McLaren Resources Inc.

(an exploration stage enterprise)

FINANCIAL STATEMENTS (UNAUDITED-PREPARED BY MANAGEMENT)
(EXPRESSED IN CANADIAN DOLLARS, UNLESS OTHERWISE STATED)
FOR THE THREE MONTHS AND SIX MONTHS ENDED MARCH 31, 2011 and 2010

Responsibility for Financial Statements:

The accompanying unaudited interim financial statements for McLaren Resources Inc. have been prepared by management in accordance with Canadian generally accepted accounting principles consistently applied. The most significant of these accounting principles have been set out in the September 30, 2010 audited financial statements. These unaudited interim financial statements are presented on an accrual basis of accounting. Accordingly, a precise determination of many assets and liabilities is dependent upon future events. Therefore, estimates and approximations have been made using careful judgment.

Recognizing that the Company is responsible for both the integrity and objectivity of these unaudited interim financial statements, management is satisfied that these unaudited interim financial statements have been fairly presented.

Disclosure Required Under National Instrument 51-102-Continuous Disclosure Obligations - Part 4.3(3)(a)

These unaudited interim financial statements have not been audited, reviewed or verified by the Company's independent external auditors or any other independent accounting firm.

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McLaren Resources Inc.
(an exploration stage enterprise)
BALANCE SHEETS
AS AT MARCH 31,

		2011		2010		September 30, 2010
ASSETS						
Current						
Cash and cash equivalents	**$**	**752,325**	$	1,214,985	$	272,291
Restricted cash held in trust (Note 4)		**-**		-		550,000
Marketable securities (Note 8)		**261,822**		-		11,954
Accounts receivable		**46,553**		51,103		65,827
Prepaid expenses		**4,107**		4,682		300
		1,064,807		1,270,770		900,372
Deferred petroleum and natural gas exploration costs (Note 4)		**-**		1,120,787		150,000
Royalty interest (Note 12)		**1**		1		1
Resource properties (Note 3)		**187,872**		-		-
Fixed assets (Note 5)		**983**		1,374		1,178
	$	**1,253,663**	$	2,392,932	$	1,051,551
LIABILITIES						
Current						
Accounts payable and accrued liabilities	**$**	**13,358**	$	105,583	$	37,946
SHAREHOLDERS' EQUITY						
Share capital (Note 6)		**4,773,246**		4,649,346		4,639,246
Contributed surplus (Note 7)		**578,991**		380,405		461,045
Deficit		**(4,111,932)**		(2,742,402)		(4,086,686)
		1,240,305		2,287,349		1,013,605
	$	**1,253,663**	$	2,392,932	$	1,051,551

NATURE OF OPERATIONS AND COMMITMENTS (Notes 1, 3, 4 and 14)

Approved on behalf of the board:

"Ivan Buzbuzian" Director

"Michael Meredith" Director

The accompanying notes are an integral part of these financial statements.

McLaren Resources Inc.

(an exploration stage enterprise)

STATEMENTS OF LOSS, COMPREHENSIVE LOSS AND DEFICIT
FOR THE THREE MONTHS AND SIX MONTHS ENDED MARCH 31,

	Three Months		Six Months		Cumulative from the date of commencement of exploration stage
	2011	2010	**2011**	2010	October 1, 2005
Expenses					
Consulting fees	**$ 22,495**	$ 20,531	**$ 37,690**	$ 23,531	$ 523,487
Directors' fees	**7,500**	7,500	**15,000**	20,000	49,800
Management fees	**46,500**	24,000	**94,675**	51,500	674,957
Office, general and administrative	**16,425**	19,393	**39,559**	38,444	456,606
Natural resource pre-acquisition and property evaluation costs (Note 2)	**-**	-	**-**	-	693,447
Amortization	**98**	98	**196**	180	1,578
Investor relations	**21,890**	5,574	**25,606**	8,155	215,684
Professional fees (Note 9)	**13,279**	44,964	**23,773**	73,736	823,175
Foreign exchange gain	**567**	38	**983**	215	(3,907)
Stock-based compensation (Note 6(c))	**-**	-	**53,164**	70,000	570,398
Bad debts	**-**	26,600	**-**	26,600	-
Licenses, taxes and fees	**-**	1,400	**-**	1,400	1,520
Part XII.6 interest and taxes	**566**	-	**566**	-	566
Loss before undernoted items	**129,320**	150,098	**291,212**	313,761	4,007,311
Other					
Impairment of deferred petroleum and natural gas exploration costs (Note 4)	**-**	-	**-**	-	(970,787)
Write-down of royalty interest	**-**	-	**-**	-	117,560
Interest and other income	**(24,027)**	(2,562)	**(199,966)**	(37,934)	(372,295)
Recovery of oil and gas pre-acquisition costs		-	**-**	-	(646,847)
Loss before income tax	**105,293**	147,536	**91,246**	275,827	2,134,942
Future income tax (recovery)	**-**	-	**(66,000)**	(46,000)	(122,100)
Net loss and comprehensive loss for the period	**$ 105,293**	$ 147,536	**$ 25,246**	$ 229,827	$ 2,012,842
Deficit, beginning of period	**4,006,639**	2,594,866	**4,086,686**	2,512,575	
Deficit, end of period	**$ 4,111,932**	$ 2,742,402	**$ 4,111,932**	$ 2,742,402	
(Income) loss per share					
Basic and diluted loss per common share	**$ (0.006)**	$ (0.008)	**$ 0.004**	$ (0.004)	
Weighted average number of common shares outstanding	**19,833,836**	18,944,281	**19,833,836**	18,944,281	

The accompanying notes are an integral part of these financial statements.

McLaren Resources Inc.
(an exploration stage enterprise)
STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS AND SIX MONTHS ENDED MARCH 31,

	Three Months		Six Months		Cumulative from the date of commencement of exploration stage October 1, 2005
	2011	2010	**2011**	2010	
Cash flows from operating activities					
Net income (loss) for the period	**$ (105,293)**	$ (147,536)	**$ (25,246)**	$ (229,827)	$ (3,956,966)
Add items not affecting cash:					
Amortization	**98**	98	**196**	180	1,578
Stock-based compensation	**-**	-	**53,164**	70,000	570,398
Write-down of royalty interest	**-**	-	**-**	-	117,560
Impairment of deferred petroleum and natural gas exploration costs	**-**	-	**-**	-	970,787
Settlement of account receivable through receipt of shares	**-**	-	**(37,504)**	-	(49,458)
Future income tax (recovery)	**-**	-	**(66,000)**	-	(122,100)
Net changes in working capital balances:					
Decrease (Increase) in accounts receivable	**9,344**	47,664	**19,274**	(1,129)	(39,230)
Decrease (Increase) in prepaid expense	**1,904**	11,441	**(3,807)**	(4,682)	(4,107)
Increase in marketable securities	**30,567**	-	**30,567**	-	30,567
(Decrease) Increase in accounts payable and accrued liabilities	**(167,285)**	(5,640)	**(24,587)**	69,481	(15,000)
Decrease in restricted cash held in trust			**550,000**	-	
Cash flows used in operating activities	(230,665)	(93,973)	**496,057**	(95,977)	(2,495,971)
Cash flows from investing activities					
Purchase of fixed assets	**-**	-	**-**	(295)	(2,560)
Resource properties	**(20,074)**	(204,236)	**(187,872)**	(224,236)	(1,308,659)
Disposition of Exploration Lic 1070	**-**	-	**150,000**	-	150,000
Proceeds on disposal of mineral property	**-**	-	**-**	-	50,000
Royalty interest costs	**-**	-	**-**	-	(87,561)
Cash flows used in investing activities	**(20,074)**	(204,236)	**(37,872)**	(224,531)	(1,198,780)
Cash flows from financing activities					
Issue of common shares	**-**	-	**134,000**	124,000	4,694,624
Share issue cost	**-**	-	**(112,150)**	-	(221,952)
Subscription receivable	**-**	170,000	**-**	-	-
Loan payable repayment	**-**	-	**-**	-	(30,000)
Cash flows provided from financing activities	**-**	170,000	**21,850**	124,000	4,442,672
Net (decrease) increase in cash position	**(250,740)**	(128,209)	**480,034**	(196,508)	747,920
Cash and cash equivalents, beginning of perioc	**1,003,065**	1,343,194	**272,291**	1,411,493	4,405
Cash and cash equivalents, end of period	**$ 752,325**	$ 1,214,985	**$ 752,325**	$ 1,214,985	$ 752,325

The accompanying notes are an integral part of these financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN CONSIDERATIONS:

McLaren Resources Inc. (the "Company") was incorporated on July 13, 1999 under The Business Corporations Act (Ontario).

During the second quarter McLaren's management continues to source and evaluate gold exploration ventures with a focus on Canada. The recovery of amounts capitalized as resource properties is dependant upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete the necessary exploration and development, and obtaining future profitable production or proceeds from the disposition thereof.

These financial statements have been prepared on a going concern basis, which assumes continuity of operations and realization of assets and the settlement of liabilities in the normal course of business.

As at March 31, 2011, the Company has net working capital of $1,051,449 (2010 - $1,165,187) and incurred a three and six month net loss of $105,293 and $25,246 (2010 -$147,536 and $229,827). The Company is in the exploration stage and has no proven reserves or production relating to its operations. The application of the going concern assumption is dependent upon the Company's ability to generate future profitable operations and obtain necessary financing to do so.

Management intends on securing additional financing through the issue of new equity. Nevertheless, there is no assurance that these initiatives will be successful.

Management believes the going concern assumption to be appropriate for these financial statements. If the going concern assumption was not appropriate, adjustments might be necessary to the carrying value of the assets and liabilities, reported revenues and expenses, and the balance sheet classifications used in the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES:

MEASUREMENT UNCERTAINTY

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in Canada. Precise determination of amounts of some assets and liabilities is dependent on future events. This requires management to make estimates in the preparation of financial statements. Actual results could vary from the estimates.

Management has made a number of significant estimates and valuation assumptions, including the recoverability of investments and natural resource interests, estimated useful life of fixed assets, the existence of an asset retirement obligation, stock-based compensation valuations, values ascribed to related party transactions and future income tax assets and liabilities. These estimates and assumptions are based on present conditions and management's planned course of action as well as assumptions about future business and economic conditions. Should the underlying estimates change, the recorded amounts could change by a material amount.

2. SIGNIFICANT ACCOUNTING POLICIES (continued):

DEFERRED NATURAL RESOURCE EXPLORATION COSTS

The Company follows the full cost method of accounting for natural resource expenditures, wherein all costs related to natural resource properties are capitalized. Costs capitalized include acquisition costs, geological and geophysical expenditures, rentals on undeveloped properties, costs of drilling productive and non-productive wells, overhead directly related to exploration activities and lease of well equipment. Costs capitalized will be depleted using the unit-of-production method based on proven resource reserves determined by the Company and independent engineers.

Management's estimate of probable reserves and resources are subject to risks and uncertainties affecting the recoverability of the Company's investment. Although management has made its best estimate of these factors based on current conditions, it is possible that changes could occur that could materially affect management's estimate of the recoverability of deferred costs and the need for asset impairment write-downs.

All long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying value may not be recoverable. If it is determined that the carrying value is not recoverable and exceeds its fair value, a write-down to the fair value amount is made by a charge to loss.

CASH AND CASH EQUIVALENTS

Cash and short-term investments with a remaining maturity of three months or less at the date of acquisition are classified as cash and cash equivalents.

INCOME TAXES

Future income tax assets and liabilities are determined based on differences between the financial statements carrying values and their respective income tax basis generally using the enacted income tax rates at each balance sheet date. Future income tax assets also arise from unused loss carry forwards and other deductions. The amount of the future income tax asset recognized is limited to the amount that is more likely than not to be realized. The estimated realizable amount is reviewed annually and adjusted, if necessary, by use of a valuation allowance.

STOCK-BASED COMPENSATION

The Company has a stock option plan, which is described in note 6(c). The Company records compensation expense in the financial statements for stock options granted to employees, directors, and consultants using the fair value method. Under this method, the fair value of stock options granted are estimated using the Black-Scholes option pricing model and are recorded at fair value on the date of grant and the associated expense is amortized over the vesting period with a corresponding credit to contributed surplus. When stock options are exercised, the proceeds, together with the amount recorded in contributed surplus, are recorded in share capital.

The Black-Scholes option pricing model is used to calculate the fair value of share purchase options at the date of grant. Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate.

2. SIGNIFICANT ACCOUNTING POLICIES (continued):

LOSS PER SHARE

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common shares were exercised or converted to common shares using the treasury stock method. The treasury stock method assumes that proceeds received from the exercise of stock options and warrants are used to redeem common shares at the prevailing market value. Diluted loss per share is not presented when the effect of the computations are anti-dilutive due to losses incurred. Accordingly, there is no difference in the amounts presented for basic and diluted loss per share.

REVENUE RECOGNITION

The Company recognizes investment and other revenue as it is earned.

ASSET RETIREMENT OBLIGATION

The fair value of the liability for an asset retirement obligation is recorded when it is incurred or can be reasonably estimated, and the corresponding increase to the asset is depreciated over the life of the asset. The liability is increased over time to reflect an accretion element considered in the initial measurement at fair value. At March 31, 2011, the Company has not incurred or committed any asset retirement obligations related to the development of its exploration properties.

JOINT OPERATIONS

Certain of the Company's exploration activities are conducted jointly with others. These financial statements reflect only the Company's proportionate interest in such activities.

FLOW-THROUGH FINANCING

The Company has financed a portion of its exploration activities through the issue of flow through shares, which transfers the tax deductibility of exploration expenditures to the investor. Proceeds received on the issue of such shares have been credited to capital stock and the related exploration costs capitalized as deferred costs. Resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced and temporary taxable differences created by the renunciation will give rise to future income taxes payable and will reduce share capital.

When the Company renounces flow-though expenditures, a portion of the Company's future income tax assets not recognized in previous years, due to the recording of a valuation allowance, will be recognized as a recovery of future income taxes in the statement of loss, comprehensive loss and deficit.

FIXED ASSETS

Fixed assets are stated at cost. Amortization is provided on the diminishing balance basis at the following annual rate:

Computer and office equipment……………………………………..20%

2. SIGNIFICANT ACCOUNTING POLICIES (continued):

NATURAL RESOURCE PRE-ACQUISITION AND PROPERTY EVALUATION COSTS

The Company incurs pre-acquisition and property evaluation costs investigating potential property acquisitions. If the Company determines that a specific property acquisition will not be culminated, the costs associated with the specific property are charged to operations in the current period.

FINANCIAL INSTRUMENTS

The Company follows the recommendations of the CICA Handbook Section 1530 "Comprehensive Income", Section 3251 "Equity", Section 3855 "Financial Instruments – Recognition and Measurement", Section 3861 "Financial Instruments – Disclosure and Presentation" and Section 3865 "Hedges". These sections, which apply to fiscal years beginning on or after October 1, 2006, provide requirements for the recognition and measurement of financial instruments and on the use of hedge accounting. Section 1530 establishes standards for reporting and presenting comprehensive income which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income but that are excluded from net income calculated in accordance with Canadian generally accepted accounting principles.

Under Section 3855, all financial instruments are classified into one of five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments and derivatives are measured in the balance sheet at fair value except for loans and receivables, held-to maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification as follows: (1) held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income; (2) available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired; and (3) all derivative instruments, including embedded derivatives, are recorded in the balance sheet at fair value unless they qualify for the normal sale normal purchase exemption and changes in their fair value are recorded in income unless cash flow hedge accounting is used, in which case changes in fair value are recorded in other comprehensive income.

The Company classifies its cash and cash equivalents and restricted cash held in trust as held-for-trading. Accounts receivable are classified as loans and receivables. Accounts payable and accrued liabilities are classified as other financial liabilities, all of which are measured at amortized cost. Marketable securities are classified as available-for-sale securities with no active market and are therefore recorded at cost.

Section 3855 also provides guidance on accounting for transaction costs incurred upon the issuance of debt instruments or modification of a financial liability. The Company has chosen to recognize all transaction costs to the statement of operations on all financial liabilities that have been designated as other than held for-trading.

Effective October 1, 2008, the Company adopted CICA Handbook Section 3862, Financial Instruments – which increases the disclosures currently required to enable users to evaluate the significance of financial instruments for an entity's financial position and performance, including disclosures about fair value. CICA Handbook Section 3863, Financial Instruments – Presentation, replaces the existing requirements on the presentation of financial instruments, which have been carried forward unchanged. Refer to note 12 for the recommended disclosures.

In 2009, the CICA amended Section 3862, "Amendment to Financial Instruments – Disclosures" to require disclosures about the inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement.

2. **SIGNIFICANT ACCOUNTING POLICIES (continued):**

The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data

The Company categorizes its financial instruments which is comprised of cash and restricted cash, as level 1.

IMPAIRMENT OF LONG-LIVED ASSETS

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

CUMULATIVE INFORMATION FOR DEVELOPMENT STAGE COMPANIES

The Company has adopted CICA Handbook Accounting Guideline #11 with respect to financial statement presentation for exploration stage companies. Accordingly, the statements of loss, comprehensive loss and deficit and cash flows have been altered to include a column outlining the cumulative revenues, expenses and cash flows from the date of commencement of exploration stage activities, being October 1, 2005, to the period end date of the financial statements.

SHARE CAPITAL

Common shares issued for non-monetary consideration are recorded at their fair market value based upon the price per share paid in the most recent prior sale of shares for cash.

Costs incurred to issue common shares are deducted from share capital.

TRANSLATION OF FOREIGN CURRENCIES

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the balance sheet date. Non-monetary assets and liabilities are translated into Canadian dollars at approximate exchange rates prevailing at the transaction date. Revenue and expenses are translated at average exchange rates prevailing during the period. The resulting gains and losses are included in loss for the period.

CHANGES IN ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS

FINANCIAL STATEMENT CONCEPTS

CICA Handbook Section 1000 has been amended to focus on the capitalization of costs that meet the definition of an asset and de-emphasizes the matching principle. The revised requirements are effective for annual and interim financial statements relating to fiscal year beginning on or after October 1, 2008. Accordingly, the Company adopted the new standards for its fiscal year beginning October 1, 2008. This adoption has not resulted in a significant impact on the Company's financial statements.

GENERAL STANDARDS ON FINANCIAL STATEMENT PRESENTATION

CICA Section 1400, "General Standards on Financial Statement Presentation", has been amended to include requirements to assess and disclose an entity's ability to continue as a going concern. The changes are effective for interim and annual financial statements beginning on or after January 1, 2008. The Company has included disclosures recommended by this new standard in note 1 to these financial statements.

GOODWILL AND INTANGIBLE ASSETS

The CICA issued the new Handbook Section 3064, "Goodwill and Intangible Assets", which will replace Section 3062, "Goodwill and Other Intangible Assets". The new standard establishes revised standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The new standard also provides guidance for the treatment of pre-production and start-up costs and requires that these costs be expensed as incurred. The new standard applies to annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008.

Effective October 1, 2008, the Company adopted Section 3064 "Goodwill and intangible assets" which establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. The adoption of this new standard did not have an impact on the Company's financial statements.

MINING EXPLORATION COSTS

On March 27, 2009, the CICA approved EIC 174, "Mining Exploration Costs". This EIC provides guidance on capitalization of exploration costs related to exploration properties in particular and on impairment of long-lived assets in general. The application of this accounting standard resulted in an impairment of the Company's deferred petroleum and natural gas exploration costs amounting to $970,787 (2010 - $nil), in aggregate, during the year ended September 30, 2010.

CREDIT RISK AND THE FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

In January 2009, the CICA issued EIC 173 "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities". The committee reached a consensus that a company's credit risk and the credit risk of its counterparties should be considered when determining the fair value of its financial assets and financial liabilities, including derivative instruments. The transitional provisions resulting from the implementation of EIC 173 require the abstract to be applied retrospectively without restatement of prior periods. The Company adopted this EIC effective January 20, 2009. The adoption of the EIC did not have a significant impact on the Company's financial statements.

FUTURE ACCOUNTING CHANGES

INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian generally accepted accounting principles ("Canadian GAAP") with IFRS over an expected five year transitional period. The AcSB announced in February 2008 that 2011 will be the changeover date for publicly-listed companies to use IFRS, replacing Canadian GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011.

The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ending September 30, 2011. The Company has identified potential adjustments and is investigating the impact of exemptions allowed under IFRS 1 and IFRS 6, however, at this time, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

3. RESOURCE PROPERTIES:

March 31, 2011	Balance, beginning of year	Acquisition	Exploration	Disposition	Balance, end of period
NORTHERN ONTARIO, CANADA					
Blue Quartz	$ -	$ 10,000	$ 177,872	-	$ 187,872
	$ -	$ 10,000	$ 177,872	$ -	$ 187,872

NORTHERN ONTARIO, CANADA

On December 7th McLaren Resources Inc. ("McLaren" or the "Company") and Red Mile Minerals Corp., ("Red Mile") entered into and Option Agreement whereby McLaren can 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, located in Beatty Township, Ontario.

McLaren can earn a 50% interest in the Blue Quartz Property by making a $10,000 cash payment (paid on signing) and spending $200,000 in exploration and development expenditures on this property on or before September 1, 2011. Any shortfall in expenditure below $200,000 can be made up with a cash payment to Red Mile. A 1.0% 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 50% interest in the Blue Quartz property, The Company has the right to participate in repurchasing its pro-rated share of the NSR, of 0.5% by paying $250,000.

4. DEFERRED PETROLEUM AND NATURAL GAS EXPLORATION COSTS AND COMMITMENTS:

March 31, 2011	Balance, beginning of year	Acquisition	Exploration	Disposition	Balance, end of period
WESTERN NEWFOUNDLAND, CANADA					
Exploration license 1070	150,000	-	-	(150,000)	-
	$ 1,046,551	$ -	$ 74,236	$ (1,120,787)	$ -

September 30, 2010	Balance, beginning of year	Acquisition	Exploration	Write-downs	Balance, end of year
NORTH SEA, NETHERLANDS					
North Sea exploration blocks	$ 896,551	$ -	$ 74,236	$ (970,787)	$ -
WESTERN NEWFOUNDLAND, CANANDA					
Exploration license 1070	-	150,000	-	-	150,000
	$ 896,551	$ 150,000	$ 74,236	$ (970,787)	$ 150,000

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, conditional upon further extension of the licenses. As at March 31, 2011, the license extension has not been granted.

As a result of the Company's decision to no longer pursue the business opportunities in the North Sea leases, an impairment charge in the amount of $970,787 was made during the year ended September 30, 2010.

WESTERN NEWFOUNDLAND, CANADA: EXPLORATION LICENSE 1070 ("EL 1070")

On November 11 of 2010 McLaren Resources Inc. completed the sale of its 5% interest in the El 1070 Western Newfoundland property to Shoal Point Energy Ltd ("SPE"). The Company received proceeds of $150,000 cash, 750,000 SPE shares (SHP-CNSX) 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.

SOUTH SUMATRA PERMITS, INDONESIA

During the year ended September 30, 2010, the Company reduced its net carried interest in the Indonesian concessions to 2%, capped at $2 million in exchange for the beneficial owner of a certain portion of the Indonesian concession blocks having arranged an earn in arrangement with an arms length third party by which the third party has committed to incur exploration expenditures of up to US $3,243,500 on these concessions.

Refer to note 14(b) for additional information with respect to the Indonesian concessions.

5. **FIXED ASSETS:**

			March 31, 2011	March 31, 2010	Year ended September 30, 2010
	Cost	Accumulated amortization	**Net book value**	Net book value	Net book value
Computer and office equipment	$ 2,560	$ 1,577	**$ 983**	$ 1,374	$ 1,178

6. **CAPITAL STOCK:**

a) Authorized

Unlimited number of common shares;

b) Issued

Common shares

	March 31, 2011		March 31, 2010		Year ended September 30, 2010	
	Shares	Amounts	Shares	Amounts	Shares	Amounts
Balance, beginning of the year	19,794,281	$4,639,246	18,944,281	$4,525,346	18,944,281	$4,525,346
Flow-through shares issued for cash on private placement, December 31, 2010 (i)	1,000,000	200,000	850,000	170,000	850,000	170,000
less: Tax effect of renunciation associated with flow-through shares	-	(66,000)	-	(46,000)	-	(56,100)
Balance, end of the period	20,794,281	$4,773,246	19,794,281	$4,649,346	19,794,281	$4,639,246

(i) Quarter ended March 31, 2011:
During the three month period ending March 31, 2011, no shares were issued.

On December 30, 2010, the Company completed a non-brokered private placement of 1,000,000 flow-through common shares at $0.20 per share for gross proceeds of $200,000.

c) Stock options

The Company maintains a Stock Option Plan (the "Plan") for the benefit of directors, officers, employees, consultants and other service providers of the Company in order to assist the Company in attracting, retaining, and motivating such persons by providing them with the opportunity, through stock options to acquire an increased proprietary interest in the Company. Under the Plan, stock options are non-assignable and may be granted for a term not exceeding five years. The number of common shares that may be reserved for issuance to any one person must not exceed 5% of the outstanding common shares. The stock options are non-transferable.

6. **CAPITAL STOCK (continued):**

c) Stock options (continued)

A summary of the Company's stock option plan as at March 31, 2011 and 2010 and changes during the years, are presented below:

	March 31, 2011		March 31, 2010	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance outstanding beginning of the year	1,600,000	$ 0.24	200,000	$ 0.50
Activity during the period				
Granted	375,000	0.20	1,400,000	0.20
Forfeited/cancelled	-	-	-	-
Balance outstanding end of the period	1,975,000	$ 0.23	1,600,000	$ 0.24

On December 15, 2010, the Company granted 375,000 options exercisable at $0.20 per share, expiring December 15, 2015, to officers, directors and consultants.

Subsequent to period end, the Company granted 350,000 options exercisable at $0.35 per share, expiring April 28, 2016. (Note 14)

The following table summarizes the options outstanding and exercisable at March 31, 2011:

Number of Options	**Exercise Price**	Expiry Date
200,000	0.50	February 5, 2013
1,400,000	0.20	December 30, 2014
375,000	0.20	December 15, 2015
1,975,000		

7. CONTRIBUTED SURPLUS:

Contributed surplus is comprised of the following:

	March 31, 2011	March 31, 2010	Year ended September 30, 2010
Balance, beginning of the year	$ 461,045	$ 310,405	$ 461,045
Stock-based compensation cost	117,946	70,000	-
Balance, end of the year	$ 578,991	$ 380,405	$ 461,045

8. MARKETABLE SECURITIES:

On November 8, 2010, the Company sold its 5% interest in the El 1070 Western Newfoundland property to Shoal Point for 750,00 common shares of Shoal Point and 250,000 common share purchase warrants. Each warrant entitles the Company to purchase one common share of Shoal Point for $0.28 expiring on November 8, 2012. During the quarter, the Company sold 150,000 Shoal Point common shares for proceeds of $54,294. As of March 31st, 2011 the Company holds a total of 659,772 common shares of Shoal Point.

On December 31, 2010, the Company converted $37,504 of Batavia Energy Corp. receivables into 250,000 Batavia Energy Corp. commons shares. Batavia Energy Corp.'s common shares were valued at $0.15 at March 31, 2011 and December 31, 2010.

9. RELATED PARTY TRANSACTIONS:

During the three month period ended March 31, 2011, officers and directors, and companies controlled by them, charged consulting fees and management fees to the Company in the amount of $46,500 (2010 - $48,000). Accounts payable and accrued liabilities at March 31, 2011 includes $nil (2010 - $21,754) owing to them.

During the three month period ended March 31, 2011, directors, and companies controlled by them, charged directors fees to the Company in the amount of $7,500 (2010 - $7,500). Accounts payable and accrued liabilities at March 31, 2011 includes $1,500 (2010 - $7,500) owing to them.

During the three month period ended March 31, 2011, the Company was charged $8,391 (2010 - $22,359) by a law firm of which an officer of the Company is a partner. Accounts payable and accrued liabilities at March 31, 2011 includes $1,312 (2010 - $nil) owing to the law firm of which an officer of the Company is a partner.

9. RELATED PARTY TRANSACTIONS (continued):

As at March 31, 2011, accounts receivable includes $Nil (2010- $37,504) due from a company with a director who is also a director and officer of the Company. During the period, this receivable was converted into shares of that company.

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

10. CAPITAL MANAGEMENT:

The Company considers its capital to include components of shareholders' equity.

The Company's objectives in managing its capital are: to maintain adequate levels of funding to support its expenditures arising from the Company's investments; to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its properties; to maintain a flexible capital structure for its projects for the benefit of its stakeholders; to maintain corporate and administrative functions necessary to support the Company's operations and corporate functions; and to seek out and acquire new projects of merit.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company in order to support the acquisition, exploration and development of petroleum and natural gas properties. The Board of Directors does not establish 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 properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

The Company's investment policy is to invest its cash in low risk, highly liquid, short-term interest bearing investments, selected with regards to the expected timing of upcoming expenditures.

The Company expects its current capital resources will be sufficient to carry out its exploration plans and operations through its current operating period. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the three month period ended March 31, 2011 . The Company is not subject to externally imposed capital requirements.

11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS:

Fair value
The Company's financial instruments included on the balance sheet as at March 31, 2011 and 2010 are comprised of cash and cash equivalents, restricted cash held in trust, accounts receivable, and accounts payable and accrued liabilities. The Company records its financial instruments at their carrying amounts which approximates fair value, unless otherwise disclosed in the financial statements. The carrying amounts approximate fair values due to the short-term maturities of these financial instruments.

11. **FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS (continued):**

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations.

The Company's credit risk is primarily attributable to cash and cash equivalents, restricted cash held in trust and accounts receivable included in current assets. The Company has no significant concentration of credit risk arising from operations. Cash and cash equivalents consist of bank deposits and a guaranteed investment certificate, which have been invested with or purchased from a Canadian chartered bank, from which management believes the risk of loss to be remote.

As at March 31, 2011, the Company's receivables consisted of $46,553 (2010 - $51,103). The Company's receivables are normally collected within a 60-90 day period. The Company is exposed to credit risk with regards to debtors refusing payment and the government denying the Company claims as filed.

The Company establishes an allowance for doubtful accounts as determined by management based on their assessed collectability therefore, the carrying value amount of accounts receivable generally represents the maximum credit exposure. The Company believes that its counterparties currently have the financial capacity to settle outstanding obligations in the normal course of business.

The Company's maximum exposure to credit risk as at March 31, 2011 is the carrying value of cash and cash equivalents, restricted cash held in trust and accounts receivable.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2011, the Company had cash and cash equivalents of $752,325 (2010 - $1,214,985) to settle current liabilities of $13,358 (2010 - $105,583). The ability of the Company to manage its working capital and continue as a going concern is dependent on its ability to secure additional equity or other financing. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market risk

(a) *Interest rate risk*

The Company has cash and cash equivalent balances bearing fixed interest rates and no interest bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its bank. As at March 31, 2011, if interest rates had changed by 1% with all other variables held constant, the loss for the period and equity would vary by approximately $2,500 (2010 - $15,000) as a result of the change in interest revenue earned from cash and cash equivalents.

(b) *Foreign currency risk*

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. From time to time, the Company funds certain operations, exploration and administrative expenses in Euros on a cash call basis using Euro currency converted from its Canadian dollar bank accounts held in Canada. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk.

11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS (continued):

(c) *Price risk*

The Company is exposed to price risk with respect to commodity prices. Changes in commodity prices will impact the economics of development of the Company's natural resource properties. The Company monitors commodity prices to determine the appropriate course of action to be taken by the Company.

As at March 31, 2011, the carrying value amounts of the Company's financial instruments approximates their fair value, unless otherwise stated.

The Company does not hold significant balances in foreign currencies to give rise to exposure to foreign exchange risk.

Price risk is remote since the Company is not a revenue producing entity.

12. ROYALTY INTEREST:

During 2005, the Company purchased a beneficial 5% net smelter royalty interest ("NSR") on the Zenda Property in Kern County, California, U.S.A. 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.

13. COMMITMENTS AND CONTINGENCIES:

a) As at March 31, 2011, the Company's only significant commitment was with respect to its obligation to incur up to C$200,000 in exploration and development expenditures on the Blue Quartz property on or before September 1, 2011. As of March 31, 2010, the Company had spent $187,872.

b) The structure of the transaction for the recovery of its pre-acquisition costs related to its Indonesian assets does not remove the Company's potential liability in the event of obligations incurred but not paid by the company who reimbursed the Company for its pre-acquisition costs. In the event of a default by the company, the Company could remain liable for the obligations incurred.

14. SUBSEQUENT EVENTS

Subsequent to period end, the Company granted 350,000 options exercisable at $0.35 per share, expiring April 28th, 2016.