



**DUNCAN PARK**

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## **Duncan Park Holdings Corporation**

### **Management's Discussion and Analysis**

**For the three months ended February 29, 2020**

*Dated April 27, 2020*

*(Expressed in Canadian Dollars)*

# **Duncan Park Holdings Corporation**

## **Management's Discussion and Analysis**

For the three months ended February 29, 2020

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### **Introduction**

The following is the Management's Discussion and Analysis ("MD&A") of the results of operations and financial condition of Duncan Park Holdings Corporation ("Duncan Park" or "the Company") as at and for the period ended February 29, 2020. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This MD&A should be read in conjunction with the Company's unaudited condensed interim financial statements and related notes for the three months ended February 29, 2020, as well as the audited financial statements and related notes for the year ended November 30, 2019. The Company's unaudited condensed interim financial statements for the three months ended February 29, 2020 and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). In the opinion of management, all adjustments considered necessary for a fair presentation have been included. All figures are in Canadian dollars ("\$" or "CAD") unless stated otherwise.

This MD&A also covers the subsequent period up to April 27, 2020.

### **Outlook and Strategy**

Duncan Park traditionally sought and continues to seek to enhance shareholder value through exploration for gold and other precious metals in Canada and the United States, two of the most politically stable regions of the world. However, given the depressed state of the market for early stage exploration, management has been considering other options which might provide shareholders with increased value sooner than may be possible through the continued exploration for gold. The Company is currently looking for new business opportunities in other sectors.

### **Recent Developments**

#### *Financing*

Due to the state of the financial markets and the mining industry in general, the Company has had difficulty raising funds for exploration in the past three years, other than for a private placement of \$250,000 of convertible debentures (the "Debentures") raised in October 2018. The Company had previously relied on loans from directors and shareholders to pay its administrative expenses for the past few years.

Subsequent to period-end, the Company closed a non-brokered private placement (the "Offering") through the issuance of 33,500,000 common shares at a price of \$0.02 per common share, for gross proceeds of \$670,000. The Company also settled an aggregate amount of \$141,002 of indebtedness owed to certain arm's length and non-arm's length creditors through the issuance of 7,050,090 common shares of the Company at a price of \$0.02 per common share.

The proceeds of the Offering will be used to develop the Company's business and for general working capital purposes.

#### *Corporate restructuring*

During the year ended November 30, 2019, the Company undertook a series of corporate measures to address its capital and debt structure in order to better position the Company for future opportunities.

#### Debt conversion

On October 9, 2018, the Company completed a private placement of \$250,000 of Debentures which have a term of one year and accrued interest at a rate of 10% per annum. On October 9, 2019, 917,800 shares of the Company were issued as a result of the conversion of the Debentures.

#### Debt settlement

The Company previously 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 ("E. Salsberg"), the Chairman of Audit Committee and a director of the Company, which on May 14, 2019, settled \$301,989 and \$136,664 of outstanding principal amount of term loans (plus accrued interest), respectively, through the full issuance of 1,462,178 common shares of the Company

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("the Debt Settlement Shares"). The unsecured loans, which bore interest at a rate of 5% per annum, were made to the Company by the late Ian McAvity, the former President and a director of the Company, and E. Salsberg, in tranches over time to help fund the Company's ongoing working capital requirements.

The Debt Settlement Shares were issued at a price based on a deemed pre-consolidation Share price of \$0.0075 per share multiplied by the consolidation ratio. Adjusted for consolidation, the Debt Settlement Shares were issued at a price of \$0.30 per share on May 14, 2019.

### *Change of officers and directors*

On January 27, 2020, Keith Li was appointed as the new Chief Financial Officer ("CFO") of the Company, replacing Hasan Zaidi.

On March 5, 2020, Christopher Hazelton was appointed as a director of the Company, following the resignation of David Shaddrick as a director.

### **Red Lake Property**

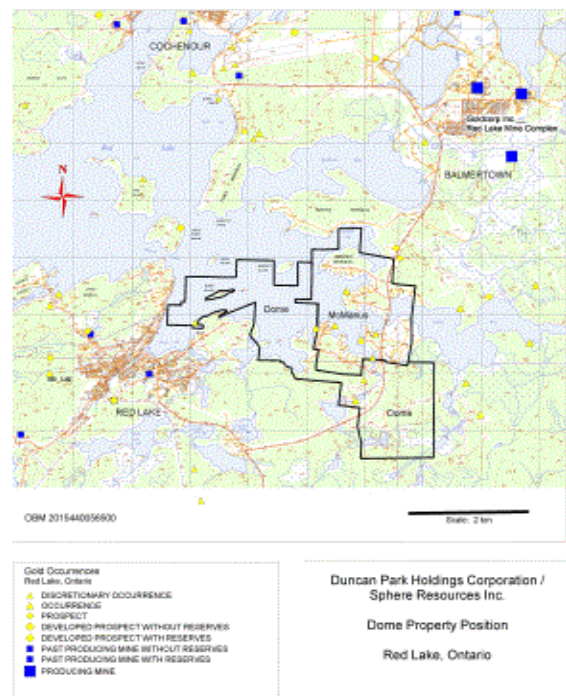
The Company had previously acquired a 100% interest in two separate but abutting properties in the Red Lake mining district of northwestern Ontario, Canada, commonly referred to as the "Dome" Property and the "McManus" Claims. The map below shows the location of the claims in relation to the municipality of Red Lake and the surrounding projects including known gold "showings", and current and past producing mines.

The Duncan Park Dome/McManus project covers a large land holding in the heart of one of the world's most productive gold districts. The land holding consists of 17 unpatented mining claims (504 hectares, subject to an underlying 2% NSR royalty), and 17 patented mining claims and 11 licenses of occupation (cumulatively 324 hectares, subject to a 3% underlying NSR royalty), for a total of 828 hectares.

The Red Lake Camp, as evidenced by widespread ore deposits and prospects, is host to a huge, district scale mineral system stretching at least from the Sherritt International deposit in the southwest to the Rubicon F2 Zone in the northeast and including the large Goldcorp mines a short distance from Duncan Park's property. Given the proper structural setting, any place within this zone is highly prospective for the occurrence of high-grade gold deposits.

### **Local Geology**

The oldest assemblage of rocks in the Red Lake area is the Balmer assemblage (2860-2840 Ma), which is generally comprised of primarily massive tholeiitic basalts with minor felsic volcanoclastic rocks and metasedimentary rocks (Stott and Corfu, 1991). This assemblage is unconformably overlain by the younger Confederation assemblage (2742-2732 Ma), which generally is comprised of intermediate pyroclastics with minor rhyolitic flows and tuffs built on a sequence of mafic to intermediate pillowed flows (Stott and Corfu, 1991). Outcrop exposure becomes diminished eastward as the blanket of glacial overburden increases and topography flattens; best exposures are found on lakeshores and riverbanks.



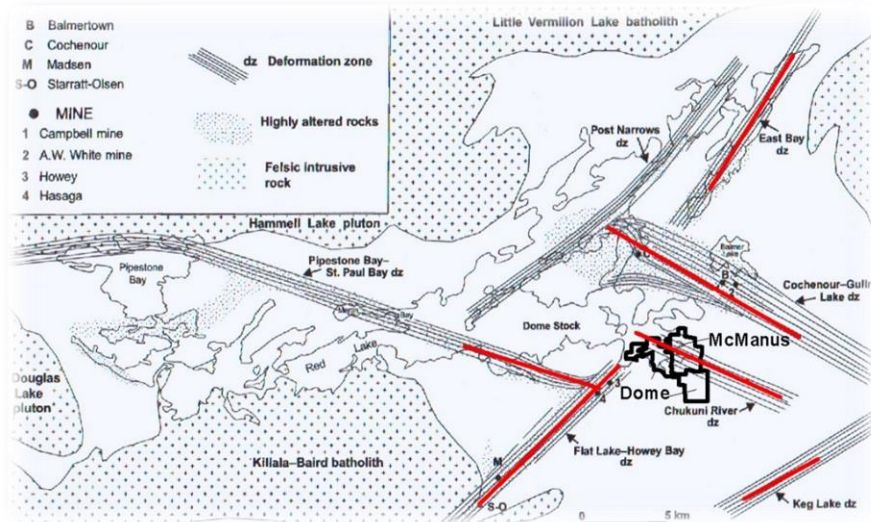
Although contiguous, the Dome Property is divided between a northwestern, predominantly water-based block of claims, and a southeastern, predominantly land based block of claims. The McManus property fills in and squares up the block to the north of the south-eastern and east of the north-western Dome claims.

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The map below shows that the northwestern block of the Dome claims is at a projected intersection of the Flat Lake – Howey Bay deformation zone (now known as the Madsen Trend) and the Chukuni River deformation zone, and that both zones contain a fault, and that the McManus patents lie along the Chukuni River deformation zone.

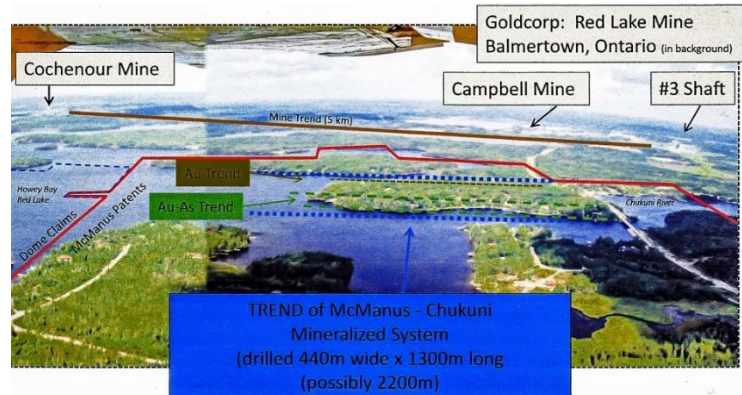


Source: Geological Survey of Canada – Current Research 2000 C-18

### Exploration Program

The Dome/McManus project is an early stage project with significant geological, geophysical and geochemical work completed as well as 21 diamond drill holes totaling 7,016 meters drilled over two years of field work at a cost of \$2.7 million.

The Company determined that it was best to explore the property initially using shallow and intermediate depth Induced Polarization (“IP”) geophysical surveys, followed by diamond drilling of selected targets identified.



The first geophysical study was done on the southeastern, land-based claims of the Dome Property, the only accessible property at the time, in the summer of 2010. After the addition of the adjacent McManus patents later in 2010, a comprehensive geophysical study of the combined properties was performed in the winter of 2011. These resulted in the identification of a number of promising targets.

In the summer/autumn of 2011, the Company conducted a diamond drilling program on the land-based claims of the combined properties which produced encouraging results, particularly on the McManus patents. These were followed up in 2012 by a winter drilling program on the lake-based claims which focused first on the Dome Property at the projected intersection of two (2) deformation zones, and then on an area of interest on the McManus patents. The results are even more encouraging.

On January 28, 2015, a five-man crew from Abitibi Geophysics Inc. (“Abitibi”) of Val-d’Or, Quebec commenced a fourteen-line geophysical exploration of the western, lake-based claims of the Dome Property using that company’s latest version of its IPower 3D technology. The field work was completed in early February 2015. The report by Abitibi

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indicated that the more modern technology clarified an anomaly adjacent to a previous drill hole and identified a new one south-west of it.

The most important result to date is the identification, pictured above, of a northwesterly trending structural zone with abundant sulfides and anomalous geochemistry. This zone is interpreted to be part of the Chukuni Deformation Zone as defined by the OGS/CGS and is sub-parallel to the Goldcorp mine trend. Thus far, the new zone has been traced across the surface exposure of the Duncan Park McManus Peninsula patented claims and it appears to extend under Duncan Park's Red Lake unpatented claims.

Eight diamond drill holes drilled by Duncan Park have demonstrated the occurrence of anomalous geochemistry indicating that the zone continues at depth. Gold, both visible and up to 23.5 g/t in analyses, has been identified in quartz veins on the property.

The Company believes that it has discovered a previously unidentified mineralized zone running parallel to the main trend defined by three historic Goldcorp mines, and approximately four kilometers south of it.

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. 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 payment of \$10,000 per annum commenced in December 2014. In 2019, no annual royalty payment has been made, pending management's assessment on the Company's strategy.

### Overall Performance

#### *Selected annual information*

The Company's selected financial information for the three most recently completed financial years ended November 30 are summarized as follows:

|                               | November 30,<br>2019 | November 30,<br>2018 | November 30,<br>2017 |
|-------------------------------|----------------------|----------------------|----------------------|
|                               | \$                   | \$                   | \$                   |
| Operating expenses            | (275,119)            | (246,882)            | (156,543)            |
| Other expenses                | (75,000)             | (1,507)              | (2,323,606)          |
| Net loss                      | (350,119)            | (248,389)            | (2,480,149)          |
| Loss per share <sup>(1)</sup> | (0.086)              | (0.079)              | (0.787)              |
| Total assets                  | 4,779                | 137,155              | 83,028               |
| Total liabilities             | 419,374              | 915,624              | 613,108              |
| Shareholders' deficiency      | (414,595)            | (778,469)            | (530,080)            |

#### *Quarterly results*

The following table presents selected financial data of Duncan Park for its most recent eight quarters:

| Period  | Net loss (\$) | Loss per share (\$) <sup>(1)</sup> |
|---------|---------------|------------------------------------|
| Q1 2020 | 16,262        | 0.003                              |
| Q4 2019 | 94,396        | 0.011                              |
| Q3 2019 | 34,902        | 0.008                              |
| Q2 2019 | 121,898       | 0.036                              |
| Q1 2019 | 98,923        | 0.031                              |
| Q4 2018 | 74,050        | 0.024                              |
| Q3 2018 | 45,290        | 0.014                              |
| Q2 2018 | 81,984        | 0.026                              |

<sup>(1)</sup> The loss per share calculation was adjusted for 1:40 share consolidation effective February 1, 2019

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#### *Financial activities and results*

The following summary compares the expenses incurred for the three months ended February 29, 2020 and February 28, 2019:

|                                    | Three months<br>ended February<br>29, 2020 | Three months<br>ended February<br>28, 2019 |
|------------------------------------|--------------------------------------------|--------------------------------------------|
|                                    | \$                                         | \$                                         |
| <b>Expenses</b>                    |                                            |                                            |
| Compensation                       | -                                          | 13,733                                     |
| Professional fees                  |                                            |                                            |
| Consulting                         | 700                                        | -                                          |
| Legal                              | 108                                        | 35,175                                     |
| Audit and accounting               | 9,500                                      | 4,500                                      |
| Regulatory compliance              | 205                                        | 9,798                                      |
| Investor communications            | 2,500                                      | 981                                        |
| Bank charges                       | 104                                        | 460                                        |
| Interest on convertible debentures | -                                          | 6,164                                      |
| Interest on promissory notes       | 659                                        | 4,512                                      |
| Office and general                 | 1,520                                      | 1,155                                      |
| Property taxes                     | 139                                        | 2,829                                      |
| Amortization of financing costs    | -                                          | 9,616                                      |
| Annual minimum royalty             | -                                          | 10,000                                     |
| <b>Total Expenses</b>              | <b>15,435</b>                              | <b>98,923</b>                              |

The overall decrease in expenses for the three months ended February 29, 2020, versus the comparative period, is primarily attributed to a decrease in compensation expense, and a much lower amount of professional fees, regulatory compliance fees. As the Debentures were converted into common shares toward the end of fiscal 2019, interest and amortization of financing costs related to the Debentures were no longer recorded. Due to the current economic status of the Company, there were no revenues to report.

In terms of significant expenses for the period, total audit and accounting for the three months ended February 29, 2020 accounted for \$9,500, as compared to \$4,500 in the comparative period. The increase is primarily due to fees for CFO and accounting services and accruals for audit fees.

#### **Related Party Transactions**

##### *Key management personnel compensation*

Key management includes the Company's directors and officers with authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly.

On April 2, 2019, the Company and Branson Corporate Services Ltd. ("Branson") entered into a management services agreement, providing for CFO services to the Company, as well as other accounting and administrative services, which are included in professional fees. During the three months ended February 29, 2020, the Company was charged \$4,500 (2019 – \$nil) for services provided by Branson. As at February 29, 2020, an amount of \$25,829 (November 30, 2019 – \$19,755) owing to Branson was included in accounts payable and accrued liabilities. The amount outstanding is unsecured, non-interest bearing and due on demand.

During the three months ended February 28, 2019, the Company was charged USD \$7,500 (approximately \$9,976) by David Shaddrick, former President and CEO of the Company, for consulting and accounting services provided to the Company. As at February 29, 2020, an amount of USD \$90,000 (approximately \$120,402) (November 30, 2019 – USD \$90,000 (approximately \$119,601)) owing to the former President and CEO was included in accounts payable and accrued liabilities.

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Also included in accounts payable and accrued liabilities are amounts owing to E. Salsberg, a director of the Company. As at February 29, 2020, an amount of \$111,186 (November 30, 2019 – \$111,158) was owed to E. Salsberg, for support of funding ongoing administrative expenses.

### **Working Capital**

Currently, the level of operations is principally a function of availability of capital resources. The primary source of funding has been through the completion of private placement financings.

As at February 29, 2020, the Company had total assets of \$11,294, total liabilities of \$442,151 and total shareholders' deficiency of \$430,857. This compares to total assets of \$4,779, total liabilities of \$419,374 and total shareholders' deficiency of \$414,595 as at November 30, 2019. The increase in total liabilities is primarily attributed to the proceeds that the Company received in relation to subscription of funds of the non-brokered private placement financing which closed subsequent to period-end.

As at February 29, 2020, the Company had a working capital deficiency of \$430,857 (November 30, 2019 – working capital deficiency of \$414,595).

Going forward, the Company will continue to rely on equity or debt financings for its working capital requirements. There is no guarantee that the Company will be able to successfully complete such financings, as market conditions may dictate availability and interest.

### **Off Balance Sheet Arrangements**

The Company does not employ any such arrangements

### **Subsequent Events**

#### *Financing and debt settlement*

On April 23, 2020, the Company closed the non-brokered Offering through the issuance of 33,500,000 common shares at a price of \$0.02 per common share, for gross proceeds of \$670,000. The Company also settled an aggregate amount of \$141,002 of indebtedness owed to certain arm's length and non-arm's length creditors through the issuance of 7,050,090 common shares of the Company at a price of \$0.02 per common share.

The proceeds of the Offering will be used to develop the Company's business and for general working capital purposes.

#### *COVID-19*

On January 30, 2020, the World Health Organization declared the coronavirus outbreak ("COVID-19") a "Public Health Emergency of International Concern" and on March 11, 2020, declared COVID-19 a pandemic. In the first quarter of 2020 through the date of this report, the local and global markets experienced significant losses by the worldwide spread of COVID-19, which may affect the Company's ability to raise funds and move forward with any proposed business transactions.

As of the date of these financial statements, the extent to which the COVID-19 pandemic impacts the Company's financial results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the COVID-19 pandemic and actions taken to contain it or its impact, among others.

### **Outstanding Share Data**

As at February 29, 2020, there are 5,531,881 shares issued and outstanding of the Company.

As at the date of this MD&A, there are 46,081,971 shares issued and outstanding of the Company.



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#### Capital Management

The Company'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 the Company currently has no commercial operations, this necessitates repetitive approaches to the financial markets and other sources to raise capital in various forms. Due to the Company's current financial circumstances, there can be no assurance that efforts to raise capital will be successful.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company's capital management objectives, policies and processes have remained unchanged during the three months ended February 29, 2020 and the year ended November 30, 2019.

The Company is not subject to any externally imposed capital requirements.

#### Risk Management

The Company's financial instruments consist primarily of cash, accounts payable and accrued expenses and promissory notes payable. The Company 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 reporting periods.

##### *Liquidity risk*

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at February 29, 2020, the Company had a cash balance of \$8,046 (November 30, 2019 – \$1,471) to settle current liabilities of \$442,151 (November 30, 2019 – \$419,374).

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet its liabilities as they come due. The Company has undertaken several proposed restructuring initiatives and other corporate measures to rationalize its capital and debt structure to better position the Company for future opportunities and meet its obligations as they come due. Until these initiatives and efforts are finalized, there is no assurance that one or any of these initiatives will be successful.

##### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The majority of the Company's debts have fixed interest rates. As at February 29, 2020, the Company had no hedging agreements in place with respect to floating interest rates.

##### *Foreign exchange risk*

The Company's exposure to fluctuations in foreign exchange is related to amounts of United States dollars denominated accounts payable as follows:

|                                 | February 29, 2020 | November 30, 2019 |
|---------------------------------|-------------------|-------------------|
|                                 | \$                | \$                |
| Accounts payable and term loans | 92,000            | 92,000            |

#### Significant Accounting Judgments and Estimates

The preparation of the Company's unaudited condensed interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenue and expenses. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it



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believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. These estimates are reviewed periodically, and adjustments are made as appropriate in the period they become known. Items for which actual results may differ materially from these estimates are described as follows:

#### *Going concern*

At each reporting period, management exercises judgment in assessing the Company's ability to continue as a going concern by reviewing the Company's performance, resources and future obligations.

#### *Fair value of financial assets and financial liabilities*

Fair value of financial assets and financial liabilities on the statements of financial position that cannot be derived from active markets, are determined using a variety of techniques including the use of valuation models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. The judgments include, but are not limited to, consideration of model inputs such as volatility, estimated life and discount rates.

#### *Income taxes*

Income taxes and tax exposures recognized in the financial statements reflect management's best estimate of the outcome based on facts known at the reporting date. When the Company anticipates a future income tax payment based on its estimates, it recognizes a liability. The difference between the expected amount and the final tax outcome has an impact on current and deferred taxes when the Company becomes aware of this difference.

In addition, when the Company incurs losses that cannot be associated with current or past profits, it assesses the probability of taxable profits being available in the future based on its budgeted forecasts. These forecasts are adjusted to take account of certain non-taxable income and expenses and specific rules on the use of unused credits and tax losses. When the forecasts indicate the sufficient future taxable income will be available to deduct the temporary differences, a deferred tax asset is recognized for all deductible temporary differences.

### **Summary of Significant Accounting Policies**

The accounting policies applied by the Company in these unaudited condensed interim financial statements are the same as those noted in the Company's audited financial statements for the year ended November 30, 2019, unless otherwise noted below.

#### *Adoption of New Accounting Policies*

The Company adopted the following standard, effective December 1, 2019. The changes were made in accordance with the applicable transitional provisions:

#### *IFRS 16 – Leases ("IFRS 16")*

IFRS 16 was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognizes a right-of-use ("ROU") asset and a lease liability. The ROU asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the ROU asset at cost less accumulated amortization and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease.

The Company has reviewed its leasing arrangements outstanding as at December 1, 2019, in respect of the new lease standard, and had assessed that there was no material impact upon adoption of this new standard on the Company's unaudited condensed interim financial statements.

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### IFRIC 23 – Uncertainty Over Income Tax Treatments (“IFRIC 23”)

IFRIC 23 clarifies the accounting for uncertainties in income taxes. The interpretation committee concluded that an entity shall consider whether it is probable that a taxation authority will accept an uncertain tax treatment. If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, then the entity shall determine taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates. The Company had assessed that there was no material impact upon adoption of this new standard on its unaudited condensed interim financial statements.

### *Recent Accounting Pronouncements*

At the date of authorization of these unaudited condensed interim financial statements, the IASB and the IFRIC have issued the following new and revised Standards and Interpretations which are effective for annual periods beginning on or after December 1, 2020:

### IAS 1 – Presentation of Financial Statements (“IAS 1”) and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (“IAS 8”)

IAS 1 and IAS 8 were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after December 1, 2020.

## **Risk Factors**

There are numerous and varied risks, known and unknown, that may prevent the Company from achieving its goals. If any of these risks occur, the Company's business, financial condition or results of operation may be adversely affected. In such case, the trading price of the Company's common shares could decline, and investors could lose all or part of their investment. The following is a summary of risks that could be applicable to the business of the Company:

### *Exploration, development and operating risks*

Mining operations generally involve a high degree of risk. The Company's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of gold, precious metals and other minerals, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimize risk will be taken, milling operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas which may result in environmental pollution and consequent liability.

The exploration for and development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of a mineral-bearing structure may result in substantial rewards, few properties which are explored are ultimately developed into producing mines.

Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration or development programs planned by the Company will result in a profitable commercial mining operation. Whether a gold or other mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as quantity and quality of mineralization and proximity to infrastructure; mineral prices which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

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There is no certainty that the expenditures made by the Company towards the search and evaluation of gold or other minerals will result in discoveries of commercial quantities of gold or other minerals.

#### *Additional financing*

The Company believes that its raised capital is sufficient to meet its presently anticipated working capital and capital expenditure requirements for the near future. This belief is based on its operating plan which, in turn, is based on assumptions, which may prove to be incorrect. In addition, the Company may need to raise significant additional funds sooner to support its growth, respond to competitive pressures, acquire or invest in complementary or competitive businesses or technologies, or take advantage of unanticipated opportunities. If its financial resources are insufficient, it will require additional financing to meet its plans for expansion. The Company cannot be sure that this additional financing, if needed, will be available on acceptable terms or at all.

Furthermore, any debt financing, if available, may involve restrictive covenants, which may limit its operating flexibility with respect to business matters. If additional funds are raised through the issuance of equity securities, the percentage ownership of existing shareholders will be reduced, such shareholders may experience additional dilution in net book value, and such equity securities may have rights, preferences or privileges senior to those of its existing shareholders. If adequate funds are not available on acceptable terms or at all, the Company may be unable to develop or enhance its services and products, take advantage of future opportunities, repay debt obligations as they become due, or respond to competitive pressures, any of which could have a material adverse effect on its business, prospects, financial condition, and results of operations.

#### *Volatile global financial and economic conditions*

Current global financial and economic conditions remain extremely volatile. Access to public and private capital and financing continues to be negatively impacted by many factors as a result of the global financial crisis and global recession. Such factors may impact the Company's ability to obtain financing in the future on favorable terms or obtain any financing at all. Additionally, global economic conditions may cause a long-term decrease in asset values. If such global volatility, market turmoil and the global recession continue, the Company's operations and financial condition could be adversely impacted.

#### *Reliability of resource estimates*

There is no certainty that any mineral resources identified in the future on any of the Company's properties will be realized. Until a deposit is actually mined and processed, the quantity of mineral resources and grades must be considered as estimates only. In addition, the quantity of mineral resources may vary depending on, among other things, metal prices. Any material change in quantity of mineral resources, grade or stripping ratio may affect the economic viability of any project undertaken by the Company. In addition, there can be no assurance that gold recoveries or other metal recoveries in small-scale laboratory tests will be duplicated in a larger scale test under on-site conditions or during production.

Fluctuations in gold and other base or precious metals prices, results of drilling, metallurgical testing and production and the evaluation of studies, reports and plans subsequent to the date of any estimate may require revision of such estimate. Any material reductions in estimates of mineral resources could have a material adverse effect on the Company's results of operations and financial condition from time to time.

#### *Operating risk and insurance coverage*

The Company's insurance coverage is intended to address all material risks to which it is exposed and is adequate and customary in its current state of operations. However, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which the Company is exposed. In addition, no assurance can be given that such insurance will be adequate to cover the Company's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If the Company were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if the Company were to incur such liability at a time when it is not able to obtain liability insurance, its business, results of operations and financial condition could be materially adversely affected.

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#### *Disruption of business*

Conditions or events including, but not limited to, those listed below could disrupt the Company's operations, increase operating expenses, resulting in delayed performance of contractual obligations or require additional expenditures to be incurred: (i) extraordinary weather conditions or natural disasters such as hurricanes, tornadoes, floods, fires, extreme heat, earthquakes, etc.; (ii) a local, regional, national or international outbreak of a contagious disease, including the COVID-19 coronavirus, Middle East Respiratory Syndrome, Severe Acute Respiratory Syndrome, H1N1 influenza virus, avian flu, or any other similar illness could result in a general or acute decline in economic activity (see also, "Public Health Crises, including COVID-19"); (iii) political instability, social and labour unrest, war or terrorism; or (iv) interruptions in the availability of basic commercial and social services and infrastructure including power and water shortages, and shipping and freight forwarding services including via air, sea, rail and road.

#### *Public health crises*

The Company's business, operations and financial condition could be materially adversely affected by the outbreak of epidemics or pandemics or other health crises beyond our control, including the current outbreak of COVID-19. On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a global health emergency. Many governments have likewise declared that the COVID-19 outbreak in their jurisdictions constitutes an emergency. Reactions to the spread of COVID-19 have led to, among other things, significant restrictions on travel, business closures, quarantines and a general reduction in consumer activity. While these effects are expected to be temporary, the duration of the business disruptions and related financial impact cannot be reasonably estimated at this time.

Such public health crises can result in volatility and disruptions in the supply and demand for various products and services, global supply chains and financial markets, as well as declining trade and market sentiment and reduced mobility of people, all of which could affect interest rates, credit ratings, credit risk and inflation. The risks to the Company of such public health crises also include risks to employee health and safety and a slowdown or temporary suspension of operations in geographic locations impacted by an outbreak. At this point, the extent to which COVID-19 may impact the Company is uncertain; however, it is possible that COVID-19 may have a material adverse effect on the Company's business, results of operations and financial condition.

#### *Environmental risks and hazards*

All phases of the Company's operations are subject to environmental regulation in the jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on the properties on which the Company holds interests which are unknown to the Company at present and which have been caused by previous or existing owners or operators of the properties.

Government approvals and permits are currently and may in the future be required in connection with the Company's operations. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from continuing its exploration or mining operations or from proceeding with planned exploration or development of mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining and exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause

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increases in exploration expenses, capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

#### *Land title*

No assurances can be given that there are no title defects affecting property or any other property interests of the Company. Title insurance generally is not available, and the Company's ability to ensure that it has obtained secure claim to individual mineral properties or mining concessions may be severely constrained. Furthermore, the Company has not conducted surveys of the claims in which it holds an interest and, therefore, the precise area and location of such claims may be in doubt. Accordingly, the Company's mineral properties may be subject to prior unregistered liens, agreements, transfers or claims, including native land claims, and title may be affected by, among other things, undetected defects. In addition, the Company may be unable to operate its properties as permitted or to enforce its rights with respect to its properties.

#### *Reliance on management*

The success of the Company is dependent on the performance of its senior management. The loss of services of these persons would have a material adverse effect on the Company's business and prospects in the short-term. There is no assurance the Company can maintain the services of its officers or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Company and its prospects.

#### *Risks associated with increasing competition*

The mining industry is competitive in all of its phases. The Company faces strong competition from other mining companies in connection with the acquisition of properties producing, or capable of producing, precious and base metals. Many of these companies have greater financial resources, operational experience and technical capabilities than the Company. As a result of this competition, the Company may be unable to maintain or acquire additional attractive mining properties on terms it considers acceptable or at all. Consequently, the Company's revenues, operations and financial condition could be materially adversely affected.

#### *Factors which may prevent realization of growth targets*

The Company is not currently in active operations. There is a risk that the additional resources will be needed, and milestones will not be achieved on time, on budget, or at all, as they can be adversely affected by a variety of factors, including some that are discussed elsewhere in these risk factors and the following as it relates to the Company:

- delays in obtaining, or conditions imposed by, regulatory approvals.
- facility design errors.
- environmental pollution.
- non-performance by third-party contractors.
- increases in materials or labour costs.
- construction performance falling below expected levels of output or efficiency.
- breakdown, aging or failure of equipment or processes.
- contractor or operator errors.
- labour disputes, disruptions or declines in productivity.
- inability to attract sufficient numbers of qualified workers.
- disruption in the supply of energy and utilities; and
- major incidents and/or catastrophic events such as fires, explosions, earthquakes or storms.

#### *Commodity prices*

The price of the Company's common shares, the Company's financial results, and exploration, development and mineral development activities may in the future be significantly adversely affected by declines in the price of precious metals or other minerals. The price of precious metals and other minerals fluctuates widely and is affected by numerous factors beyond the Company's control such as the sale or purchase of commodities by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the USD and foreign

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currencies, global and regional supply and demand, the political and economic conditions of major mineral-producing countries throughout the world, and the cost of substitutes, inventory levels and carrying charges. Future serious price declines in the market value of precious metals or other minerals could cause continued development of and commercial production from the Company's properties to be impracticable. Depending on the price of precious metals and other minerals, cash flow from mining operations may not be sufficient and the Company could be forced to discontinue production and may lose its interest in, or may be forced to sell, some of its properties. Future production from the Company's mineral exploration properties is dependent upon the prices of precious metals and other minerals being adequate to make these properties economic.

In addition to adversely affecting the Company's future resource or reserve estimates, if any, and its financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

#### *Government regulation*

The development and mineral exploration activities of the Company are subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people and other matters. In addition, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not otherwise be applied in a manner which could limit or curtail production or development in any of the jurisdictions in which the Company operates. Amendments to other current laws and regulations governing mineral exploration and development or more stringent implementation thereof could also have a substantial adverse impact on the Company.

#### *Management of growth*

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

#### *Dividends*

The Company has no earnings or dividend record and does not anticipate paying any dividends on the Company's shares in the foreseeable future. Dividends paid by the Company would be subject to tax and, potentially, withholdings.

#### *Limited market for securities*

There can be no assurance that an active and liquid market for the Company's shares will develop or be maintained and an investor may find it difficult to resell any securities of the Company.

### **Disclosure of Internal Controls over Financial Reporting**

Management has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the audited financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the audited financial statements; and (ii) the audited financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented.

In contrast to non-venture issuers, this MD&A does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"). In particular, management is not making any representations relating to the establishment and maintenance of: controls and procedures designed to provide reasonable assurance that information required to be disclosed by the Company in its filings or other reports or submitted under securities legislation is recorded, processed, summarized and reported

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within the time periods specified in securities legislation; and a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Investors should be aware that inherent limitations on the ability of management of the Company to design and implement on a cost-effective basis DC&P and ICFR may result in additional risks to the quality, reliability, transparency and timeliness of filings and other reports provided under securities legislation.

#### **Cautionary Note Regarding Forward Looking Statements**

This MD&A includes “forward-looking statements”, within the meaning of applicable securities legislation, which are based on the opinions and estimates of management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as “seek”, “anticipate”, “budget”, “plan”, “continue”, “estimate”, “expect”, “forecast”, “may”, “will”, “project”, “predict”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe” and similar words suggesting future outcomes or statements regarding an outlook. Such risks and uncertainties include, but are not limited to, risks associated with the mining industry (including operational risks in exploration development and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections in relation to production, costs and expenses; the uncertainty surrounding the ability of the Company to obtain all permits, consents or authorizations required for its operations and activities; and health safety and environmental risks), the risk of commodity price and foreign exchange rate fluctuations, the ability of Company to fund the capital and operating expenses necessary to achieve the business objectives of the Company, the uncertainty associated with commercial negotiations and negotiating with foreign governments and risks associated with international business activities, as well as those risks described in public disclosure documents filed by the Company. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in securities of the Company should not place undue reliance on these forward-looking statements. Statements in relation to “reserves” are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described can be profitably produced in the future.

Readers are cautioned that the foregoing lists of risks, uncertainties and other factors are not exhaustive. The forward-looking statements contained in this MD&A are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or in any other documents filed with Canadian securities regulatory authorities, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. The forward-looking statements are expressly qualified by this cautionary statement.

#### **Management's Responsibility for Financial Information**

Management is responsible for all information contained in this report. The Company's unaudited condensed interim financial statements have been prepared in accordance with IFRS and include amounts based on management's informed judgments and estimates. The financial and operating information included in this report is consistent with that contained in the financial statements in all material aspects.

The Audit Committee has reviewed the unaudited condensed interim financial statements and this MD&A with management. The Board of Directors has approved the unaudited condensed interim financial statements and this MD&A on the recommendation of the Audit Committee.

April 27, 2020

Brian Presement  
Chief Executive Officer