

*Duncan Park Holdings Corporation*

Consolidated Interim Financial Statements  
Unaudited

As At and For the Three and Six Month Periods

Ended May 31, 2006 and 2005

# Duncan Park Holdings Corporation

## Consolidated Interim Balance Sheets

As At May 31, 2006 and November 30, 2005

(unaudited)

ASSETS	May 31 2006	November 30 2005
<b>CURRENT</b>		
Cash and cash equivalents	\$768,464	\$103,743
Due from brokers	683,112	100,513
Temporary investments		
Randsburg International Gold Corp.	42,200	531,000
Other marketable securities	263,841	343,468
Advance payments on drilling contracts	-	89,265
	1,757,617	1,167,989
<b>INVESTMENT IN MINING PROPERTIES</b>		
Mining claims staked - at nominal value	1	1
Deferred expenditures on leased properties		
Elephant	2,816,111	2,043,638
Rock Creek	355,272	242,181
Santa Renia	295,147	182,056
	3,466,531	2,467,876
	\$ 5,224,148	\$ 3,635,865
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued expenses	\$ 323,564	\$ 347,780
Unclaimed dividends	6,957	6,957
	330,521	354,737
<b>MINORITY INTEREST</b>		
Randsburg interest in Elephant Joint Venture (Note 4)	1,234,915	1,066,009
<b>TOTAL LIABILITIES</b>	1,565,436	1,420,746
<b>SHAREHOLDER'S EQUITY</b>		
Share capital (Note 5)	5,482,554	4,344,934
Warrants and Options (Note 7)	-	-
Proceeds from exercise of warrants	-	30,000
Contributed surplus	33,972	33,972
	5,516,526	4,408,906
Deficit	(1,857,814)	(2,193,787)
	3,658,712	2,215,119
	\$5,224,148	\$3,635,865

**Duncan Park Holdings Corporation**  
**Consolidated Interim Statements of Deficit**  
For the Three and Six Month Periods Ended May 31, 2006 and 2005  
(unaudited)

	Three Months		Six Months	
	2006	2005	2006	2005
DEFICIT - BEGINNING OF PERIOD	(1,958,084)	(1,817,112)	(2,193,787)	(1,731,830)
INCOME (LOSS) FOR THE PERIOD	100,270	(112,266)	335,973	(197,548)
DEFICIT - END OF PERIOD	(1,857,814)	(1,929,378)	(1,857,814)	(1,929,378)

**Duncan Park Holdings Corporation**  
**Consolidated Interim Statements of Operations**  
For the Three and Six Month Periods Ended May 31, 2006 and 2005  
(unaudited)

	Three Months		Six Months	
	2006	2005	2006	2005
<b>INCOME</b>				
Interest	\$5,303	\$228	6,053	434
Trading gains (losses)				
Realized	167,356	-	434,582	-
Unrealized	47,211	18,308	128,975	7,186
Foreign exchange gain (loss)	18,493	(5,850)	13,243	(6,345)
	<u>238,363</u>	<u>12,686</u>	<u>582,853</u>	<u>1,275</u>
<b>EXPENSES</b>				
Executive compensation	29,047	14,000	54,513	24,750
Professional fees				
Legal	63,203	17,118	122,396	51,571
Audit	3,210	3,000	6,420	5,250
Regulatory compliance	4,902	15,833	13,773	21,129
Investor communications	18,115	80	18,115	1,572
Interest and bank charges	7,893	3,304	10,328	7,225
Office and general	11,723	9,817	21,335	25,526
Share issue expense	-	61,800	-	61,800
	<u>138,093</u>	<u>124,952</u>	<u>246,880</u>	<u>198,823</u>
<b>INCOME (LOSS) BEFORE INCOME TAXES</b>	<b>100,270</b>	<b>(112,266)</b>	<b>335,973</b>	<b>(197,548)</b>
<b>PROVISION FOR INCOME TAXES (NOTE 8)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCOME (LOSS) FOR THE PERIOD</b>	<b>\$100,270</b>	<b>(\$112,266)</b>	<b>\$335,973</b>	<b>(\$197,548)</b>
<b>INCOME (LOSS) PER SHARE</b>				
Basic	\$0.014	(\$0.010)	\$0.020	(\$0.013)
Fully diluted	\$0.012	(\$0.010)	\$0.017	(\$0.013)
<b>Weighted Average Number of Shares Outstanding</b>	<b>17,030,191</b>	<b>11,515,727</b>	<b>17,547,942</b>	<b>17,086,093</b>

**Duncan Park Holdings Corporation**  
**Consolidated Interim Statements of Changes in Cash Position**  
For the Three and Six Month Periods Ended May 31, 2006 and 2005  
(unaudited)

	Three Months		Six Months	
	2006	2005	2006	2005
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES</b>				
<b>OPERATING</b>				
Income (loss) for the period	\$100,270	(\$112,266)	\$335,973	(\$197,548)
Increase (decrease) in net current liabilities	(155,355)	106,601	65,049	217,526
Reduction (increase) in temporary investments	519,943	(486,700)	568,427	(483,899)
(Increase) decrease in cash in brokerage accounts	(543,475)	18,254	(582,599)	18,254
	(78,617)	(474,111)	386,850	(445,667)
<b>FINANCING</b>				
Issue of common shares				
On private placement of units	-	885,000	-	885,000
On exercise of options	-	89,268	69,000	89,268
On exercise of warrants	793,620	-	913,620	-
In connection with Elephant joint venture	-	100,000	-	100,000
In payment of advance minimum royalties	-	-	125,000	-
Promissory notes				
Issue	-	-	-	250,000
Redemption	-	(250,000)	-	(250,000)
Randsburg funding of the Elephant joint venture	(5,005)	334,750	168,906	379,750
Repayment by Randsburg of advance re cash call	86,775	-	-	-
	875,390	1,159,018	1,276,526 #	1,454,018
<b>INVESTING</b>				
Investment in mining properties	(262,706)	(335,239)	(998,655)	(655,623)
	(262,706)	(335,239)	(998,655)	(655,623)
<b>INCREASE (DECREASE) IN CASH</b>	534,067	349,668	664,721	352,728
<b>CASH AND EQUIVALENTS</b>				
<b>AT BEGINNING OF PERIOD</b>	234,397	44,210	103,743	41,150
<b>AT END OF PERIOD</b>	\$768,464	\$393,878	\$768,464	\$393,878

# **Duncan Park Holdings Corporation**

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

May 31, 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 LEASES**

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) 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 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 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 Company may terminate the lease on a property on 30 days notice, subject to certain conditions.

# **Duncan Park Holdings Corporation**

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

**May 31, 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 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. To date, 16 holes have been drilled.

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 also has an option to purchase this property for cash.

The Company has also 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.

#### **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 is constructing an open pit mining complex. The Company began drilling on the Elephant property in 2004 and spent approximately \$900,000 on exploration. The Elephant project is now carried on as a joint venture with Randsburg. (see "Randsburg Joint Venture" below). A further \$1,250,000 was spent in fiscal 2005, and \$772,473 in this first six months of fiscal 2006.

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 limericks
4. Debris flow alluvial gold deposits

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

# **Duncan Park Holdings Corporation**

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

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### **ELEPHANT 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, 2005, Randsburg had advanced US\$245,000. On July 7 2005, 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 was done, and the loan by the Company 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 Company's press release of that date, which is available on the Company's website at [www.duncanpark.com](http://www.duncanpark.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

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.

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 includes up to three holes at a cost of up to US\$300,000. The drill targets are based upon the recently completed Mise-a-la-Masse and Induced Polarization surveys done by Gradient. 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 work is still in progress.

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 Company in its capacity as operator of the project relating to its fourth phase by denying the validity of the cash calls. The program and budget for this phase was presented to and approved by the Management Committee of the joint venture, on which Randsburg has two representatives, on two occasions. Randsburg, however, 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 Company



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maintains that Randsburg must contribute its share of the costs pursuant to a formula specified in the agreement. Further, subsequent to the period end, the Company 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 section 6.5 of the joint venture agreement, in which instance the Randsburg interest in the project automatically terminates and is relinquished to the Company. 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 Company is cooperating in the arbitration process. It is expected that the matter will be heard in late September, 2006.

**ROCK CREEK PROPERTY**

The Rock Creek gold-silver property is a Midas-type exploration target located northwest of the mining town of Battle Mountain. The northern extension of Rock Creek is called the South Silver Cloud target area. Rock Creek shows surface exposures of moderate to high-grade gold mineralization, along north-trending vein structures of the Northern Nevada Rift.

Management intends to focus its next activities on its Rock Creek property. Surface work and geological interpretation thereof has been done. A tentative work program is being established. The Company 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.

**SANTA RENIA PROPERTY**

Santa Renia is located in North Carlin Trend area of Northern Nevada. The Company 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 Company has not yet developed formal plans for the exploration of the Santa Renia property, but intends to initiate activities to begin this process.

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**Notes to Interim Consolidated Financial Statements**  
**May 31, 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, 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>1,429,200</u>	<u>796,320</u>
Balance May 31, 2006	<u>18,381,891</u>	<u>5,482,554</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 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 Interim Consolidated Financial Statements**  
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**7. WARRANTS / OPTIONS OUTSTANDING**

At May 31, 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	610,000	\$1.00	April 4, 2007
Total	<u>1,810,000</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
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>1,762,644</u>		

\* Expired subsequent to period end

**8. INCOME TAXES**

Income taxes of approximately \$120,000 exigible on the reported pre tax profit of \$335,973 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 \$30,000.

**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.

**Duncan Park Holdings Corporation**  
**Notes to Interim Consolidated Financial Statements**  
**May 31, 2006**

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- 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.

**12. CONTINGENT LIABILITIES**

1. 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\$145,000 at May 31, 2006. 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.

2. Randsburg has informed the Company that it wants to expand the arbitration to include a claim for significant damages, plus punitive damages, allegedly caused by the Company. Randsburg has not identified how it has been harmed or what Company activity allegedly caused the harm. The Company maintains that the Randsburg allegations are totally without merit, and will vigorously defend against Randsburg's allegations.