



DUNCAN PARK
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Duncan Park Holdings Corporation

Financial Statements

As At and For the Years Ended

November 30, 2018 and 2017

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, 2018 and November 30, 2017, and the statements of operations and comprehensive loss, statements of changes in shareholders' equity (deficiency) and statements of cash flows for the years then ended, 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, 2018 and November 30, 2017 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 in the financial statements which indicates that the Company has no commercial operations, no revenue and has \$853,469 (2017 - \$605,080) in working capital deficiency which is not sufficient for ongoing administration costs and to remedy the term loan default. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

April 1, 2019
Toronto, Ontario

Duncan Park Holdings Corporation
Statements of Financial Position
Expressed in Canadian Dollars
As at November 30, 2018 and 2017

	November 30 2018	November 30 2017
ASSETS		
CURRENT ASSETS		
Cash (Note 6)	\$55,757	\$3,641
Federal sales tax recoverable	6,398	4,387
	62,155	8,028
NON-CURRENT ASSETS		
Exploration and evaluation assets		
Dome project (Note 7)	25,000	25,000
McManus project (Note 7)	25,000	25,000
	50,000	50,000
LAND (Note 8)	25,000	25,000
TOTAL ASSETS	\$ 137,155	\$ 83,028
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$261,594	\$165,104
Convertible debentures (Note 9)	220,994	-
Term loans (Note 10)	433,036	448,004
TOTAL LIABILITIES	915,624	613,108
SHAREHOLDERS' EQUITY		
Share capital (Note 11)	11,332,138	11,332,138
Contributed surplus (Note 12)	400,293	400,293
Accumulated deficit	(12,510,900)	(12,262,511)
TOTAL SHAREHOLDERS' EQUITY	(778,469)	(530,080)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 137,155	\$ 83,028

Commitments Note 19

SIGNED ON BEHALF OF THE BOARD

"Signed" Eric Salsberg

"Signed" David Shaddrick

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 years ended November 30, 2018 and 2017

	2018	2017
EXPENSES		
Compensation (Note 15)	\$58,434	\$52,355
Professional fees		
Legal	81,949	32,706
Audit	18,275	14,714
Regulatory compliance	27,669	14,062
Investor communications	5,260	3,076
Bank charges	1,368	1,172
Interest on convertible debentures	3,904	-
Interest on term loans	19,601	22,806
Office and general	7,357	11,652
Property taxes	6,975	4,000
Amortization of financing costs	6,090	-
Annual minimum royalty	10,000	-
TOTAL EXPENSES	246,882	156,543
OTHER (INCOME) AND EXPENSE		
Interest and foreign exchange	1,507	(1,365)
Write-down of exploration and evaluation assets (Note 7)	-	2,174,971
Write-down of land (Note 8)	-	150,000
	1,507	2,323,606
TOTAL LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	\$248,389	\$2,480,149
LOSS PER SHARE (Note 17)		
Basic	\$0.002	\$0.020
Diluted	\$0.002	\$0.020
Weighted Average Number of Shares Outstanding	126,076,108	126,076,108

The accompanying notes are an integral part of these financial statements

Duncan Park Holdings Corporation
Statements of Changes in Shareholders' Equity (Deficiency)
Expressed in Canadian Dollars
For the years ended November 30, 2018 and 2017

	Share Capital	Contributed Surplus	Deficit	Total
Balance November 30, 2016	\$11,332,138	\$400,293	(\$9,782,362)	\$1,950,069
Loss for the year	-	-	(2,480,149)	(2,480,149)
Balance November 30, 2017	11,332,138	400,293	(12,262,511)	(530,080)
Loss for the year	-	-	(248,389)	(248,389)
Balance November 30, 2018	\$ 11,332,138	\$ 400,293	\$ (12,510,900)	\$ (778,469)

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 years ended November 30, 2018 and 2017

	2018	2017
NET OUTFLOW OF CASH RELATED TO THE FOLLOWING ACTIVITIES		
OPERATING ACTIVITIES		
Net loss for the year	(\$248,389)	(\$2,480,149)
Write-down of exploration and evaluation assets	-	2,174,971
Write-down of land	-	150,000
Unrealized foreign exchange gain	-	(425)
Amortization of financing costs	6,090	-
Interest on convertible debentures	3,904	-
Interest on term loans	19,601	22,806
(Increase) decrease in federal sales tax recoverable	(2,011)	400
(Increase) decrease in prepaid expenses	-	2,744
Increase in accounts payable and accrued expenses	96,490	129,653
	(124,315)	-
FINANCING ACTIVITIES		
Issue of convertible debentures	250,000	-
Financing costs	(39,000)	-
Repayment of term loans	(34,569)	11,500
	176,431	11,500
INVESTING ACTIVITIES		
Investment in exploration and evaluation assets	-	(10,000)
INCREASE IN CASH	52,116	1,500
CASH		
AT BEGINNING OF YEAR	3,641	2,141
AT END OF YEAR	\$55,757	\$3,641

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, 2018 and 2017

1. NATURE OF BUSINESS AND GOING CONCERN

Nature of Business

Duncan Park Holdings Corporation (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. It has been exploring properties in Ontario’s prolific Red Lake mining district. Typically, it raises money for exploration by way of private placements. More recently all money raised has been for administrative expenses by way of issuance of convertible debentures. It is a reporting issuer which trades in Canada on the TSX Venture exchange under the symbol DPH-V. The Corporation’s registered address is 77 King Street West, Suite 3000, Toronto, ON, M5K 1G8.

Going Concern

These financial statements have been prepared using International Financial Reporting Standards applicable to a going concern, which contemplates the realization of assets and the settlement of liabilities in the normal course of business for the foreseeable future as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period.

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 exploration and evaluation assets 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. At November 30, 2018, the Corporation had a working capital deficiency, excluding unamortized financing costs, of \$886,379 (2017 - \$605,080), and an overall capital deficiency of \$778,469 (2017 - \$530,080). These deficiencies include \$433,036 of term loans which are currently in default. The primary reason for the increase in the working capital deficiency is the annual administrative expenses. The primary reason for the overall capital deficiency is the write-down taken on the exploration and evaluation assets during the year-ended November 30, 2017. Further, the Corporation must raise approximately \$14,000 per month needed for normal ongoing administrative expenses. The Corporation has embarked on a program to resolve the overall negative situation, but there is no way of knowing whether it will be successful. These material uncertainties cast significant doubt regarding the Corporation’s ability to continue as a going concern.

The \$433,036 of term loans including accrued interest (Note 8) became due in December 2017 and were not paid on time or subsequently. Accordingly, they are now in default. To date, none of the debtholders have demanded payment. Management has negotiated with the debtholders, subject to shareholder approval, which has been received, and regulatory approval, which is pending, to convert \$433,036 of the term loans into shares of the Corporation (see Note 2 - Proposed Restructuring). During the year, \$34,211 of the proceeds of the convertible debenture issue was used to repay a portion of the term loans (see Notes 2 and 10). If the Corporation is not successful in completing the transaction, these unsecured debtholders, in conjunction with the other unsecured debtors, could sue the Corporation for the debt, and, upon securing judgment, could lay claim to all of the Corporation’s assets, including the Red Lake exploration and evaluation assets.

Duncan Park Holdings Corporation

Notes to the Financial Statements

For the Years Ended November 30, 2018 and 2017

These financial statements do not reflect adjustments to the carrying amounts of assets and liabilities, the reported revenues and expenses and the statements of financial position classifications used that would be necessary if the going concern assumptions were not appropriate.

2. PROPOSED RESTRUCTURING

On August 23, 2018, the Corporation announced its intention to undertake a series of transactions and other corporate measures in an effort to rationalize its capital and debt structure in an attempt to better position the Corporation for future opportunities.

Private Placement

The private placement was completed on October 9, 2018. See note 9, for details.

Debt Settlement

The Corporation has entered into Debt Settlement Agreements dated August 22, 2018 with its two largest creditors: the Estate of Ian McAvity (the "Estate") and Eric P. Salsberg, the Chairman and a director of the Corporation, which, subject to requisite approvals, would settle \$250,000 and \$116,000 of outstanding principal amount loan debt (plus accrued interest), respectively, through the issuance of Common Shares (the "Debt Settlement Shares"). The unsecured loans, which bore interest at a rate of 5% per annum, had been made to the Corporation by Mr. Salsberg and the late Ian McAvity, the former President and a director of the Corporation, in tranches over time to help fund the Corporation's ongoing working capital requirements.

After completion of the Consolidation, the Debt Settlement Shares would be issued at a price based on a deemed pre-Consolidation Share price of \$0.0075 per share (or such greater price per share as the TSXV may require) multiplied by the 40:1 Consolidation ratio. Assuming a Consolidation ratio of one (1) Post-Consolidation Share for every forty (40) Pre-Consolidation Shares, the Debt Settlement Shares would be issued at a price of \$0.30 per share. For purposes of calculating interest, accrued interest would be calculated as of no later than the fifth (5th) business day prior to the issuance of the Debt Settlement Shares (the "Interest Cut-Off Date"). For illustrative purposes, the Corporation would issue to (i) the Estate the equivalent of approximately 39,537,600 Pre-Consolidation Shares in settlement of approximately 296,532 of debt, as of November 30, 2018, including accrued interest of approximately \$46,532, as of that date; and (ii) Mr. Salsberg the equivalent of approximately 17,884,933 Pre-Consolidation Shares in settlement of approximately \$134,137 of debt, as of August 31, 2018, including accrued interest of approximately \$18,137, as of that date. In total, the Corporation would issue the aggregate of the equivalent of approximately 57,422,533 Pre-Consolidation Shares in settlement, as of November 30, 2018, adjusted to account for interest that accrues from November 30, 2018 to the Interest Cut-Off Date (and subject to adjustment to account for the Consolidation ratio adopted).

A condition of closing of the Private Placement is that the Estate and Mr. Salsberg sell the Debt Settlement Shares (once issued) to the investors participating in the Private Placement plus one other investor at a price equal to 20% of the principal amount of the debt and accrued interest.

The debt settlement transaction is pending regulatory approval.

Duncan Park Holdings Corporation

Notes to the Financial Statements

For the Years Ended November 30, 2018 and 2017

Consolidation

Subsequent to the year-end and subject to TSXV approval, the Corporation asked shareholders to provide the board of directors of the Corporation with the discretion to consolidate the Common Shares using a Consolidation ratio of one (1) Post-Consolidated Share for no more than forty (40) Pre-Consolidation Shares. The directors had the discretion to consolidate the Common Shares on the basis of one (1) Post-Consolidation Share for a number that is less than forty (40) Pre-Consolidation Shares. Shareholder and regulatory approvals were received subsequent to year end (see Note 20).

As of the date hereof, the Corporation has 126,076,108 Common Shares outstanding. Assuming completion of the Debt Settlement Transactions (at a deemed Pre-Consolidation Share issuance price of \$0.0075 per share), the Corporation would have approximately 182,890,241 Pre-Consolidation Shares issued and outstanding (subject to adjustment to account for interest that accrues from November 30, 2018 to the Interest Cut-Off Date). Assuming a consolidation ratio of 40:1, the Corporation would have approximately 4,572,256 Post-Consolidation Shares outstanding upon completion of the Consolidation (subject to adjustment to account for interest that accrues from November 30, 2018 to the Interest Cut-Off Date).

In addition, assuming full conversion of the Debentures based on a deemed Pre-Consolidation conversion price of \$0.01 per share and the full exercise of the Warrants comprising part of the Units based on a deemed pre-Consolidation exercise price of \$0.015 per Warrant Share, the Corporation would have approximately 220,390,241 Pre-Consolidation Shares issued and outstanding on a fully-diluted basis (subject to adjustment to account for interest that accrues from November 30, 2018 to the Interest Cut-Off Date). Assuming a consolidation ratio of 40:1, the Corporation would have approximately 5,509,756 Post-Consolidation Shares outstanding upon completion of the Consolidation (subject to adjustment to account for interest that accrues from November 30, 2018 to the Interest Cut-Off Date).

The Board of Directors of the Corporation believes the Consolidation is in the best interest of the Corporation and is seeking its approval to provide the Corporation with greater flexibility to arrange future growth opportunities and financings. There can be no assurance that any future opportunities will be identified or financings undertaken or completed. The Corporation conducted a shareholders' meeting on December 18, 2018 to consider the Consolidation and De-Listing (and any other matters requiring shareholders' approval). All proposals were approved by the shareholders.

De-Listing

Subsequent to the year-end, the Corporation asked shareholders to provide the board of directors with the discretion to apply to de-list the Corporation from the TSXV. While the board has made no determination to de-list the Corporation, the board believes that having such flexibility may enable it to pursue certain opportunities within and/or outside the resource sector. The board has made no determination as to any future opportunities that it may pursue and there can be no assurance that any future opportunities will be identified or completed.

Other

As Mr. Salsberg is the Chairman and a director of the Corporation, the Private Placement and Debt Settlement Transactions were approved by the independent members of the board of directors of the Corporation.

Duncan Park Holdings Corporation

Notes to the Financial Statements

For the Years Ended November 30, 2018 and 2017

The Debentures and the Debt Settlement Shares and any securities issuable in connection with the due conversion or exercise thereof, as applicable, will be subject to a four month hold period.

3. BASIS OF PREPARATION

Statement of compliance

The audited financial statements of the Corporation for the year ended November 30, 2018 and the comparative figures for the year ended November 30, 2017 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of the financial statements.

These financial statements were authorized for issue by the Board of Directors on April 1, 2019.

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 judgment 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 the International Financial Reporting Interpretations Committee (“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 (“IFRS 9”) was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity’s own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39.

IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The adoption of IFRS 9 is not expected to have a material impact on the Corporation’s financial statements.

IFRS 16 – Leases supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions

Duncan Park Holdings Corporation

Notes to the Financial Statements

For the Years Ended November 30, 2018 and 2017

Involving the Legal Form of a Lease. It eliminates the distinction between operating and finance leases from the perspective of the lessee. All contracts that meet the definition of a lease will be recorded in the statement of financial position with a “right of use” asset and a corresponding liability. The asset is subsequently accounted for as property, plant and equipment or investment property and the liability is unwound using the interest rate inherent in the lease. The accounting requirements from the perspective of the lessor remain largely in line with previous IAS 17 requirements. The effective date for IFRS 16 is January 1, 2019. The Corporation is in the process of evaluating the impact of the new standard on the financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies set out below have been adopted for the year ended November 30, 2018 and have been applied consistently to all periods presented in these financial statements.

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.

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.

Duncan Park Holdings Corporation

Notes to the Financial Statements

For the Years Ended November 30, 2018 and 2017

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.

Due to the fact that impairment was identified and the value of the exploration properties was written down to estimated realizable value in fiscal 2017, the normal application of the Corporation’s accounting principles requires that all further costs be expensed in the statement of operations and comprehensive loss.

Land

Land is carried at cost, subject to estimates for impairment.

Financial Instruments

In reporting its financial position and results of operations in accordance with IFRS, the Corporation classifies its cash and federal sales tax recoverable as loans and receivables which are measured at amortized cost. Accounts payable and accrued expenses and term loans are classified as other financial liabilities which are measured at amortized cost and its convertible debentures as financial liabilities at fair value through profit and loss.

Fair Value Measurement

The accounting guidance for fair value measurements prioritizes the inputs used in measuring fair value into the following hierarchy:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices included within Level 1 that are directly or indirectly observable;

Level 3 – Unobservable inputs in which little or no market activity exists, therefore requiring an entity to develop its own assumptions about the assumptions that market participants would use in pricing.

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.

Duncan Park Holdings Corporation

Notes to the Financial Statements

For the Years Ended November 30, 2018 and 2017

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 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 is 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.

Duncan Park Holdings Corporation

Notes to the Financial Statements

For the Years Ended November 30, 2018 and 2017

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.

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 behavioral considerations.

Segments

The Corporation operates in one operating segment only.

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

Duncan Park Holdings Corporation

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For the Years Ended November 30, 2018 and 2017

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 in the statement of comprehensive loss in the period the new information becomes available.

ii) Title to Exploration and Evaluation Assets

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

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.

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.

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iv) Impairment of Exploration and Evaluation Assets and Land

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 exploration and evaluation assets and land 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 Corporation'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.

ii) Fair Value Disclosures

The Corporation uses estimates based on similar properties in the determination of the fair values of land as disclosed in Note 8.

6. CASH

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

7. EXPLORATION AND EVALUATION ASSETS

The Corporation acquired a 100% interest in two properties in the Red Lake mining district of north-western Ontario, Canada, commonly referred to as the "Dome Property", with respect to 17 unpatented mining claims covering 40 mining units and approximately 504 hectares in the Dome, Byshe and Heyson

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Townships, and the “McManus Claims” with respect to 17 patented mining claims and 11 licenses of occupation covering approximately 324 hectares, which abut the Dome property. The Dome property interests are subject to 2% Net Smelter Royalty obligations (“NSR”) to the previous property owners, ½ of which may be purchased for \$1,750,000, and the McManus property interests are subject to 3% NSR to Camp McMan Red Lake Gold Mines Ltd., 1½% of which may be purchased for \$500,000 per ½% interest. Minimum annual advance royalty payments of \$10,000 per annum commenced in December 2014.

	Dome	McManus	Total
Balance, November 30, 2015	1,515,135	1,176,366	2,691,501
Exploration costs	5,388	18,082	23,470
Write-down	(250,000)	(250,000)	(500,000)
Balance November 30, 2016	1,270,523	944,448	2,214,971
Exploration costs		10,000	10,000
Write-down	(1,245,523)	(929,448)	(2,174,971)
Balance November 30, 2017 and 2018	25,000	25,000	50,000

In 2017, the Corporation recorded a write-down on its E&E properties of \$2,174,971 (2016 - \$500,000). From a geological perspective the exploration project seems to be as strong as it was previously. However, unlike 2016 when the Corporation was actively pursuing current funding for exploration, this is no longer the case. Accordingly, in accordance with its accounting principles as set out in Note 4, it must reduce the carrying value to the estimated net realizable value. The net recoverable amount was determined to be approximately \$50,000. As at November 30, 2018, the Corporation determined that the uncertainty over the exploration and evaluation assets and the lack of planned or budgeted substantive expenditures were indicators of impairment and, accordingly, tested for impairment as at November 30, 2018. The Corporation used a fair value less cost to sell model and concluded there was no impairment as at November 30, 2018. If management plans to either sell or continue to explore the properties are not successful, this could result in additional impairment of the exploration and evaluation assets.

8. LAND

Land includes six vacant lots subject to a registered plan of subdivision in the Town of Red Lake and a 94 acre block of undeveloped land south of the subdivision. The residual surface rights of the vacant lots were acquired as a part of the earn-in agreement pursuant to which the Corporation acquired the McManus Patents. In 2017, the Corporation recorded a write-down on its land of \$150,000 as the Corporation is no longer actively pursuing exploration as noted in Note 7. The net recoverable amount was determined to be approximately \$25,000.

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9. CONVERTIBLE DEBENTURES

	2018	2017
Debentures	250,000	-
Interest payable	3,904	-
Total convertible debentures payable	253,904	-
Unamortized financing costs (net of \$6,090 (2017 – nil) amortization)	(32,910)	-
Balance November 30, 2018 and 2017	220,994	-

On October 9, 2018 the Corporation completed a private placement of \$250,000 of convertible debentures which have a term of one (1) year and accrue interest at a rate of 10% per annum.

Pursuant to the private placement ("Private Placement"), the Debentures are convertible into units of the Corporation ("Units"), at the election of the holder. Any principal amount of Debentures converted prior to completion of the Consolidation as described in Note 2, would have been convertible at a price of \$0.05 per Unit. Alternatively, any principal amount of Debentures converted following completion of the Consolidation, would be convertible based on a deemed pre-Consolidation price of \$0.01 per Pre-Consolidation Share (the actual number of Post-Consolidation Shares to be issued to be adjusted to account for the consolidation ratio adopted.) Prior to the completion of the Consolidation, each Unit would be comprised of one (1) Pre-Consolidation Share (a "Debenture Share") and one-half (1/2) of one (1) Pre-Consolidation Share purchase warrant (a "Warrant"), subject to adjustment following completion of the Consolidation. Each whole Warrant would be exercisable for a period of twelve (12) months for the equivalent of one (1) pre-Consolidation Share (a "Warrant Share") at an exercise price (i) of \$0.075 per Warrant Share prior to completion of the Consolidation or (ii) subsequent to the completion of the Consolidation, based on a deemed pre-Consolidation exercise price of \$0.015 per Warrant Share, adjusted to account for the Consolidation ratio. Assuming the Consolidation is completed at a ratio of one (1) Post-Consolidation Share for every forty (40) Pre-Consolidation Shares, the Warrants would be exercisable at an Exercise Price of \$0.60 for every one (1) Post-Consolidation Share.

In the event that the Common Shares are not listed on the TSXV, the Debentures will be convertible into one (1) Debenture Share (and no Warrants) at a price of \$0.0075 per share (on a pre-Consolidation basis), subject to adjustment in order to account for the Consolidation (and Consolidation ratio adopted).

In connection with the closing of the Private Placement, the lead investor in the Private Placement had the right to appoint one additional director to the board of directors of the Corporation for the period ending with the completion of the next shareholders meeting of the Corporation.

The proceeds of the Private Placement were used to pay a substantial portion of accrued ordinary course administrative liabilities (including to certain officers and directors of the Corporation), to repay a portion of term loans incurred to pay ordinary course administrative liabilities (including to an officer and director of the Corporation), to pay expenses to be incurred in holding the requisite annual and special shareholders' meeting and for general corporate purposes.

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Subsequent to year end, the 40 to 1 Consolidation received shareholder and regulatory approval and was effective February 1, 2019 (see Note 20).

10. TERM LOANS

Since 2014, the Corporation entered into a series of unsecured term loan agreements aggregating \$116,000 and \$250,000 with Mr. Eric Salsberg the Chairman of the Board and Mr. Ian McAavity the former President and Chief Executive Officer respectively. The loans bear interest at the rate of 5% per annum calculated annually, and were due and payable on December 15, 2017.

On August 16, 2016, the Corporation entered into a similar unsecured US\$15,000 term loan with a shareholder. The loan bears interest at the rate of 5% per annum calculated annually, and was due and payable on or before December 15, 2017.

Proceeds of the loans were used for working capital purposes.

On January 3, 2017, the Corporation entered into two similar unsecured \$5,000 and \$6,500 term loans with two shareholders. The loans bear interest at the rate of 5% per annum calculated annually, and were due and payable on or before December 15, 2017.

Proceeds of the loans were used primarily to pay the \$10,000 advance minimum royalty on the McManus patented claims and for working capital purposes.

Included in the balance on the statements of financial position is accrued interest at November 30, 2018 of \$67,036 (November 30, 2017 – \$51,183).

On December 15, 2017, all term loans became due, but were not paid on time or subsequently. Accordingly, they are now in default. To date, none of the debtholders have demanded payment. Management is in negotiation with third parties to try to resolve the Corporation's overall financial difficulties which would include repayment or settlement of this debt, but there is no guarantee that they will be successful. If they are not successful, these unsecured debtholders, in conjunction with the other unsecured debtors, could sue the Corporation for the debt, and, upon securing judgment, could lay claim to all of the Corporation's assets, including the Red Lake exploration property.

During the year, \$34,211 of the proceeds from the convertible debentures were used to repay principle and interest on a portion of the term loans. The remaining balance of \$433,036 will be subject to the Debt Settlement described in Note 2 of the financial statements.

11. SHARE CAPITAL

The authorized capital is an unlimited number of common shares.

There have been no share issuances in the current or prior fiscal year including to date. Thus, 126,076,108 shares are issued and outstanding.

12. CONTRIBUTED SURPLUS

Contributed surplus represents the value attributable to stock options granted but not exercised.

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13. 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 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.

14. 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, 2013, and 2015, the Corporation renounced a further \$466,550, \$25,000 and \$55,000 respectively. 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. The carrying value of these capitalized exploration expenditures have also been written down in fiscal 2017 by \$2,174,971 (2016 - \$500,000). Therefore, based upon a substantially enacted corporation income tax rate of 26.5%, an asset of \$219,532 (2016 - \$356,836 liability) has been reflected in these accounts.

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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:

	2018	2017
Reported loss before income taxes	\$(248,389)	\$(2,480,149)
Combined statutory income tax rate	26.50%	26.50%
Expected income tax recovery at current rate	(65,823)	(657,239)
Non-deductible expenses	-	794
Expiry of losses	-	10,417
Unrecognized deferred tax assets	65,823	646,028
Deferred tax	\$ -	\$ -

Deferred Tax Balances

The balance in the statement of financial position is comprised of:

	2018	2017
Losses carried forward	\$748,553	\$659,293
Share issue costs	291	582
Financing costs	1,291	
Capital losses	720,732	720,732
Exploration and evaluation assets	219,532	219,532
Land	39,750	39,750
	1,730,149	1,639,889
Deferred tax assets not recognized	(1,730,149)	(1,639,889)
Balance in statement of financial position	\$ -	\$ -

The Corporation has non-capital losses of approximately \$2,824,800 (2017 - \$2,834,000) expiring as shown in the following table.

Loss	Expiring	Loss	Expiring	Loss	Expiring
39,310	2027	330,670	2032	160,160	2037
397,080	2028	265,417	2033	210,414	2038
188,981	2029	230,364	2034	244,616	2039
125,437	2030	171,849	2035		
282,441	2031	177,989	2036		

In addition, it has a capital loss of \$5,439,490 (no change from prior year) 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 taxable profit will allow the deferred tax assets to be recovered.

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15. RELATED PARTY TRANSACTIONS

The only related party transactions are with corporate executives.

Executive Compensation

	2018	2017
Cash Based		
Executives	\$58,434	\$52,355
Stock Based		
Executives	-	-
Non-executive directors	-	-
Other contractors	-	-
Total stock based	-	-
Total compensation	\$58,434	\$52,355

Included in accounts payable and accrued liabilities is \$97,196 (2017 - \$70,860) and \$111,056 (2017 - \$63,056) of amounts owing to corporate executives and the Chairman of the Board respectively.

Term Loans - See Note 10.

16. FINANCIAL INSTRUMENTS

The Corporation's financial instruments include cash, miscellaneous receivables and deposits and 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 and term loans are classified as other financial liabilities and are measured at amortized cost. Convertible debentures are classified as fair value through profit or loss.

17. 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 period.

	2018	2017
Net loss	248,389	2,480,149
Weighted number of shares	126,076,108	126,076,108
Loss per share	\$0.002	\$0.020

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18. FINANCIAL RISK

The Corporation's financial instruments consist primarily of cash, federal sales tax recoverable, accounts payable and accrued liabilities and term 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.

i) Foreign-exchange risk

As November 30, 2018, the Corporation's exposure to foreign exchange fluctuations is limited to its US\$ denominated accounts payable and accrued expenses and term loans of US\$78,036 (2017 – US\$48,879) and US\$Nil (2017 – US\$15,000) respectively.

ii) Interest-rate risk

The Corporation currently has no fixed-term cash or cash equivalent assets. At November 30, 2018 the interest-bearing debt, including accrued interest, amounted to \$433,036 (2017 – \$448,004).

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. The Corporation has undertaken a number of proposed restructuring transactions and other corporate measures in an effort to rationalize its capital and debt structure in an attempt to better position the Corporation for future opportunities and meets its obligations as they become due.

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 August 31, 2018, the balance in these accounts was:

	2018	2017
Share capital	11,332,138	11,332,138
Contributed surplus	400,293	400,923
Accumulated deficit	(12,510,900)	(12,262,511)

Capital expenditures for exploration are carefully planned and monitored.

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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.

19. COMMITMENTS

The Corporation is committed to make an Advance Minimum Royalty payment in the amount of \$10,000 to Camp McMan Red Lake Gold Mines Inc. on December 15 of each year.

In prior years the Corporation has issued flow-through shares and in accordance therewith it 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. All exploration expenditure obligations have been met.

20. SUBSEQUENT EVENTS

Subsequent to year end, the Corporation made the \$10,000 annual minimum royalty payment (Note 19).

Subsequent to year end, for working capital purposes, the Corporation issued an additional promissory note of \$30,000 to an arms length party which is due on demand and bearing interest at 10% per annum.

Share Consolidation

In addition, subsequent to the year-end, at the annual general meeting of shareholders, the shareholders approved a resolution empowering the directors to effect a share consolidation of up to 1 post consolidation share for every 40 pre-consolidation shares. Also, at a subsequent Board meeting, the directors approved a motion to consolidate the Corporation's shares at a 40:1 ratio. Regulatory approval for the share consolidation was received on January 29, 2019 effective February 1, 2019.