value was determined using the Black Scholes option pricing model, assuming a risk free interest rate of 2.5% and a stock volatility averaged between 25% and 50%. The arithmetic result was discounted to one-third thereof to allow for the relative illiquidity of the Corporation's shares. This discounted value of \$60,000 is being charged to expense in equal amounts over the final two quarters of fiscal 2006 and the first two quarters of fiscal 2007.

**7. WARRANTS / OPTIONS OUTSTANDING**

At February 28, 2007, the following warrants / options were outstanding:

<b>Holder</b>	<b>On # Of Shares</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
<b>Warrants</b>			
Nil			
<b>Options</b>			
Leonard Taylor	567,174	\$0.60	June 2, 2010
Eric Salsberg	100,000	\$0.60	June 2, 2010
Ian McAvity	150,000	\$0.70	July 22, 2009
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	25,000	\$0.80	September 16, 2010
	<u>1,392,174</u>		

**8. INCOME TAXES**

For income tax purposes the Corporation is reporting a loss of approximately \$64,000. The main reason for the difference between that and the reported pre tax profit is that only one half of the capital gains is subject to tax. As of November 30, 2006 the Corporation had cumulative losses for income tax purposes of \$1,240,617, expiring at various times up to 2016, which it has no current prospect of utilizing.

**9. RELATED PARTY TRANSACTION**

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

**Duncan Park Holdings Corporation**  
**Notes to Unaudited Consolidated Interim Financial Statements**  
**February 28, 2007**

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**10. FINANCIAL INSTRUMENTS**

- i) Foreign-exchange risk management -  
The Corporation'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 Corporation 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.

**12. CONTINGENT LIABILITIES**

1. The Corporation 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\$370,000 at February 28, 2007. The Corporation 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. The plaintiff then filed a Motion for Summary Judgment claiming that it had appropriately applied the Duncan Park payments to the oldest invoices and that as a consequence, the shortfall being pursued is for services at the end of the job for which Duncan Park had little or no objection. The Corporation opposed this indicating that the payments were made on account, and the plaintiff's motion has been denied. The case will be set for trial likely in the fall of 2007. The Corporation has provided in these accounts for the estimated amount of a settlement.

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

2. Randsburg expanded the arbitration referred to in Note 4 Elephant project above to include a claim for damages, plus punitive damages, as a result of Duncan Park maintaining that Randsburg had withdrawn from the joint venture, specifically including damages flowing from the publication of a press release to that effect released by Duncan Park on July 7, 2006. Further, Randsburg claims damages, or in the alternative, rescission of the joint venture agreement for misrepresentation in relation to adverse claims to a portion of the joint venture property. The Corporation maintains that the Randsburg allegations are totally without merit, and will vigorously defend against Randsburg's allegations.