The Consolidated Financial Statements of

(An Exploration Stage Enterprise)

(Expressed in Canadian Dollars)

September 30, 2012 and 2011

(An Exploration Stage Enterprise)
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(Expressed in Canadian Dollars)

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Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of McLaren Resources Inc. were prepared by management in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Management acknowledges responsibility for the preparation and presentation of the consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances.

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the consolidated 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 consolidated financial statements and (ii) the consolidated 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 by the consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities.

The Board of Directors exercises its responsibilities through the Audit Committee of the Board which meets to satisfy itself that management's responsibilities are properly discharged and with the external auditors to review the financial statements before they are presented to the Board of Directors for approval.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

The Audit Committee has met with the Company's independent auditor to review the scope and results of the annual audit and to review the consolidated financial statements and related financial reporting matters prior to recommending the consolidated financial statements be approved.

The Company's independent auditor, Rich Rotstein LLP, have conducted an audit in accordance with generally accepted auditing standards in Canada, and their report follows.

Ivan Buzbuzian President	David McDonald Chief Financial Officer
Toronto, Canada	December 13, 2012

Rich
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CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the shareholders of McLaren Resources Inc.

We have audited the accompanying consolidated financial statements of MCLAREN RESOURCES INC. which comprise the consolidated statements of financial position as at September 30, 2012, September 30, 2011 and October 1, 2010, the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years ended September 30, 2012 and September 30, 2011, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosure in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of MCLAREN RESOURCES INC. as at September 30, 2012, September 30, 2011 and October 1, 2010 and its financial performance and its cash flows for the years ended September 30, 2012 and September 30, 2011, in accordance with International Financial Reporting Standards.

Rich Rotstein LLP

Chartered Accountants
Licensed Public Accountants

Toronto, Canada
December 13, 2012

(An Exploration Stage Enterprise)

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

As at	Note	**September 30, 2012** $	September 30, 2011 (Note 4) $	October 01, 2010 (Note 4) $
Current Assets				
Cash and cash equivalents	5	**530,072**	428,898	272,291
Restricted cash	6	**-**	-	550,000
Marketable securities	7	**53,000**	185,503	11,954
HST Recoverable	8	**34,386**	71,161	65,827
Prepaid expenses		**568**	7,666	300
		618,026	693,228	900,372
Royalty Interest	9		1	1
Property and equipment	14	**-**	787	1,178
		618,026	694,016	901,551
Liabilities and Shareholders' Equity				
Current liabilities				
Accounts payable and accrued liabilities	15, 17	**139,416**	36,771	37,946
Flow-through share premium liability		**-**	25,777	42,500
		139,416	62,548	80,446
Shareholders' equity				
Capital stock	18(b)	**5,610,871**	4,827,921	4,652,846
Warrants	18(c)	**28,050**	26,925	-
Contributed surplus	19	**655,548**	622,292	461,045
Deficit		**(5,815,859)**	(4,845,670)	(4,292,786)
		478,610	631,468	821,105
		618,026	694,016	901,551

Approved on behalf of the Board:

"Ivan Buzbuzian"
Director

"Michael Meredith"
Director

The accompanying notes form an integral part of these financial statements

(An Exploration Stage Enterprise)
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

For the years ended	September 30, 2012 **$**	September 30, 2011 (Note 4) $
Expenses		
Management fees (Note 17)	**195,000**	189,675
Consulting fees (Note 17)	**161,883**	74,960
Investors' relations	**103,005**	65,809
Office, general and administrative	**111,502**	82,827
Professional fees	**57,018**	50,637
Directors' fees (Note 17)	**30,000**	30,000
Stock-based compensation (Note 18)	**6,331**	161,247
Licenses, taxes and fees	**2,834**	-
Amortization	**787**	391
Exploration & evaluation expenditures (Note 11)	**465,391**	280,273
Total expenses	**1,133,751**	935,819
Less: Flow-through share premium recovery	**(75,777)**	(46,723)
Net Loss from operations	**1,057,974**	889,096
Other income (expense)	**-**	-
Interest and other (income) loss	**-**	(741)
Expired rights	**1**	-
Gain on disposal of EL 1070 property (Note 16)	**-**	(335,391)
Gain on sale on disposal of North Sea Leases (Note 12)	**(100,000)**	-
Gain on sale of marketable securities	**(37,530)**	(21,518)
Loss in value of marketable securities held for trading	**49,744**	21,438
	(87,785)	(336,212)
Net loss and comprehensive loss for the year	**(970,189)**	(552,884)
Weighted average number of shares - basic and diluted	**24,240,582**	20,708,254
Net loss per share - basic and fully diluted	**(0.04)**	(0.03)

The accompanying notes form an integral part of these financial statements

(An Exploration Stage Enterprise)
Consolidated Statement of Changes in Equity
(Expressed in Canadian Dollars)

	Share Capital		Reserves			
	Number of Shares	Amount $	Warrants $	Contributed Surplus $	Accumulated deficit $	Total $
Balance at October 1, 2010	19,794,281	4,852,846	-	461,045	(4,292,786)	1,021,105
Share based payments	-	-	-	161,247	-	161,247
Flow-through share premium	-	(30,000)	-	-	-	(30,000)
Private placements, net of issue costs	1,000,000	200,000	-	-	-	200,000
Warrants issued on private placement	-	(26,925)	26,925	-	-	-
Shares issued for property	200,000	32,000	-	-	-	32,000
Net loss for the year	-	-	-	-	(552,884)	(552,884)
Balance at September 30, 2011	20,994,281	5,027,921	26,925	622,292	(4,845,670)	831,468
Private placements, net of issue costs	4,000,000	850,000	-	-	-	850,000
Shares issued for services	100,000	11,000	-	-	-	11,000
Warrants issued	-	(28,050)	28,050	-	-	-
Warrants expired	-	-	(26,925)	26,925	-	-
Flow-through share premium	-	(50,000)	-	-	-	(50,000)
Share based payments	-	-	-	6,331	-	6,331
Net loss for the year	-	-	-	-	(970,189)	(970,189)
Balance at September 30, 2012	25,094,281	5,810,871	28,050	655,548	(5,815,859)	678,610

The accompanying notes form an integral part of these financial statements

McLaren Resources

(An Exploration Stage Enterprise)
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

For the years ended September 30	**2012 $**	2011 $
Net inflow (outflow) of cash related to the following activities:		
Operating activities		
Net loss for the year	**(970,189)**	(552,884)
Items not affecting cash		
Amortization	**787**	391
Shares issued for services	**11,000**	-
Shares issued for exploration	**-**	32,000
Share-based compensation	**6,331**	161,247
Bad debts expense (recovery)	**-**	(4,871)
Gain on disposal of EL 1070 Property	**-**	(335,391)
Gain on sale of North Sea Leases	**(100,000)**	
Gain on sale of marketable securities	**(37,530)**	(21,518)
Expired rights	**1**	-
Loss on value of marketable securities	**49,744**	21,438
Flow through share premium recovery	**(75,777)**	(46,723)
	(1,115,633)	(746,311)
Changes in non-cash working capital		
Decrease (Increase) in HST recoverable	**36,776**	(5,334)
Decrease (Increase) in prepaid expenses	**7,098**	(7,366)
Increase (Decrease) in accounts payable and accrued liabilities	**102,646**	(1,175)
Decrease in restricted cash held in trust	**-**	550,000
	146,520	536,125
	(969,113)	(210,186)
Investing activities		
Short term investments	**-**	(37,500)
Proceeds from sale of North Sea Leases	**100,000**	-
Proceeds on disposal of mineral property	**-**	150,000
Proceeds from sale of securities	**120,287**	54,293
	220,287	166,793
Financing activities		
Proceeds from issuance of common shares	**850,000**	200,000
Net increase in cash position	**101,174**	156,607
Cash, beginning of year	**428,898**	272,291
Cash, end of year	**530,072**	428,898

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid for				
Interest paid	**$**	**700**	$	1,900
Income taxes	**$**	**1,310**	$	-

The accompanying notes form an integral part of these financial statements

1. NATURE OF OPERATIONS

McLaren Resources Inc. (CNSX:MCL) ("McLaren" or the "Company") was incorporated on July 13, 1999 under The Business Corporations Act (Ontario). The Company's head office is located at 65 Queen St. W., Suite 520 Toronto, ON, M5H 2M5. The Company was engaged in the acquisition, exploration and development of petroleum and natural gas properties until December of 2010.

On November 8, 2010, the Company sold its 5% interest in the EL 1070 Western Newfoundland property to Shoal Point Energy Ltd. ("SPE") (see Note 16).

On December 6, 2010, the Company entered into an agreement with Red Mile Minerals Corp. ("Red Mile") and subsequently earned 50% interest in 25 patented mining claims of Blue Quartz property located in Beatty Township, Northern Ontario (see Note 11).

On July 26, 2011, the Company acquired 100% shares of 2285944 Ontario Limited through the issuance of 100,000 common shares and payment of $50,000 cash to the shareholders of 2285944 Ontario Limited. As a result of this transaction, 2285944 Ontario Limited became a wholly-owned subsidiary of the Company (see Note 10). The Blue Quartz Property Extension was transferred to the Company from 2285944 Ontario Limited in 2012 (see Note 11).

On September 26, 2011, the Company entered into an option agreement with Red Mile whereby Red Mile has the option to earn 50% interest in the Blue Quartz Property Extension ("BQ Extension") which is owned 100% by the Company. Upon completion of the option agreement, the Company and Red Mile will each own 50% of the entire Blue Quartz BQ-Extension Property package.

On November 8, 2011 the Company signed a Letter of Intent ("LOI") with TimGinn Exploration Limited ("TimGinn") to earn 60% in a past producing gold Property located in the heart of the Timmins Gold Camp and adjacent to Goldcorp's Hollinger and McIntyre mines (Note 11).

The Company is currently pursuing gold exploration in Ontario and will continue to source and evaluate gold exploration ventures within Canada.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities and commitments in the normal course of business for the foreseeable future. As at September 30, 2012, the Company has been incurring losses and has an accumulated deficit of $5,815,859 (September 30, 2011 - $4,845,670). The Company has not yet achieved profitable operations and expects to incur further losses in the development of its business. Management intends to obtain further financing through the issuance of flow-through shares and private placements. While management has been successful in the past, the ultimate outcome of these matters cannot presently be determined because they are contingent on future events. However, the Company's management believes that it will be successful in meeting its business objectives, and that the going concern assumption remains appropriate.

2. BASIS OF PREPARATION

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

These are the Company's first annual consolidated financial statements prepared in accordance with IFRS and IFRS 1 First-time Adoption of International Financial Reporting Standards has been applied. An explanation of how the transition from Canadian generally accepted accounting principles (GAAP) to IFRS has affected the reported financial position, statement of loss and comprehensive loss and cash flows of the Company is provided in Note 4.

The consolidated financial statements were authorized for issue by the Board of Directors on December 13, 2012. The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and in preparing the opening IFRS statement of financial position at October 1, 2010 for purposes of transition to IFRS, unless otherwise indicated.

(b) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as available-for-sale financial assets, which are measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The comparative figures presented in these financial statements are in accordance with IFRS. The functional currency of the Company and its subsidiaries is expressed in Canadian dollar.

(c) Use of estimates and judgments

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and shareholders' equity at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Revisions to accounting estimates are recognized in the period in which the change in estimate occur and in any future periods affected.

Areas requiring a significant degree of estimation and judgment relate to the recoverability of the carrying value of exploration and evaluation assets and mineral properties, the continuing viability of mineral property interests, fair value measurements for financial instruments, share-based payments, and other equity-based payments, the determination of reclamation obligations, the valuation allowance on deferred income tax assets, the value of the premium included in flow through share issuances and the estimated useful life and recoverability of equipment. Actual results may differ from those estimates and judgments.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening IFRS statement of financial position at October 1, 2010 for the purpose of the transition to IFRS, unless otherwise indicated. The policies applied in these financial statements are based upon IFRS issued and outstanding as of September 30, 2012

(a) Basis of presentation and consolidation

The Company's consolidated financial statements include the interests in McLaren Resources Inc. and its wholly-owned subsidiary, 2285944 Ontario Limited. These consolidated financial statements incorporate all the assets, liabilities and results of operations of all the entities controlled by the Company, specifically its wholly-owned subsidiaries. The effects of all transactions between entities in the consolidated group have been eliminated.

(b) Financial instruments

(i) Financial assets

Financial assets are classified into four categories: fair value through profit or loss (“FVTPL”), held-to-maturity (“HTM”), loans and receivables and available-for-sale (“AFS”).

• Fair value through profit or loss (“FVTPL”)

A financial asset is classified at fair value through profit or loss if it is classified as held-for-trading or is designated as such upon initial recognition. Financial assets are designated at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company’s risk management strategy. Attributable transaction costs are recognized in profit or loss when incurred. FVTPL are measured at fair value, and changes are recognized in the statement of income (loss).

• Held-to-maturity (“HTM”)

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company’s management has the positive intention and ability to hold to maturity. These assets are measured at amortized costs using the effective interest method. If there is objective evidence that the asset is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of income (loss).

• Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted on an active market. Such assets are initially recognized at fair value plus any direct attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective

interest method, less any impairment losses. The Company classified its financial assets which consisted of trade and other receivables as loans and receivables.

• Available-for-sale ("AFS")

Non-derivative financial assets not included in the above categories are classified as available-for-sale. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses are recognized in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expires, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

(ii) Financial liabilities

Financial liabilities are classified into one of two categories: fair value through profit or loss and other financial liabilities.

• Fair value through profit or loss

This category comprises of derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried on the statement of financial position at fair value, with the changes in fair value recognized in the statement of income (loss).

• Other financial liabilities

This category includes trade and other payables and due to related party, which are recognized at amortized cost.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company has the following non-derivative financial liabilities: accounts payable and accrued liabilities, note payable, and other current liabilities. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(iii) Impairment of financial assets

The Company's financial assets are assessed at each reporting date to determine whether there is objective evidence of impairment. A financial asset is impaired if objective evidence indicates that a loss event has

occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, or indications that a debtor or issuer will enter bankruptcy.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and recorded in general and administrative expense. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of the impairment loss to decrease, the decrease in impairment loss is reversed through the statement of income (loss).

(c) Cash and cash equivalents

Cash and cash equivalents consist of highly liquid investments that are readily convertible to known amounts of cash and have maturity dates of three months or less from the date of purchase. Cash consists of cash on deposit with a major Canadian bank. Cash is designated as FVTPL and are carried at fair value.

(d) Marketable securities

Marketable securities include publicly traded equity shares and warrants which have been classified as held-for-trading and are carried at fair value based on quoted market prices. The increase or decrease in fair value is reported as income or loss.

(e) Prepaid expense

Prepaid expense represents advance payments made to vendors for expenses applicable to a future period. They include advance payment made to consultants and unexpired portion of insurance.

(f) Property and equipment

Property and equipment are carried at acquisition cost less accumulated depreciation and accumulated impairment losses. The cost of an item of the property and equipment consists of the purchase price, any cost directly attributable to bringing the asset to the location and condition necessary for its intended use and initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is calculated using the following annual rate, which is used to estimate the useful lives of the assets:

Computer and office equipment	20%

An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

Where an item of equipment is composed of major components with different useful lives, the components are accounted for as separate items of equipment. Expenditures incurred to replace a component of an item of equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

(g) Evaluation and exploration expenditures

Evaluation and exploration expenditures are costs incurred to source a mineral property and determine technical feasibility and commercial viability of developing the project. Exploration costs typically include costs associated with sampling, drilling, geological surveys and other activities directed at confirmed gold mineral zones. Evaluation costs are directed at determining the feasibility and commercial viability of developing the claim.

Evaluation and exploration expenditures are charged to operations in the period until the Company determines that the development is technically feasible and commercially viable. At such point, expenditures are capitalized as mining interests.

(h) Decommissioning obligations

The liability for a decommissioning obligation, such as site reclamation costs, is recorded when a legal or constructive obligation exists and is recognized in the period in which it is incurred. The Company records the estimated present value of future cash flows associated with site reclamation as a liability when the liability is incurred and increases the carrying value of the related assets for that amount. The liability is accreted to reflect the passage of time and adjusted to reflect changes in the timing and amount of estimated future cash flows.

As at September 30, 2012, September 30, 2011 and October 1, 2010, the Company has determined that it does not have material decommissioning obligations.

(i) Share Capital

Incremental costs directly attributable to the issuance of common shares are recognized as a deduction from equity. The proceeds from the exercise of stock options or warrants together with amounts previously recorded over the vesting periods are recorded as share capital. Share capital issued for non-monetary consideration is recorded at an amount based on fair value on the date of issue. The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate exploration and evaluation assets. These equity financing transactions may involve issuance of common shares or units. Each unit comprises a certain number of common shares and a certain number of share purchase warrants. Depending on the terms and conditions of each equity financing transaction, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the transaction. Warrants that are part of units are assigned nil value and included in capital stock with the common shares that were concurrently issued. Warrants that are issued as payment for agency fees or other transaction costs are accounted for as share-based payments.

(j) Share-based payments

The Company has a stock option plan. Share-based payments to officers and directors are measured at the fair value of the instruments issued and amortized over their respective vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded in equity as the option reserve. The fair value of options is determined using a Black-Scholes pricing model which incorporates all market vesting conditions. The number of options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. The expected term to exercise is based upon historical data of the average hold period before exercise. Expected volatility is estimated with reference to the historical share price volatility of the Company's share price.

(k) Flow-through shares

Canadian tax legislation permits a company to issue flow-through instruments whereby the deduction for tax purposes relating to qualified resource expenditures is claimed by the investors rather than the Company. Common shares issued on a flow-through basis typically include a premium because of the tax benefits provided to the investor. At the time of issue, the Company estimates the proportion of the proceeds attributable to the premium and the common shares. The premium is estimated as the excess of the subscription price over the value of common shares on the date of the transaction and is recorded as a deferred liability. The Company recognizes a pro-rata amount of the premium through the statement of loss and comprehensive loss as other income with a corresponding reduction to the deferred tax liability as the flow-through expenditures are incurred and renounced.

When the flow-through expenditures are incurred and renounced, the Company records the tax effect as a change to profit or loss and an increase to deferred income tax liabilities. To the extent that the Company has deferred income tax assets that were not recognized in previous periods, a deferred income tax recovery is recorded to offset the liability resulting from the renunciation.

(l) Income taxes

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax assets and liabilities are determined on a non-discounted basis, using the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets are recognized to the extent that it is probable that the asset can be recovered.

(m) Loss per share

The Company calculates basic loss per share using the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated by adjusting the weighted average number of common shares outstanding by an amount that assumes that the proceeds to be received on the exercise of dilutive stock options and warrants are applied to repurchase common shares at the average market price for the period in calculating the net dilution impact. Stock options and warrants are dilutive when the Company has income from continuing operations and the average market price of the common shares during the period exceeds the exercise price of the options and warrants. Due to the losses for the period ended September 30, 2012 and September 30, 2011, basic loss per share is equal to dilutive loss per share for the periods presented.

(n) New accounting standards and interpretations

Certain new standards, interpretations and amendments to existing standards have been issued by the International Accounting Standards Board ("IASB") or International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods beginning after October 1, 2011, or later periods. The Company is assessing the impact of these new standards, but does not expect them to have a significant effect on the financial statements.

IFRS 9, Financial instruments ("IFRS 9"), effective for annual periods beginning on or after January 1, 2015, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments. Management anticipates that this standard will be adopted in the Company's financial statements for the period beginning October 1, 2015, and has not yet considered the potential impact of the adoption of IFRS 9.

IFRS 10, Consolidated financial statements ("IFRS 10"): effective for periods beginning on or after January 1, 2013 with early adoption permitted, replaces the consolidation guidance in International Accounting Standard ("IAS") 27, Consolidated and Separate Financial Statements, and Standing Interpretations Committee ("SIC") Interpretation 12, Consolidation Special Purpose Entities, by introducing a single consolidation model for all entities based on control, irrespective of the nature of the invested. Under IFRS 10, control is based on whether an investor has: 1) power over the investee; 2) exposure, or rights, to variable returns from its involvement with the investee; and 3) the ability to use its power over the investee to affect the amount of the returns. Management anticipates that this standard will be adopted in the Company's financial statements for the period beginning October 1, 2013, and has not yet considered the potential impact of the adoption of IFRS 10.

IFRS 11, Joint arrangement ("IFRS 11"): effective for periods beginning on or after January 1, 2013 with early adoption permitted, replaces IAS 31, Interests in Joint Ventures ("IAS 31"). IFRS 11 focuses on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). It addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for all joint arrangements. This new standard principally addresses two aspects of IAS 31: first, that the structure of the arrangement was the only determinant of the accounting and, second, that an entity had a choice of accounting treatment for joint arrangements. Accordingly, IFRS 11 removes the option to apply the

proportional consolidation method and classifies joint arrangements into two types - joint operations and joint ventures. A joint operation is where the parties have joint control of the arrangement (i.e. joint operators) and have rights to the assets and obligations relating to the arrangement. A joint venture is where the parties have joint control of the arrangement (i.e. joint venturers) and have rights to the net assets of the arrangement. Under the new standard, a company will recognize its share of assets, liabilities, revenues and expenses of joint operations; joint ventures will be equity accounted for. Management anticipates that this standard will be adopted in the Company's financial statements for the period beginning October 1, 2013, and has not yet considered the potential impact of the adoption of IFRS 11.

IFRS 12, Disclosures of interests in other entities (IFRS 12"): effective for periods beginning on or after January 1, 2013 with early adoption permitted, is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles. Management anticipates that this standard will be adopted in the Company's financial statements for the period beginning October 1, 2013, and has not yet considered the potential impact of the adoption of IFRS 12.

IFRS 13, Fair value measurement ("IFRS 13"): effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, sets out in a single IFRS a framework for measuring fair value and new required disclosures about fair value measurements. Management anticipates that this standard will be adopted in the Company's financial statements for the period beginning October 1, 2013, and has not yet considered the potential impact of the adoption of IFRS 13.

4. TRANSITION TO IFRS

The Company's consolidated financial statements for the year ended September 30, 2012 are the first annual financial statements that comply with IFRS and have been prepared as described in Note 2, including the application of IFRS 1. IFRS 1 requires an entity to adopt IFRS in its first annual financial statements prepared under IFRS by making an explicit and unreserved statement in those financial statements of compliance with IFRS.

IFRS 1 also requires that comparative financial information be provided. As a result, the first date at which the Company has applied IFRS was October 1, 2010 (the "Transition Date"). IFRS 1 requires first-time adopters to retrospectively apply all effective IFRS standards as of the reporting date, which for the Company is September 30, 2012.

Initial elections upon adoption

Set forth below are the IFRS 1 applicable exemptions and exceptions applied in the Company's conversion from Canadian GAAP (GAAP) to IFRS.

IFRS Exemption Options

1. Business combinations - The Company elected to apply this exemption and did not apply IFRS 3 retrospectively to business combinations that occurred prior to its Transition Date.

2. Share-based payments - The Company elected to avail itself of the exemption provided under IFRS 1 and

applied IFRS 2 for all equity instruments granted after November 7, 2002 that had not vested by its Transition Date.

IFRS 1 mandatory exceptions applied

Estimates - Hindsight is not used to create or revise estimates. The estimates previously made by the Company under Canadian GAAP were not revised for application of IFRS except where necessary to reflect any difference in accounting policies.

Transition to IFRS

The following narratives explain the significant differences between the previous historical Canadian GAAP accounting policies and the current IFRS policies applied by the Company. The Company has adopted IFRS on September 30, 2011 with a transition date of October 1, 2010. Under IFRS 1 '*First time Adoption of International Financial Reporting Standards*', the IFRS are applied retrospectively at the date with all adjustments to assets and liabilities as stated under the Canadian GAAP taken to retained earnings unless certain exemptions are applied.

a) Deferred mineral property and gas exploration expenditures

Under Canadian GAAP, the Company's policy for exploration and evaluation expenditures was to capitalize the expenditures that have the potential of being economically recoverable.

Upon transition to IFRS, the Company has adopted the IASB framework for exploration and evaluation costs. As a result, the Company has derecognized and expensed exploration and evaluation expenditures previously capitalized in deferred mineral property expenditures. The deferred petroleum and gas exploration costs of $150,000 previously capitalized at September 30, 2010 have been charged to deficit on the transition date, October 1, 2010. Expenditures subsequent to the transition date have been charged to net loss. Exploration and evaluation costs for the year ended September 30, 2011 of $280,273 previously capitalized in deferred mineral property expenditures have been charged to net loss.

b) Future tax liability

Under GAAP, future income tax liabilities arising from temporary differences at the date an asset is acquired are recognized using a circular calculation with the offsetting amount recorded as an increase in the related asset. Under IFRS, in the circumstances described above, future income tax is prohibited from being recognized. Under GAAP a future income tax liability of $56,100 was recognized prior to October 1, 2010, using the above methodology for mineral property acquisitions and these GAAP entries including any foreign exchange effect were reversed on transition to IFRS.

c) Flow-through Shares

Under Canadian GAAP – The resource expenditure deductions for income tax purposes related to exploratory and development activities funded by flow-through share arrangements were renounced to investors in accordance with tax legislation. The deferred income taxes relating to the temporary differences that arise when the qualifying expenditures are incurred were recorded at the time of filing the renunciation with the tax authorities. The recognition of the deferred income tax liability resulted in a corresponding

reduction to the carrying value of the shares issued.

Under IFRS –

- The obligation to renounce tax deductions at the time of issuance of flow-through shares is recorded as a liability in accordance with IAS 37, "Provisions, Contingent Liabilities and Contingent Assets" measured using a residual or a relative fair value method. This obligation is released into the statement of comprehensive income as a gain as and when the Company incurs qualifying expenditures (i.e. fulfilling its obligation to renounce tax attributes).

- A deferred tax liability is recognized (with the debit to statement of comprehensive income), in accordance with IAS 12, Income Taxes, in respect of the taxable temporary difference that arises from the difference between the carrying amount of eligible expenditures capitalized as an asset in the statement of financial position and its tax base.

d) Share-based payments

Under Canadian GAAP - options are valued on the date of grant.

Under IFRS - options vest in installments, the Company accounted for them as separate awards.

Below is the Company's Consolidated Statement of Financial Position as at the transition date of October 1, 2010 under IFRS.

Reconciliation of assets, liabilities and equity

	As at October 1, 2010			
	GAAP	Effect of Transition to IFRS	IFRS	Notes
Assets				
Current				
Cash	$ 272,291	-	$ 272,291	
Restricted cash held in trust	550,000	-	550,000	
Marketable securities	11,954	-	11,954	
Accounts receivable	65,827	-	65,827	
Prepaid expenses	300	-	300	
	900,372	-	900,372	
Deferred petroleum and natural gas exploration costs	150,000	(150,000)	-	(a)
Royalty interest	1	-	1	
Property and equipment	1,178	-	1,178	
	$ 1,051,551	(150,000)	$ 901,551	
Liabilities				
Accounts payable and accrued liabilities	$ 37,946	-	$ 37,946	
Deferred tax liability	56,100	(56,100)	-	(b)
Flow-through share premium liability	-	42,500	42,500	(c)
Equity				
Share capital	4,639,246	13,600	4,652,846	(b & c)
Contributed surplus	461,045	-	461,045	
Accumulated deficit	(4,142,786)	(150,000)	(4,292,786)	(a)
	$ 1,051,551	(150,000)	$ 901,551	

TRANSITION TO IFRS (continued)

IFRS employs a conceptual framework that is similar to Canadian GAAP. The adoptions have resulted in significant changes to the reported financial position, results of operations, and cash flows of the Company. Presented below are reconciliations prepared by the Company to reconcile to IFRS the assets, liabilities, equity, net loss and cash flows of the Company from those reported under Canadian GAAP.

Reconciliation of assets, liabilities and equity

	As at September 30, 2011			
	GAAP	Effect of Transition to IFRS	IFRS	Notes
Assets				
Current				
Cash and cash equivalents	$ 428,898	-	$ 428,898	
Marketable securities	185,503	-	185,503	
Accounts receivable	71,161	-	71,161	
Prepaid expenses	7,666	-	7,666	
	693,228	-	693,228	
Mineral properties	280,273	(280,273)	-	(a)
Royalty interest	1	-	1	
Property and equipment	787	-	787	
	$ 974,289	(280,273)	$ 694,016	
Liabilities				
Accounts payable and accrued liabilities	36,771	-	36,771	
Flow-through share premium liability	-	25,777	25,777	(c)
Deferred income tax	112,600	(112,600)	-	
Equity				
Share capital	4,787,821	40,100	4,827,921	(c)
Warrants	26,925	-	26,925	
Contributed surplus	627,940	(5,648)	622,292	
Accumulated deficit	(4,617,768)	(227,902)	(4,845,670)	(a & b)
	$ 974,289	(280,273)	$ 694,016	

TRANSITION TO IFRS (continued)

Reconciliation of Statement of Loss and Comprehensive Loss

	Year ended September 30, 2011			
	GAAP	Effect of Transition to IFRS	IFRS	Notes
Expenses				
Management fees	$ 189,675	-	$ 189,675	
Share-based payments	166,895	(5,648)	161,247	(d)
Office, general and administrative	82,827	-	82,827	
Consulting fees	74,960	-	74,960	
Investors' relations	65,809	-	65,809	
Professional fees	50,637	-	50,637	
Directors' fees	30,000	-	30,000	
Amortization	391	-	391	
Exploration and evaluation expenditures	-	280,273	280,273	(a)
Net loss from operations	$ 661,194	274,625	$ 935,819	(a & d)
Other income				
Flow-through share premium recovery	-	(46,723)	(46,723)	(c)
Interest income	(741)	-	(741)	
Gain on disposal of property	(185,391)	(150,000)	(335,391)	
Gain on sale of marketable securities	(21,518)	-	(21,518)	
Loss in value of marketable securities	21,438	-	21,438	
	(186,212)	(196,723)	(382,935)	
Net loss and comprehensive loss	$ (474,982)	(77,902)	$ (552,884)	

TRANSITION TO IFRS (continued)

Reconciliation of Cash Flows

	Year ended September 30, 2011			
	GAAP	Effect of Transition to IFRS	IFRS	Notes
Operations				
Net loss for the year	$ (474,982)	(77,902)	$ (552,884)	(a & c)
Adjustments to reconcile net loss to net cash used in operating activities:				
Amortization	391	-	391	
Flow-through share premium recovery	-	(46,723)	(46,723)	(c)
Share-based payments	166,895	(5,648)	161,247	(d)
Shares issued for exploration	-	32,000	32,000	
Bad debts expense (recovery)	(4,871)	-	(4,871)	
Gain on disposal of property	(185,391)	(150,000)	(335,391)	(a)
Gain on sale of marketable securities	(21,518)	-	(21,518)	
Loss on value of marketable securities	21,438	-	21,438	
Changes in non-cash working capital:				
HST receivable	(5,334)	-	(5,334)	
Restricted cash held in trust	550,000	-	550,000	
Prepaid expenses	(7,366)	-	(7,366)	
Accounts payable and accrued liabilities	(1,175)	-	(1,175)	
Cash used in operating activities	38,087	-	(210,186)	
Cash flows from investing activities				
Mineral Properties	(248,273)	248,273	-	
Short-term investments	(37,500)	-	(37,500)	
Proceeds from disposal of property	150,000	-	150,000	
Proceeds from sale of securities	54,293	-	54,293	
Cash flows used in investing activities	(81,480)	-	166,793	
Cash flows from financing activities				
Issue of common shares	200,000	-	200,000	
Net increase	156,607	-	156,607	
Cash, beginning of year	272,291	-	272,291	
Cash, end of year	$ 428,898	-	$ 428,898	

5. CASH

The balance at September 30, 2012 consists of cash on deposit with a major Canadian bank in general interest-bearing accounts totaling $530,072 (2011 - $428,898).

6. RESTRICTED CASH

On September 29, 2010, the Company entered into a Purchase and Sale Agreement (the "Agreement") with Shoal Point Energy Ltd. and Canadian Imperial Venture Corp. to acquire a 5% working interest in a Western Newfoundland property. In consideration the Company placed $550,000 in trust with the Company's solicitors. In November 2010, the Agreement was cancelled and the $550,000 was released to the Company.

7. MARKETABLE SECURITIES

The Company's marketable securities consist of the following:

	September 30, 2012 $	September 30, 2011 $	October 1, 2010 $
Held-for-trading:			
Shoal Point Energy Ltd. common shares (200,000 shares @ $0.09 per share)	18,000	118,759	11,954
Shoal Point Energy Ltd. warrants (250,000 units - fair market value was determined using Black-Scholes option pricing model)	-	14,244	-
Victory Gold Mine Inc - common shares (250,000 shares @ $0.14)	35,000	52,500	-
	53,000	185,503	11,954

During the year ended September 30, 2010, the Company received 59,772 Shoal Point Energy Ltd. (SPE) shares as a debt settlement valued at $11,954.

In November 2010, the Company received an additional 750,000 SPE shares and 250,000 warrants on the sale of property rights to SPE.

On December 31, 2010, the Company received 250,000 common shares of Victory Gold Mines Inc. at a price of $0.15 per share in settlement of the accounts receivable for $37,500. As at September 30, 2012 the fair market value of the shares quoted in active market was $0.14 per share equal to $35,000.

As of September 30, 2012, the Company held 200,000 common shares of SPE with fair market value of $0.09 per share and 250,000 warrants, expiring November 8, 2012, of SPE fair market value was

determined using the Black-Scholes option pricing model.

The shares and warrants have been classified as held-for-trading.

The Company follows the fair value method of accounting for warrants using the Black-Scholes option pricing model. The fair value of warrants were calculated based on the following assumptions at September 30, 2012.

Risk free interest rate	1.08 %
Expected volatility	100 %
Expected life (in years)	0.10
Dividend yield	0.00 %
Stock price	$ 0.09
Weighted average exercise price	$ 0.28

8. HST RECOVERABLE

HST recoverable the harmonized sales tax ("HST") due from the Canadian government. There are no other receivables at year end.

	September 30, 2012	September 30, 2011	October 01, 2010
	$	$	$
HST recoverable	34,386	71,161	65,827
Total	34,386	71,161	65,827

At September 30, 2012, the Company anticipates full recovery of these amounts and therefore no impairment has been recorded against these receivables.

9. ROYALTY INTEREST

During 2005, the Company purchased a beneficial 5% net smelter royalty interest ("NSR") on the Zenda Property in Kern County, California, USA. During 2007, the Company paid its remaining contractual obligation regarding the purchase of the NSR and wrote-down the carrying value of the NSR interest due to lack of progress in bringing the property into commercial production. The royalty interest expired in 2012.

10. ACQUISITION OF 2285944 ONTARIO LIMITED ("BQ-Extension")

Pursuant to the Asset Purchase Agreement dated July 26, 2011, the Company acquired 100% of the outstanding shares of 2285944 Ontario Limited ("2285944"). 2285944 owned certain mineral properties referred to as the BQ-Extension, consisting of 8 unpatented claims totaling 240 hectares or approximately 600 acres for a purchase price of $68,000. In consideration of the assets acquired, the Company paid $50,000 in cash and issued 100,000 common shares at a deemed price of $0.18 per share to the shareholders of the Corporation. The common shares issued were subject to certain escrow conditions agreed upon by the parties.

The acquisition did not meet the definition of a business combination as set out in the CICA Handbook Section 1582 and was therefore accounted for as an asset purchase.

The following table summarizes the fair values of the asset acquired at the date of acquisition:

	2011 $
Asset acquired:	
Mineral Property	68,000
Purchase price consists of:	
100,000 common shares @ $0.18 per share (added to the stated capital)	18,000
Cash paid	50,000
	68,000

See Note 4 - Transition to IFRS

11. EXPLORATION AND EVALUATION EXPENDITURES

The evaluation and exploration expenses for the Company are broken down as follows:

	September 30, 2012 $	September 30, 2011 $	Cumulative to date $
Blue Quartz			
Exploration and evaluation expenditures	-	212,273	212,273
BQ-Extension			
Exploration and evaluation expenditures	-	68,000	68,000
TimGinn			
Exploration and evaluation expenditures	451,803	-	451,803
Other properties			
Exploration and evaluation expenditures	13,588	-	13,588
	465,391	280,273	745,664

Northern Ontario, Canada

Blue Quartz

On December 6, 2010, McLaren and Red Mile entered into an Option Agreement whereby McLaren could earn a 50% interest in the Blue Quartz gold property, with McLaren having the right of first refusal on the remaining 50% interest. The Property consists of 25 patented mining claims and is located in Beatty Township, Northern Ontario. To earn a 50% interest in the Blue Quartz Property, the Company paid $10,000 cash and issued 100,000 McLaren common shares with a deemed price of $0.14 per share and is required to spend $200,000 on exploration and development.

On July 26, 2011, the Company purchased additional property "BQ-Extension" from 2285944 Ontario Limited consisting of 8 unpatented claims totaling 240 hectares or approximately 600 acres for a purchase price of $68,000. Details of the purchase are described in Note 10.

During the calendar year ended December 31st, 2011, the Company completed the $200,000 in exploration and development expenditures and exercised its option to acquire 50% of the Blue Quartz property holding 25 patented mining claims. A 1.0% Net Smelter Royalty ("NSR") is retained by the predecessor companies (Thundermin Resources Inc. and Wesdome Mines Ltd.). Upon completion of the earn in and exercising its option to acquire the 50% interest in the Blue Quartz property, the Company has the right to purchase 50% (.05%) of the NSR from the predecessor companies for $250,000.

On September 26, 2012, the Company entered into an option agreement with Red Mile whereby Red Mile has the option to earn 50% interest in the Blue Quartz Property Extension ("BQ Extension") which is owned 100% by McLaren. The BQ-Extension property consists of 8 unpatented claims totaling 240 hectares or approximately 600 acres. Upon completion of the option agreement McLaren and Red Mile will each own 50% of the entire Blue Quartz and BQ-Extension Property package.

Upon exercising the option herein to earn its full 50% interest in the Property, McLaren and Red Mile

shall agree to associate on a shared cost basis for further exploration and development of the Property.

TimGinn

On November 7, 2011 the Company announced that it had signed a Letter of Intent ("LOI") with TimGinn to earn a 60% interest in a past producing gold property located in the heart of the Timmins Gold Camp adjacent to Goldcorp's Hollinger and McIntyre mines.

McLaren can earn a 50% interest in the property by incurring $2 million of exploration expenditures by April 30, 2015 and an additional 10% interest by incurring an additional $2 million in exploration expenditures by April 30, 2016 in order to earn a 60% interest for $4 million in total exploration expenditures.

12. DEFERRED PETROLEUM AND NATURAL GAS EXPLORATION COSTS

Western Newfoundland, Canada: Exploration License 1070 ("EL 1070")

On November 11, 2010 McLaren completed the sale of its 5% interest in the El 1070 Western Newfoundland property to SPE. The Company received proceeds of $150,000 cash, 750,000 SPE shares and 250,000 SPE warrants exercisable at a price of $0.28 with a two year term. In addition, the aggregate funds of $550,000 held in trust with the Company's solicitors, pursuant to the purchase and sale agreement, have been released back to the Company.

North Sea Leases, Netherlands

During the year ended September 30, 2010, the Company relinquished two of the four offshore petroleum exploration blocks held by the Company in the North Sea. In addition, on June 29, 2010, the Company disposed of its 27% interest in the two remaining North Sea blocks for a 3% net profit interest and a cash payment of $125,000 in aggregate.

During the first quarter of 2012, the cash payment owing to McLaren was negotiated from $125,000 to $100,000. The Company received the $100,000 cash during the 2nd quarter of 2012. The Company retains the 3% net profit interest in the property.

13. COMMITMENTS AND CONTINGENCIES:

The Company's operations were partly financed by the issuance of flow-through shares. However, there is no assurance that the funds spent by the Company will qualify as Canadian exploration expenses, even if the Company has committed to take all the necessary measures for this purpose. All flow-through funds raised to date, have been spent on qualified Canadian exploration expenditures in accordance with the Income Tax Act (Canada).

14. PROPERTY AND EQUIPMENT

Cost	Computer & Office Equipment $	Total $
Balance, October 1, 2010	2,560	2,560
Balance, September 30, 2011	2,560	2,560
Balance, September 30, 2012	**2,560**	**2,560**
Accumulated Amortization		
Balance, October 1, 2010	1,382	1,382
Depreciation for the period	391	391
Balance, September 30, 2011	1,773	1,773
Depreciation for the period	787	787
Balance, September 30, 2012	**2,560**	**2,560**
Carrying Amount		
As at October 1, 2010	1,178	1,178
As at September 30, 2011	787	787
As at September 30, 2012	**-**	**-**

15. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist primarily of outstanding vendors' invoices and accrued expenses incurred during the years. The balances owing to the creditors are payable in accordance with the vendors' individual credit terms. The Company has the following contractual maturities:

	September 30, 2012 $	September 30, 2011 $	October 01, 2010 $
3 - 6 months	139,416	36,771	37,946
6 - 9 months	-	-	-
9 - 12 months	-	-	-
Greater than 12 months	-	-	-
	139,416	36,771	37,946

16. GAIN ON DISPOSAL OF PROPERTY

On November 8, 2010, the Company sold its 5% interest in the EL 1070 Western Newfoundland property to Shoal Point Energy Ltd. for $150,000 cash, 750,000 common shares of SPE and 250,000 commons shares purchase warrants. Each warrant entitles the Company to purchase one common share of SPE for $0.28 expiring on November 8, 2012.

The gain on disposal of property is calculated as follows:

Carrying value of property at the time of disposal (Note 4)	$ -
Legal costs associated with closing	3,900
Cost	3,900
Consideration received:	
Cash	150,000
SPE shares (750,000 common @ $0.22 per share)	165,000
SPE Warrants (250,000 valued using Black-Scholes pricing model)	24,291
Total consideration	339,291
Gain on disposal of property	$ 335,391

The Company follows the fair value method of accounting for warrants using the Black-Scholes option pricing model. The fair value of warrants were calculated based on the following assumptions.

Risk free interest rate	1.60 %
Expected volatility	100 %
Expected life (in years)	2.00
Dividend yield	0.00 %
Stock price November 8, 2011	$ 0.22
Exercise price	$ 0.28

17. RELATED PARTY TRANSACTIONS

(a) During the year ended September 30, 2012, officers and directors of the Company and corporations related to them charged management fees of $195,000 (2011 - $189,675) and consulting fees of $161,883 (2011-$74,960). Included in consulting fees is an amount of $35,000 (2011-Nil) paid to a relative of a director. Included in accounts payable is $15,000 (2011-$Nil) relating to unpaid management fees.

(b) During the year ended September 30, 2012, directors of the Company and corporations related to them charged director fees of $30,000 (2011-$30,000).

(c) During the year ended September 30, 2012, the Company was charged $37,239 (2011-$38,065) for

legal fees by a law firm of which an officer of the Company is a partner. Accounts payable owing to this law firm at September 30, 2012 is $Nil (2011-$5,755).

These transactions were in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

18. CAPITAL STOCK

(a) Authorized

An unlimited number of one class of voting shares, designated common shares, with no par value.

(b) Issued and outstanding

	2012		2011	
	Number of shares	Amount $	Number of shares	Amount $
Beginning balance	20,994,281	4,827,921	19,794,281	4,652,846
Private placement (iv)	3,000,000	600,000	-	-
Issuance of warrants (iv)	-	(28,050)	-	(26,925)
Private placement flow-through (i)	-	-	1,000,000	200,000
Private placement flow-through (iv)	1,000,000	250,000	-	-
Stock issued for services (v)	100,000	11,000	-	-
Issued for property (ii)	-	-	200,000	32,000
Flow-through share premium (iii)	-	(50,000)	-	(30,000)
Ending balance	25,094,281	5,610,871	20,994,281	4,827,921

(i) On December 30, 2010, the Company completed a non-brokered private placement of 1,000,000 flow-through common shares at a price of $0.20 per share; gross proceeds of $200,000. Each unit consists of one common share and a half-warrant, with each full warrant being exercisable at $0.30 per share for 18 months from the date of closing.

(ii) On July 26, 2011, the Company paid $50,000 in cash and issued a 100,000 common shares at a deemed price of $0.18 per share in full consideration to acquire 100% of 8 unpatented mining claims located in Beatty Township, Northern Ontario which are contiguous to the Blue Quartz property (Note 10).

On September 16, 2011, the Company paid $10,000 cash and issued 100,000 common shares at a deemed price of $0.14 per share in relating to its 50% option in the Blue Quartz property consisting of 25 patented mining claims (Note 11) .

(iii) Flow-through premium of $50,000, (2011-$30,000) was calculated based on the residual value of flow-through shares.

(iv) On December 16, 2011, the Company completed a non-brokered private placement of 3,000,000 common shares at $0.20 per share; gross proceeds of $600,000. Each unit consists of one common share and a half-warrant, with each full warrant being exercisable at $0.30 per share for 18 months from the date of closing. The Company also issued 1,000,000 flow-through common shares at a price of $0.25 per share; gross proceeds of $250,000.

(v) On November 17, 2011, the Company issued 100,000 common shares at a deemed price of $0.11 per share for consulting services.

c) Warrants:

The following table shows the summary of warrants transactions.

	2012		2011	
Date issued	Number of Warrants	Fair Value of Warrants $	Number of Warrants	Fair Value of Warrants $
Balance, beginning of year	500,000	26,925	-	-
Issued during the year (i)	1,500,000	28,050	500,000	26,925
Expired during the year (ii)	(500,000)	(26,925)	-	-
Balance, end of year	1,500,000	28,050	500,000	26,925

(i) On December 30, 2010, related to the private placement, the Company issued 500,000 units of warrants exercisable at price of $0.30 per share, with an expiry date of June 30, 2012.

On December 16, 2011, related to the private placement, the Company issued 1,500,000 units of warrants exercisable at a price of $0.30 per share, with an expiry date of June 4, 2013.

(ii) On June 30, 2012, 500,000 warrants expired with a carrying value of $26,925.

The Company follows the fair value method of accounting for warrants using the Black-Scholes option pricing model. The fair value of warrants were calculated on September 30th, based on the following assumptions:

	2012	2011
Risk free interest rate	1.08 %	1.08 %
Expected volatility	100 %	100 %
Expected life (in years)	1.50	1.50
Stock price	$ 0.15	$ 0.17
Exercise price	$ 0.30	$ 0.30

A summary of the Company's share purchase warrants at September 30, 2012 is as follows:

Issue Date	Exercise Price $	Opening	Issued	Expired	Balance, end	Expiry Date
December 30, 2010	0.30	500,000		(500,000)	-	June 30, 2012
December 05, 2011	0.30	-	1,500,00	-	1,500,000	June 04, 2013
Totals	-	500,000	1,500,00	(500,000)	1,500,000	

d) Stock option plan:

The Company has adopted a stock option plan (the "Plan"), which provides that the board of directors of the Company may from time to time, in its discretion, and in accordance with exchange requirements, grant to directors, officers, employees and consultants of the Company options to purchase the Company's shares, provided that the number of the Company's shares reserved for issuance may not exceed 10% of the issued and outstanding common shares at any time. Such options will be exercisable for a period of up to 5 years from the date of grant. Except in specified circumstances, options are not assignable and will terminate if the optionee ceases to be employed by or associated with the Company. The terms of the Plan further provide that the price at which shares may be issued cannot be less than the market price (net of permissible discounts) of the shares when the relevant options were granted.

As at September 30, 2012, common share options held by directors, officers, and consultants are as follows:

Number of options outstanding	Weighted average Exercise Price $	Expiry Date	Remaining contractual life in years	Number of options vested and exercisable
62,500	0.20	August 30, 2013	0.92	62,500
1,025,000	0.20	December 30, 2014	1.25	1,025,000
375,000	0.20	December 10, 2015	2.21	375,000
350,000	0.35	April 28, 2016	2.58	350,000
1,812,500	0.23			1,812,500

The following table outlines the transactions of stock options that occurred during the year:

	September 30, 2012	September 30, 2011
Weighted average exercise price	$ 0.23	$ 0.26
Balance, beginning of the year	2,075,000	1,600,000
Options granted during the year (i)	-	850,000
Options forfeited during the year (ii)	(62,500)	(375,000)
Options exercised during the year	-	-
Options expired during the year (iii)	(200,000)	-
Balance, end of the year	1,812,500	2,075,000

(i) On December 10, 2010, the Company granted 375,000 stock options to its officers and directors with an exercise price of $0.20 per share, expiry date December 10, 2015.

On April 28, 2011, the Company granted 350,000 stock options to the management and consultants with an exercise price of $0.35, expiry date April 28, 2016.

On August 17, 2011, the Company granted 125,000 stock options to its Consultant with an exercise price of $0.20 per share, vesting quarterly, expiry date August 30, 2013. The vesting was contingent on the continuation of a contract.

(ii) During the year ended September 30, 2012, a Consultant's contract was discontinued at the Company's option and 62,500 stock options were forfeited.

During the year ended September 30, 2011 the Company cancelled 375,000 options previously granted to officers and consultants that are no longer connected with the Company.

(iii) On June 30 2012, 200,000 options granted to directors of the Company expired.

In calculating the fair value of the options, the Company follows the Black-Scholes option pricing model. The following table summarizes the underlying assumptions that the Company used to determine the share-based compensation cost for the Company's option awards during the year.

	September 30, 2012	September 30, 2011
Risk-free interest rate	1.08 %	1.71 %
Expected life (in years)	2	5
Expected volatility	100 %	100 %
Weighted average exercise price	$ 0.23	$ 0.26

The share-based compensation recorded during the year amounted to $6,331 (2011 - $161,247) and credited to Contributed Surplus.

19. CONTRIBUTED SURPLUS

The following table summarizes the changes of Contributed Surplus during the year:

	September 30, 2012 $	September 30, 2011 $
Balance - beginning of the year	622,292	461,045
Stock-based compensation (i)	6,331	161,247
Warrants expired (ii)	26,925	-
Balance - end of the year	655,548	622,292

(i) During the year ended 2011, 850,000 stock options were granted to officers, directors and consultants. Share-based compensation was valued at $161,247 using the Black-Scholes pricing model.

During the year ended 2012, 62,500 stock options granted to a consulting firm vested. Share-based compensation of $6,331 calculated using the Black-Scholes pricing model, has been charged to the Company.

(ii) The carrying value of warrants expired were transferred to contributed surplus.

20. CAPITAL MANAGEMENT

The Company's objective in managing capital is to maintain the entity's ability to continue as a going concern, support the Company's normal operating requirements and to continue the exploration and development of its mineral properties.

The capital of the Company consists of the items in the shareholders' equity. The Board of Directors does not establish a quantitative return on capital criteria for management but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company regularly monitors and reviews the amount of capital in proportion to risk and future development and exploration opportunities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new debts or equity or similar instruments to obtain additional financing.

The Company's over-all strategy with respect to capital risk management remained unchanged during the year. The Company is not subject to any externally imposed capital requirements as at September 30, 2012.

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company manages its exposure to a number of different financial risks arising from its operations as well as its use of financial instruments including market risks (commodity prices, foreign currency exchange rate and interest rate), credit risk and liquidity risk though its risk management strategy. The objective of the strategy is to support the delivery of the Company's financial targets while protecting its future financial security and flexibility.

Financial risks are primarily managed and monitored through operating and financing activities and, if required, through the use of derivative financial instruments. The Company does not use derivative financial instruments for purposes other than risk management. The financial risks are evaluated regularly with due consideration to changes in the key economic indicators and to up-to-date market information.

The Company's risk exposure and risk management policies and procedures have not changed.

Market risk

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of the business. These market risks are evaluated by monitoring changes in key economic indicators and market information on an on-going basis.

Commodity price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and

volatilities. The Company monitors commodity prices as they relate to gold and the stock market to determine the appropriate course of action to be taken.

Liquidity risk

Liquidity risk encompasses the risk that a company cannot meet its financial obligations in full. The Company's main sources of liquidity are its cash and cash equivalents. These funds are primarily used to finance working capital, operating expenses, exploration expenditures, capital expenditures, dividends and acquisitions.

The Company manages its liquidity risk by regularly monitoring its cash flows from operating activities, holding adequate amounts of cash and cash equivalents. The current year's budget is planned to be funded and cash and cash equivalents provide additional flexibility for short-term timing fluctuations.

Accounts payable and accrued liabilities are current financial instruments expected to be settled in the normal course of operations.

Fair value

The carrying value and fair value of these audited financial instruments at September 30, 2012 are disclosed below by financial instrument category, as well as any related interest expense for the year ended September 30, 2012:

	September 30, 2012		September 30, 2011	
Financial Instrument	Carrying Value $	Fair Value $	Carrying Value $	Fair Value $
Held - for - trading				
Cash	530,072	530,072	428,898	428,898
Marketable Securities	53,000	53,000	185,503	185,503
Loan and receivable				
HST receivable	34,386	34,386	71,161	71,161
Financial liabilities				
Accounts payable and accrued liabilities	139,416	139,416	36,771	36,771

The fair value of the Company's financial assets and liabilities approximates their respective carrying values as at the balance sheet dates because of the short term maturity of these instruments. The fair value of the financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial instruments recorded at fair value on the balance sheet are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - valuation based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities.

Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly.

Level 3 - valuation techniques based on inputs for the asset or liability that are not based on observable market data.

The fair value of cash and cash equivalent is measured based on Level 1 inputs referred to in the three levels of the hierarchy noted above. The Company does not have any Level 2 or Level 3 fair value measurements and thus no continuity schedule has been presented. In addition, there have been no significant transfers between levels.

Sensitivity Analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible":

i) Commodity price risk and market risk could adversely affect the Company's ability to raise financing for exploration and evaluation expenditures.

ii) Liquidity risk could slow the pace of exploration of mineral claims.

22. INCOME TAXES

Deferred Income Tax Recovery

The Company's income tax provision differs from the amount resulting from the application of the Canadian statutory income tax rate. A reconciliation of the combined Canadian federal and provincial income tax rates with the Company's effective tax rates for the years ended September 30, 2012 and 2011 is as follows:

	September 30, 2012	September 30, 2011
Combined statutory income tax rates (%)	26.50	28.25
Net loss	$ (970,189)	$ (552,804)
Expected recovery of income taxes based statutory rates	(257,100)	(156,167)
Adjustments to tax (benefit) expense resulting from:		
Non-deductible permanent differences	19,493	85,405
Timing differences	(209)	(110)
Deemed capital gain on expired warrants	19,800	-
Valuation allowance	218,016	70,872
Current tax expense	Nil	Nil

The tax benefit of the following unused tax losses have not been recognized in the financial statements

due to the unpredictability of future earnings.

Deferred income tax assets

The tax effects of temporary differences that give rise to significant portions of the future income tax assets and liabilities are presented below:

	September 30, 2012 $	September 30, 2011 $
Balance - beginning of the year	990,236	796,671
Exploration and evaluation	101,111	67,362
Balance - end of year	1,091,347	864,033

If not utilized, the non-capital losses will expire as follows:

Year of Expiry	Amount $
2011	14,752
2015	126,599
2016	183,587
2027	487,834
2028	392,527
2029	949,478
2030	245,636
2031	419,660
2032	916,667
	3,736,740

23. LOSS PER SHARE

Net loss per share has been calculated by dividing the net loss for the year by the weighted average number of common shares outstanding during the year. The effect of stock options and warrants was anti-dilutive and hence, the diluted loss per share equals the basic loss per share.

24. SUBSEQUENT EVENTS

Subsequent to year end 250,000 warrants issued to the Company by Shoal Point Energy Ltd. expired.

25. RECLASSIFICATION

The comparative financial statements have been reclassified to conform to the presentation of the current year financial statements.