

## **Management's Discussion and Analysis Year Ended November 30, 2006**

### **General**

The following is management's discussion and analysis ("MD&A") of the results of operations and financial condition of Duncan Park Holdings Corporation ("Duncan Park" or "the Corporation") as at and for the year ended November 30, 2006. It is provided and should be read in conjunction with the Corporation's consolidated financial statements and notes thereto for the same period which have been prepared in accordance with Canadian generally accepted accounting principles. Readers are further encouraged to visit the Corporation's web site at [www.duncanpark.com](http://www.duncanpark.com) and to read the Corporation's public information filings at [www.sedar.com](http://www.sedar.com).

This MD&A also covers the subsequent period up to March 26, 2007, the date of preparation of this report.

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

The information provided in this report and in the financial statements is the responsibility of management. In the preparation of this information estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes that such estimates have been based upon careful judgments and have been properly reflected in the accompanying financial statements.

### **Disclosure and Internal Controls**

Disclosure controls and procedures have been established to provide reasonable assurance that material information that is required to be disclosed by the Corporation is accumulated and communicated to the Corporation's management as appropriate to allow timely decisions regarding required disclosure. Management has evaluated the effectiveness of the disclosure controls and procedures as of November 30, 2006 and has concluded that such procedures are adequate and effective to ensure accurate and complete disclosures in this report.

Furthermore, internal controls over financial reporting have been established to ensure that the Corporation's assets are safeguarded and to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with Canadian generally accepted accounting principles. However, readers

must understand and accept that, due to the small size of the Corporation, the Corporation cannot institute many of the internal control procedures, such as the segregation of duties, available to larger organizations.

It is not expected that the disclosure controls and procedures will prevent or detect all errors and fraud. A control system, no matter how well conceived or operated, can only provide reasonable assurance that the objectives of the control system are met.

## **Overview**

Duncan Park Holdings Corporation is a Canadian venture corporation exploring for gold and other precious metals in Nevada, USA. The Corporation entered into leases with Carl and Janet Pescio on four mineral exploration properties in the Carlin Trend and the Battle Mountain-Eureka Trend in northern Nevada. They are known as the Elephant Gold-Silver property, the Rock Creek-South Silver Cloud Gold-Silver property, the Santa Renia Gold-Silver property, and the Woodruff/Tonka Gold-Silver property. It also entered into leases of mining claims with Nevada Land and Resource Corporation on property adjoining the Pescio Elephant property. Further it staked 73 claims in its own name in the vicinity of the Pescio Elephant property and 270 claims in the vicinity of the Rock Creek property.

In 2004 the Corporation conducted drilling operations on the Pescio Elephant property, spending approximately \$900,000. The needed funding was raised by the issue of convertible debentures, which have since been converted into shares of the Corporation. It had also done some surface exploratory work on the Rock Creek property. No work has been done on the Santa Renia property and the Woodruff/Tonka property has been abandoned.

In 2005 the Corporation entered into a joint venture with Randsburg International Gold Corp. (“Randsburg”) to further explore the Pescio Elephant property and the Nevada Land and Resource property, which now comprise the Elephant Joint Venture. Approximately \$1,140,000 was spent in 2005, and \$995,000 in 2006. As described below, a dispute has arisen with Randsburg concerning the funding of ongoing exploration costs on the Elephant Joint Venture.

In 2006 the Corporation has spent \$1,002,010 on exploration of the Rock Creek property.

The Corporation has no operating revenues. Cash inflows have been provided by investors pursuant to securities issuances. \$885,000 was raised in 2005 by the issue of units consisting of one share and one share purchase warrant. In 2006, \$796,320 was raised upon the exercise of those warrants. In 2006 the Corporation realized net gains of approximately \$666,000 on its marketable securities and commodity contracts.

Cash outflows relate primarily to lease payments for property, exploration thereon, and administrative costs, including significant legal fees in the last two years.

This MD&A presents financial information by fiscal quarters. However, as the Corporation has no ongoing, repetitive economic activity, there is no reason to expect that any quarterly financial activity would bear any relationship to that of the same quarter of another year.

## **Exploration Activities**

### **Elephant**

The Elephant project is located in the heart of the Battle Mountain mining district in Nevada. It covers approximately 7500 acres and abuts Newmont Mining Corporation's Phoenix project upon which Newmont has constructed a mining complex.

There are four main targets in the Elephant project.

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

Detailed maps of the exploration project are available on the Corporation's Website at [www.duncanpark.com](http://www.duncanpark.com). Where reference is made to a press release, it may be viewed on the Corporation's website at [www.duncanpark.com](http://www.duncanpark.com) or in the Corporation's information filings at [www.sedar.com](http://www.sedar.com)

### **Phase 1 – February 2004 to August 2004**

The Corporation engaged Zonge Geosciences Inc. ("Zonge") to do an Induced Polarization ("IP") survey on the Elephant property. Three lines were run atop the Porphyry target area, and five atop the Peninsula skarn gold-copper target area. The data was interpreted for the Corporation by Wright Geophysics Inc. Positive IP chargeability anomalies were defined in both target areas. Subtle IP chargeability highs were defined at the Porphyry, and a strong open-ended IP chargeability anomaly along the entire north-south distance covered by the survey at Peninsula. The latter was interpreted as a new skarn-porphyry target at Peninsula. Details of the find may be found in the Corporation's press release of May 18, 2004.

Based upon the survey, the Corporation drilled five reverse circulation holes; two at the Peninsula target area and three at the Porphyry target area. One hole at the Peninsula encountered 109.8 meters of sulfide skarn mineralization. At least three layers of skarn were identified. The best gold intercept was 1.848 g/ton. The same interval contained

highly elevated contents of silver, zinc, copper, bismuth and lead. A second interval contained highly elevated levels of tungsten and cobalt, and a third skarnified layer contained 0.97 g/ton of gold in cherty strata of the Scott Canyon Formation. In the other two holes no significant zones of gold mineralization were found, nor was the source of the IP anomaly found. Details may be found in the Corporation's press releases of May 18, July 27, August 12, and August 20, 2004.

The two reverse circulation holes drilled at the Porphyry were into the central and a peripheral part of a possible, inferred large granitic porphyry-skarn system. The first hole, into the central part could not be completed to bedrock due to difficult drilling conditions and equipment problems. The second hole was drilled into an IP chargeability anomaly along the northeast periphery of the main target area. It encountered metasomatic skarn mineralization. Severe dilution of the drill cuttings was encountered due to sands from the overlying gravels caving into the holes. As a result of this dilution, the exact nature and intensity of the skarn and gold mineralization could not be determined.

## **Phase 2 - February 2005 to September 2005**

On February 15, 2005, the Corporation signed a joint venture agreement with Randsburg International Gold Corp. for the continuing exploration of the Elephant project. See "Elephant Joint Venture" below.

Phase 2 (Joint Venture Phase 1) of the project was to comprise at least four core drill holes totaling 1370 metres on the property leased from Nevada Land and Resources LLC., to the southeast of the hole in which the Corporation had encountered the 109.8 metres of sulfidic skarn mineralization. One additional hole was being considered to the south of a mineralized skarn "finger" discovered by Barrick Gold in 1999.

On September 7, 2005 the Corporation announced the discovery of polymetallic gold-silver-copper-lead-zinc mineralization on the property. Five holes were drilled to test the eastern edge of the induced polarization (IP) anomaly identified by Zonge in 2004. The first two holes had no significant results. The next three holes were to test the noticeably curving western edge of the IP high. All three holes intersected Paleozoic basement rock. A detailed geological description of the discovery is contained in the Corporation's press release of September 7, 2005.

## **Phase 3 – September 2005 to May 2006**

Based upon this discovery, on September 26, 2005, the joint venturers announced that they were initiating a 5,000ft drilling program, which was intended to verify the width and strike length (north to south) of the mineralization discovery. The geophysical survey conducted by Zonge in 2004 indicated that the target area might be up to 1,200ft wide by 5,000ft long. Drilling in this phase commenced in October, 2005.

After the completion of three holes, Gradient Geophysics Ltd. (“Gradient”) was engaged to conduct geophysical testing, this time based upon Mis-a-la-Masse and IP techniques. Based upon their preliminary report, the Corporation spotted and commenced drilling the fourth hole in this phase of the project. While the drilling was still in progress, Gradient completed its report, which showed some possibilities. The drilling was completed on March 16, 2006. Gradient was then re-engaged to do some follow-up geophysical work, and confirmed their earlier opinion. The detailed results were reported in a press release on May 17, 2006.

#### **Phase 4 – June 2006 to July 2006**

On March 9 and again on May 10, 2006, the joint venturers approved phase 4 of the exploration of the project which included up to three holes at a cost of up to US\$300,000. The drill targets were based upon the recently completed Mis-a-la-Masse and Induced Polarization surveys done by Gradient which indicated prospective anomalies within probable Paleozoic basement rock. The Paleozoic rock sequence is the known host for the nearby Phoenix Project operated by Newmont Mining Corporation. Additional details can be found in the Corporation’s press release of June 14, 2006.

The phase 4 drilling further delineated the length and width of the North-South trending horst block of mineralized Paleozoic basement rock. On October 31, 2006, the Corporation issued a press release detailing the results.

Subsequent to the year-end, the Corporation paid the lease payments on the Pescio properties for the period from February 13, 2007 to February 12, 2008.

The Corporation remains optimistic about the initial discovery and unexplored potential of the Elephant project.

## Elephant Project Costs

The following table sets out the Elephant project costs for the past two fiscal years by category of expense.

|                               | 2006      | 2005      |
|-------------------------------|-----------|-----------|
| Advance royalty payments      | 152,851   | 82,579    |
| Government fees               | 35,167    | 84,654    |
| Exploration costs             |           |           |
| Drilling contractor           | 507,503   | 755,874   |
| Drilling supplies and service | 110,935   | 152,958   |
| Assays                        | 41,811    | 32,036    |
| Geologist                     | 54,000    | 155,396   |
| Geological technicians        | 57,639    | 30,956    |
| Geophysics                    | 25,964    | -         |
| Management travel             | 16,788    | 15,216    |
| Storage and administration    | 45,769    | 28,013    |
| Total exploration             | 860,409   | 1,170,449 |
| Total costs                   | 1,048,427 | 1,337,682 |

## Qualified Persons

The Corporation's qualified persons in accordance with the requirements of the Canadian Securities Administrators NI 43-101 on the Elephant project are Mr. Alexander Po M.Eng., and Mr. Larry Kornze B.Sc. (Geological Engineering)

## Elephant Joint Venture

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

On June 6, 2005 Randsburg indicated its intention to exercise its right to earn an additional 25% interest in the project. To do so it was required to first pay an additional US\$250,000 in stock or cash. It chose to issue 200,000 shares at \$1.48. It was then to spend an additional US\$250,000 on the property to earn the first additional 12 % interest, and a further US\$250,000 on the property for another 13%. By June 30, 2005, Randsburg had advanced US\$245,000. On July 7 2005, the Corporation advanced

Cdn\$200,000 interest free to the project on behalf of Randsburg to meet ongoing exploration expenditures. Randsburg was given until September 30, 2005 to meet its commitment without facing the adverse dilution provisions of the agreement. The loan by the Company was repaid on September 29, 2005, at which time Randsburg became a 50% joint venturer with the Corporation.

On September 7, 2005, the joint venturers announced the encouraging results of the five cored holes drilled to that time. Based upon the results referred to above, on September 26, 2005 the joint venturers announced phase 3 of the exploration program previously described.

On March 9, 2006 and again on May 10, 2006, the Management Committee of the joint venture approved Phase 4 of the exploration program which included up to three holes at a cost of up to US\$300,000.

There is, however, a dispute concerning the extent to which Randsburg must contribute to the ongoing costs of exploration. Randsburg refused to meet certain cash calls issued by the Company in its capacity as operator of the project relating to Phase 4 of the project by denying the validity of the cash calls. Randsburg maintains that, pursuant to the joint venture agreement, it does not have to contribute to any exploration costs before 2008, and that it will not suffer any dilution of its interest in the project for not having done so. The Company maintains that Randsburg must contribute its share of the costs either in cash or by way of dilution of its interest pursuant to a formula specified in the agreement. The Company notified Randsburg that it has elected to treat Randsburg's failure to meet the cash calls as a deemed withdrawal from the project pursuant to of the joint venture agreement, in which instance the Randsburg interest in the project automatically terminates and is relinquished to the Company. For accounting and financial reporting purposes, the Randsburg interest will continue to be shown separately, until the matter is resolved.

Randsburg demanded arbitration of the issue (and others – see contingent liabilities below). The Company is cooperating in the arbitration process. In the meantime, the Corporation had to be prepared to at least temporarily fund 100% of any drilling activity which is undertaken. The Corporation funded the two holes that were drilled in June and July 2006, but then suspended exploration activity on the Elephant property until the matters under arbitration are resolved.

## **Rock Creek**

The Corporation's current priority is its Rock Creek property, and the most recent exploration activity has been on it.

The Rock Creek project is located in northern Nevada, thirty miles east-northeast of the town of Battle Mountain. The property is located along the Northern Nevada Rift (NNR), a major geologic feature that hosts high-grade, vein gold properties like Midas,

Ivanhoe and Silver Cloud. The property has had shallow, intermittent exploration in the past. None of the earlier drilling tested deeper levels for high-grade mineralization associated with boiling zones during vein formation. The Company holds approvals from the U.S. Bureau of Land Management in Battle Mountain, Nevada to drill up to 50 drill holes on 23 sites on its Rock Creek property.

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

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

On August 10, 2006, the Company announced the commencement of a four diamond bit core drill hole program in the initial phase of drilling to test the deeper levels of the known volcanic-hosted, low sulfidation epithermal vein system as expressed on the surface. The Corporation completed four diamond bit core holes totaling 7,855 feet. Besides drilling altered volcanics, three of the four holes encountered carbonaceous Paleozoic sediments comprised of chert, mudstone, siltstone and laminated limestone with rare fossiliferous debris flow at depth. This suggests that the exploration targets are Midas-Style volcanic hosted epithermal vein systems at shallow levels and possible Carlin-type disseminated gold hosted in both Upper and Lower Plate lithologies at depth.

In November 2006, the Corporation staked an additional 270 claims, more than an additional seven square miles of exploration properties. The addition of these claims expands the Corporation's land position between the Rock Creek exploration project on the southern end and the South Silver Cloud property on the northern end. Please see the Corporations press release dated November 10, 2006 for further details.

## Rock Creek Project Costs

The following table sets out the Rock Creek project costs by category of expense.

|                               | 2006      | 2005   |
|-------------------------------|-----------|--------|
| Claims staked                 | 26,360    | -      |
| Advance royalty payments      | 113,091   | 49,795 |
| Government fees               | 30,315    | 28,734 |
| Exploration costs             |           |        |
| Drilling contractor           | 512,158   | -      |
| Drilling supplies and service | 114,329   | -      |
| Assays                        | 35,355    | -      |
| Geologist                     | 83,901    | 1,882  |
| Geological technicians        | 17,616    | -      |
| Geophysics                    | 36,957    | -      |
| Management travel             | 15,523    | -      |
| Storage and administration    | 16,405    | -      |
| Total exploration             | 832,244   | 1,882  |
| Total costs                   | 1,002,010 | 80,411 |

## Qualified Person

The Corporation's qualified person in accordance with the requirements of the Canadian Securities Administrators NI 43-101 on the Rock Creek project is Mr. Larry Kornze B.Sc. (Geological Engineering)

## Santa Renia

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

The Corporation has no formal plans for the exploration of the Santa Renia property, but intends to initiate activities to begin this process.

## Qualified Person

The Corporation's qualified person in accordance with the requirements of the Canadian Securities Administrators NI 43-101 on this project is Mr. Larry Kornze B.Sc. (Geological Engineering)

## Exploration Costs to Date

The following table sets out the advance minimum royalty payments and the exploration costs by quarter for the last four fiscal years.

|                | Quarter          |                   |                   |                  | Total              |
|----------------|------------------|-------------------|-------------------|------------------|--------------------|
|                | First            | Second            | Third             | Fourth           |                    |
| <b>2003</b>    |                  |                   |                   |                  |                    |
| Elephant       | \$ -             | \$62,996          | \$69,399          | \$27,807         | \$160,199          |
| Rock Creek     | -                | 54,136            | -                 | -                | 54,136             |
| Santa Renia    | -                | 54,136            | -                 | -                | 54,139             |
| Woodruff/Tonka | -                | 54,136            | -                 | -                | 54,136             |
| <b>Total</b>   |                  | <b>225,404</b>    | <b>69,399</b>     | <b>27,807</b>    | <b>322,610</b>     |
| <b>2004</b>    |                  |                   |                   |                  |                    |
| Elephant       | 25,023           | 143,863           | 559,007           | 218,032          | 945,9255           |
| Rock Creek     | 41,749           | -                 | 10,477            | 23,250           | 75,476             |
| Santa Renia    | 41,749           | -                 | 10,477            | 3,373            | 55,559             |
| Woodruff/Tonka | 41,749           | -                 | 10,477            | 2,500            | 54,726             |
| <b>Total</b>   | <b>150,270</b>   | <b>143,863</b>    | <b>590,438</b>    | <b>247,155</b>   | <b>1,129,726</b>   |
| <b>2005</b>    |                  |                   |                   |                  |                    |
| Elephant       | 40,547           | 689,655           | 409,005           | 198,475          | 1,337,682          |
| Rock Creek     | 49,795           | 1,882             | 28,734            | -                | 80,411             |
| Santa Renia    | 37,347           | -                 | 2,814             | -                | 40,161             |
| <b>Total</b>   | <b>127,689</b>   | <b>691,537</b>    | <b>440,553</b>    | <b>198,475</b>   | <b>1,458,254</b>   |
| <b>2006</b>    |                  |                   |                   |                  |                    |
| Elephant       | 478,396          | 253,491           | 264,829           | 11,951           | 1,008,667          |
| Rock Creek     | 113,091          | -                 | 329,952           | 558,967          | 1,002,010          |
| Santa Renia    | 113,091          | -                 | 3,753             | -                | 116,844            |
| <b>Total</b>   | <b>\$704,578</b> | <b>\$ 253,491</b> | <b>\$ 598,534</b> | <b>\$570,918</b> | <b>\$2,127,521</b> |

## Financial Activities and Results

### Income

The Corporation has no operating income. It has, however, achieved gains and incurred losses on its temporary investments. See “Liquidation of Temporary Investments” below.

### Financing Activities

The Corporation’s primary source of funds is the issuance of additional shares. These issuances, all effected by private placements, have taken the form of convertible debentures and units consisting of a share and a share purchase warrant. The following table provides the details of the financing activities for the past two years. Readers may note that the 2005 Q2 financing program provides cash in both 2005 and again in 2006 Q2, when the warrants attached to the units issued in 2005 were partially exercised.

| 2005   | 2006    | 2005    |
|--|---------|---------|
| Second Quarter   |         |         |
| <ul style="list-style-type: none"> <li>Randsburg subscribes for 200,000 shares @\$0.50 in connection with the Elephant joint venture</li> </ul>    |         | 100,000 |
| <ul style="list-style-type: none"> <li>Exercise options to purchase 446,340 shares</li> </ul>  |         | 89,268  |
| <ul style="list-style-type: none"> <li>Unit offering of 1,770,000 units consisting of 1 share and 1 warrant to purchase shares @ \$0.75</li> </ul> |         | 885,000 |
|  |         |         |
| 2006   |         |         |
| First Quarter  |         |         |
| <ul style="list-style-type: none"> <li>Two directors exercise options to purchase 230,000 shares</li> </ul>  | 69,000  |         |
| <ul style="list-style-type: none"> <li>Exercise of warrants to purchase 200,000 shares</li> </ul>  | 150,000 |         |
| Second Quarter   |         |         |
| <ul style="list-style-type: none"> <li>Exercise of warrants to purchase 1,074,200 shares</li> </ul>  | 796,320 |         |
| Third Quarter  |         |         |
| <ul style="list-style-type: none"> <li>A former director exercises options to purchase 100,000 shares</li> </ul>                                   | 60,000  |         |

## Treasury Management Activities

The treasury management function, run by the Chief Executive Officer, has made a major contribution to the Corporation's financial strength in 2006. The following sets out the pertinent details for the past two years...

|                              | 2006      | 2005     |
|------------------------------|-----------|----------|
| Randsburg                    | \$147,442 |          |
| Other shares and commodities |           |          |
| Realized                     | 330,306   | 23,503   |
| Unrealized                   | 198,968   | (91,903) |
| Total Gains/Losses           | 666,716   | (66,400) |
|                              |           |          |
| Cost of purchases            | 644,771   | 373,837  |
| Proceeds from sale           | 1,627,339 | 202,604  |

These profits enabled the Phase 4 exploration of the Elephant property and the Phase 1 exploration of the Rock Creek property.

## Liquidation of Temporary Investments

Although these results have been a significant favourable event for the Corporation, the Board of Directors has determined that in the future the Corporation should confine itself to more conservative investments in interest bearing instruments. The existing marketable securities are being sold at a prudent time, subject to market conditions.

Accordingly, investors are cautioned not to expect continuing financial performance such as that recently experienced by the Corporation.

## Temporary Investments

### Randsburg

Marketable securities initially included the 300,000 shares and 100,000 share purchase warrants of Randsburg received pursuant to the joint venture agreement. The first 100,000 shares and warrants were issued by Randsburg at \$1.85 per share, and the second 200,000 shares were issued at \$1.48 per share. The warrants were valued at \$0.50 each. The Corporation used these values in its accounting for the initial transactions and future gains/losses are based upon these initial values.

The Corporation treated the receipt of the shares as a partial recovery of exploration costs. No gain or loss on disposition of its interest in the Elephant project was recorded. In the first six months of the year, the Corporation sold all but 42,200 of the shares and

carries these at estimated market value which is based upon the quoted market value, as it does with its other marketable securities. The value assigned to the warrants, which do not trade in the open market, is derived by deducting the strike price from the estimated market value of the shares.

On August 9, 2006 the British Columbia securities commission issued a cease trade order on the Randsburg shares. In accordance with its accounting policy the Corporation wrote off the then \$42,200 carrying value of its remaining position. It is hoped that Randsburg will be able to rectify the problem which caused the cease trade order and that the 42,200 shares and 100,000 share purchase warrants which the Company holds will regain some value.

Although the Corporation does not view these marketable securities any differently than the other temporary investments, they have been segregated in the financial statements because of their significance on a comparative basis.

### **Other Marketable Securities**

The other marketable securities comprise holdings in publicly traded companies, mostly in the junior resource industry. They are carried at market value based upon their quoted market price.

### **Commodity Contracts**

The Corporation viewed commodity contracts simply as a temporary investment in the related paper. These investments were not being used as a hedge or for any purpose other than as a temporary investment. In keeping with standard practice in the securities industry, temporary investments in commodities are not reflected in the balance sheet. Brokers charge only their commissions, which are expensed as incurred when a transaction is effected, and credit their clients with the gain or charge them with the loss when the contract is closed, at which time those are recorded. Unrealised gains and losses as of the financial statement date were included in income.

At November 30, 2006 the Corporation held no commodity contracts.

### **Expenses**

The major expenses are the exploration activities detailed previously and the administrative expenses as set out in the following table.

| <b>Year</b> | <b>Q1</b> | <b>Q2</b> | <b>Q3</b> | <b>Q4</b> | <b>Total</b> |
|-------------|-----------|-----------|-----------|-----------|--------------|
| 2003        | 27,358    | 69,562    | 46,236    | 30,423    | 173,579      |
| 2004        | 28,456    | 38,022    | 56,461    | 78,025    | 200,964      |
| 2005        | 73,870    | 63,152    | 84,573    | 115,029   | 336,534      |
| 2006        | 109,582   | 138,093   | 149,859   | 99,495    | 497,029      |

The Corporation operates from a small office in downtown Toronto, and has a core cutting/storage facility in Battle Mountain, Nevada. Administrative expenses are minimized to the extent possible. The most significant costs in each of the two years were the legal fees, which break down as follows:

|   | 2006           | 2005           |
|---|----------------|----------------|
| General corporate matters               | 30,600         | 57,100         |
| Dispute with Randsburg                  | 57,575         |                |
| Dispute with former drilling contractor | 84,150         | 68,100         |
| <b>Total</b>                            | <b>172,325</b> | <b>125,200</b> |

### Working Capital

The following table sets out the progression of the Company's working capital (000's) for the previous two years

|       | Current Assets | Current Liabilities | Working Capital | Working Capital Ratio |
|-------|----------------|---------------------|-----------------|-----------------------|
| 2,004 |                |                     |                 |                       |
| Q4    | 281            | 242                 | 39              | 1.2                   |
| 2,005 |                |                     |                 |                       |
| Q1    | 502            | 604                 | (102)           |                       |
| Q2    | 1,139          | 499                 | 640             | 2.3                   |
| Q3    | 1,542          | 519                 | 1,023           | 3.0                   |
| Q4    | 1,168          | 348                 | 820             | 3.4                   |
| 2,006 |                |                     |                 |                       |
| Q1    | 1,287          | 348                 | 939             | 3.7                   |
| Q2    | 1,758          | 479                 | 1,279           | 3.7                   |
| Q3    | 1,121          | 421                 | 700             | 2.7                   |
| Q4    | 764            | 542                 | 222             | 1.4                   |

The expected pattern is that there will be intermittent increases as a result of financings and the exercise of stock options, followed by decreases for exploration and administrative expenses. Superimposed on this are the results of the treasury management activities.

The unspecified provision relating to the contingent liability described in the notes to the financial statements and later in this MD&A is included in the current liabilities. Accordingly, the working capital related to operations is somewhat better than indicated above. The negative working capital reported for 2005 Q1 reflects a temporary loan to the Corporation by two directors to assist in paying suppliers until the completion of the financing in Q2.

## Liquidity

In the period subsequent to the year-end, the Corporation continued its program of disposition of temporary investments at modest net gains over the year-end carrying values, thereby augmenting working capital. It also paid the United States Bureau of Land Management and local counties approximately US\$50,000 in fees related to the registration of the claims staked on the Rock Creek property and paid US\$225,000 in advance minimum royalty payments on the three properties. Combined with the normal overhead costs, the Corporation is forecasting the working capital will be low by the end of the first quarter of fiscal 2007.

The Corporation needs additional financing to carry on business in 2007. While seeking that financing, probably in the form of a unit consisting of a share and a share purchase warrant, the Corporation is exploring the possibility of a loan from a director to provide temporary working capital.

## Foreign Exchange Exposure

The Corporation has ongoing foreign exchange exposure in that it raises money in Canadian dollars while its major expenditures are denominated in US dollars. The net foreign exchange exposure at November 30, 2006, was a net liability of approximately US\$800,000. The Corporation attempts to manage inter-currency conversions at the most appropriate times. Subsequent to the year-end, the Corporation has reduced the above mentioned amount to a nominal amount.

## Stock-Based Compensation

The Corporation follows the recommendations of the CICA Handbook Section 3870, "*Stock Based Compensation and Other Stock-Based Payments*". The section establishes standards for the recognition, measurement and disclosure of stock-based payments made in exchange for goods and services. The standard requires that all stock-based awards made to employees and non-employees must be measured and recognized using a fair value based method.

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

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

### **Off Balance Sheet Arrangements**

The Corporation does not employ any such arrangements.

### **Contingent Liabilities**

1. The Corporation withheld US\$285,342 payment on a disputed invoice from a previous drilling contractor which had worked on its Elephant project prior to the formation of the joint venture. The driller has issued a writ for full payment of the amount billed plus contractual interest at 2% per month which has accumulated to approximately US\$200,000 at November 30, 2006. The Corporation has responded. In January, 2006, depositions of the witnesses for both sides were taken. On April 24, 2006 the matter was aired before a mediator in Nevada. No significant matter was settled. Additional depositions of potential witnesses were scheduled. After the close of discovery the Plaintiff filed a Motion for Summary Judgment arguing that it had appropriately applied the Corporation's payments to the oldest invoices first and that as a consequence the shortfall was for services at the end of the job to which the Corporation has little or no objection. The Corporation has opposed, indicating that the payments were made on account. If the court grants the motion, counsel recommends an appeal to the 9<sup>th</sup> District court. If the motion is denied, as the Corporation requests, the case would be set for trial some months hence. In that eventuality, it is probable that settlement negotiation would be renewed. The Company has provided in these accounts for the estimated amount of a settlement.

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

2. In its statement of claims in the arbitration agreement, Randsburg claims damages, or in the alternative rescission of the joint venture agreement for misrepresentation in relation to adverse claims to a portion of the joint venture property by a third party. The Corporation maintains that the Randsburg allegations are without merit and no misrepresentation was relied upon by Randsburg to its detriment in entering into the joint venture agreement.

3. Randsburg expanded the arbitration to include a claim for significant damages, plus punitive damages, allegedly caused by the Corporation. Randsburg has not identified how it has been harmed or what Corporation activity allegedly caused the harm. The Corporation maintains that the Randsburg allegations are totally without merit, and will vigorously defend against any Randsburg action.

## **Risk Factors**

The Corporation's principle activity is mineral exploration. Companies in this industry are subject to many and varied kinds of risks, including but not limited to environmental, fluctuating metal prices, political and economical. Additionally, few exploration projects successfully achieve development due to factors that cannot be predicted or foreseen. While management cannot eliminate the impact of all potential risks, the Corporation strives to manage such risks to the extent possible.

The risks and uncertainties described in this section are considered by management to be the most important in the context of the Corporation's business. The risks and uncertainties below are not inclusive of all the risks and uncertainties the Corporation may be subject to and other risks may apply. For a more comprehensive discussion of risk factors the reader is referred to the Corporation's Management Information Circular for the fiscal year ended November 30, 2005, which is available on [www.sedar.com](http://www.sedar.com).

The Corporation has no revenue from operations or other source of operating cash flow. None of the Corporation's mineral properties currently have proven reserves. The Corporation has limited financial resources. Substantial expenditures are required to be made to establish ore reserves. The Corporation relies on the sale of equity to fund its operations. There is no guarantee that it will be able to obtain adequate financing in the future or that such financing will be advantageous to the Corporation. Additional funds raised by the Corporation through the issuance of equity or convertible debt securities may cause the Corporation's current shareholders to experience dilution. Such securities may grant rights or privileges senior to those of the Corporation's common stockholders.

The Company's ability to achieve and maintain positive cash flow is dependent upon the Company's ability to raise required funding through equity issuances, asset sales, joint venture arrangements or a combination thereof.

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

This Management Discussion and Analysis contains "forward-looking statements", within the meaning of applicable Canadian securities legislation, concerning the business, operations and financial performance and condition of Duncan Park. Forward-looking statements include, but are not limited to, statements with respect to exploration plans and capital expenditures. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Duncan Park, to be materially different from those expressed or implied by such forward-looking statements, including but not limited to: risks related to arbitration, international operations; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future commodity prices; possible variations in possible mineralization, government regulation, environmental risks, failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mineral exploration.

Although Duncan Park has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.

Accordingly, readers should not place undue reliance on forward-looking statements.

Duncan Park does not undertake to update any forward-looking statements that are incorporated by reference herein, except in accordance with applicable securities laws.