McLaren Resources

Financial Statements

For the years ended September 30, 2019 and 2018

(Expressed in Canadian Dollars)

McLaren Resources

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Management's Responsibility for Financial Reporting

The accompanying financial statements of McLaren Resources Inc (the "Company") are the responsibility of management and the Board of Directors. The financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards ("IFRS") appropriate in the 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 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 financial statements and (ii) the 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 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. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the financial statements together with other financial information of the Company for issuance to the shareholders.

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 financial statements and related financial reporting matters prior to recommending the financial statements be approved.

(signed) *"Radovan Danilovsky"*
Radovan Danilovsky
President

January 24, 2020

INDEPENDENT AUDITORS' REPORT

To the Shareholders of McLaren Resources Inc.

Opinion

We have audited the financial statements of McLaren Resources Inc. (the "Company"), which comprise the statement of financial position as at September 30, 2019 and 2018, and the statements of comprehensive loss, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at September 30, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company incurred a net loss in the past and currently has an accumulated deficit of $7,750,323. As stated in Note 1, these events or conditions, along with other matters indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprise:

- Management's Discussion and Analysis; and

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Nick Miseros.

MS Partners LLP

Licensed Public Accountants
Toronto, Canada
January 24, 2020

(An Exploration Stage Enterprise)
Statements of Financial Position
(Expressed in Canadian Dollars)

As at,	Note	**September 30, 2019**	September 30, 2018
		$	$
Assets			
Current			
Cash	4	**89,305**	426,457
Marketable securities	5	**6,481**	3,502
Amounts receivable	6	**18,840**	49,712
Prepaid expenses	7	**8,774**	57,204
		123,400	**536,875**
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities	9,11	**22,779**	49,233
Flow-through share premium liability	12b(i)	**38,117**	-
		60,896	49,233
Shareholders' Equity			
Capital stock	12(b)	**7,305,539**	7,031,760
Warrants	12(c)	**319,947**	559,524
Contributed surplus	13	**187,341**	187,341
Deficit		**(7,750,323)**	(7,290,983)
		62,504	487,642
		123,400	**536,875**

Nature of Operations and Going Concern (Note 1)
Commitments and Contractual Obligations (Note 10)

On behalf of the Board of Directors on January 24, 2020;

"*John Heslop*" *(signed)*
Director

"*Paul Crath*" *(signed)*
Director

The accompanying notes form an integral part of these audited financial statements

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

For the years ended,	**Note**	**September 30, 2019 $**	September 30, 2018 $
Management fees	11	**84,500**	78,500
Office, general and administrative		**21,600**	27,340
Professional fees		**19,546**	17,389
Director fees	11	**-**	20,000
Consulting fees		**43,804**	95,722
Exploration and evaluation	8	**291,599**	539,242
Investor relations		**9,665**	12,049
Business development		**-**	245,659
Flow-through expenditure Part XII.6 tax		**1,088**	4,837
Insurance		**10,198**	6,779
Operating and administrative expenses		**(482,000)**	(1,047,517)
Gain (loss) in fair value of marketable securities		**2,979**	(3,590)
Stock-based compensation	12(d)(i)	**-**	(26,236)
Flow-through share premium recovery		**19,681**	63,720
Net loss and comprehensive loss for the year		**(459,340)**	(1,013,623)

Loss per share		
Weighted average number of shares - basic and diluted	**54,474,401**	49,865,330
Net loss per share-basic and fully diluted	**(0.01)**	(0.02)

The accompanying notes form an integral part of these audited financial statements

McLaren Resources

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

		Share Capital		Reserves			
		Number of Shares	Amount $	Warrants $	Contributed Surplus $	Accumulated Deficit $	Total $
Balance at September 30, 2017		**42,681,511**	**6,255,629**	**258,830**	**874,103**	**(6,990,358)**	**398,204**
Private placements, flow-through	(Note 12b(ii))	**3,100,000**	325,400	-	-	-	325,400
Private placement	(Note 12b(ii))	**400,000**	40,000	-	-	-	40,000
Private placement	(Note 12b(iii))	**2,150,000**	217,000	-	-	-	217,000
Private placement	(Note 12b(iv))	**3,420,000**	427,500	-	-	-	427,500
Issuance of warrants (net)	(Note 12c)	**-**	(300,694)	300,694	-	-	-
Stock-based compensation	(Note 12d(i))	**-**	-	-	26,236	-	26,236
Shares for services	(Note 12b(v)	**950,000**	100,750	-	-	-	100,750
Shares for Finder fees	(Note 12b(ii, iii))	**174,000**	(48,825)	-	-	-	(48,825)
Shares issued on exercise of options	(Note 12b(vi))	**100,000**	15,000	-	-	-	15,000
Expired, cancelled option adjustment		**-**	-	-	(712,998)	712,998	-
Net loss for the year		**-**	-	-	-	(1,013,623)	(1,013,623)
Balance a September 30, 2018		**52,975,511**	**7,031,760**	**559,524**	**187,341**	**(7,290,983)**	**487,642**
Balance at September 30, 2018		**52,975,511**	**7,031,760**	**559,524**	**187,341**	**(7,290,983)**	**487,642**
Private placement flow-through units	(Note 12b(i))	2,000,000	100,000	-	-	-	100,000
Issuance of warrants	(Note 12b(i))	-	(2,202)	2,202	-	-	-
Share issue costs	(Note 12b(i))	-	(8,000)	-	-	-	(8,000)
Issuance of broker warrants	(Note 12b(i))	-	(352)	352	-	-	-
Flow-through premium	(Note 12b(i))	-	(57,798)	-	-	-	(57,798)
Expiration of warrants		-	242,141	(242,141)	-	-	-
Net loss for the year		-	-	-	-	(459,340)	(459,340)
Balance at September 30, 2019		**54,975,511**	**7,305,549**	**319,937**	**187,341**	**(7,750,323)**	**62,504**

The accompanying notes form an integral part of these audited financial statements

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

For the years ended,	**September 30, 2019 $**	September 30, 2018 $
Operating		
Net loss for the year	**(459,340)**	(1,013,623)
Items not affecting cash		
Stock-based Compensation	**-**	26,236
Common shares issued for services	**-**	113,417
(Gain) Loss on value of marketable securities	**(2,979)**	3,590
Flow through share premium recovery	**(19,681)**	(63,720)
	(482,000)	(934,100)
Accounts receivable	**30,872**	(48,075)
Prepaid expenses and deposits	**48,430**	(54,871)
Accounts payable and accrued liabilities	**(26,454)**	28,285
Net changes in non-cash working capital balances:	**52,848**	(74,661)
Net cash flows used in operating activities	**(429,152)**	(1,008,761)
Financing		
Common shares issued	**100,000**	992,500
Share issue costs	**(8,000)**	(31,425)
Net cash flows from financing activities	**92,000**	961,075
Net (decrease) increase in cash position	**(337,152)**	(47,686)
Cash, and cash equivalents, beginning of year	**426,457**	474,143
Cash and cash equivalents, end of year	**89,305**	426,457

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid for:		
Income taxes	**$ -**	$ -

The accompanying notes form an integral part of these audited financial statements

1. NATURE OF OPERATIONS

McLaren Resources Inc. (CSE:MCL) (the "Company") was incorporated on July 13, 1999 under The Business Corporations Act (Ontario). The Company's head office is located at 44 Victoria Street, Suite 1616, Toronto, Ontario M5C 1Y2.

On September 26, 2011, the Company announced it had entered into an option agreement with Orla Mining Ltd. ("Orla") (Formerly Red Mile Minerals Corp.) whereby Orla 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 Orla will each own 50% of the entire Blue Quartz BQ-Extension Property package.

On November 8, 2011, the Company signed a binding 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 Newmont Goldcorp's Hollinger and McIntyre mines (Note 8).

These 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, 2019, the Company has been incurring losses and has an accumulated deficit of $7,750,323 (September 30, 2018 - $7,290,983). 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.

The business of exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration properties and the Company's continued existence are dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, and the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, non-compliance with regulatory requirements or aboriginal land claims.

2. BASIS OF PRESENTATION

(a) Statement of compliance

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

The financial statements were authorized for issue by the Board of Directors on January 24, 2020. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(b) Basis of measurement

The 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 dollars.

(c) Use of estimates and judgments

The preparation of financial statements in compliance with IFRS requires the Company's management to make certain estimates and assumptions that they consider reasonable and realistic. Despite regular reviews of these estimates and assumptions, based in particular on past achievements or anticipations, facts and circumstances may lead to changes in these estimates and assumptions which could impact the reported amount of the Company's assets, liabilities, equity or earnings. These estimates and assumptions notably relate to the following items:

Impairment in mineral properties and related deferred costs - Management uses significant judgment in determining whether there is any indication that mineral properties and related deferred costs may be impaired.

Measurement of impairment in available-for-sale financial assets - The impairment loss is the difference between the original cost of the asset and its fair value at the measurement date, less any impairment losses previously recognized in the statements of operations. The impairment loss recognized in the statements of operations is a reclassification of unrealized losses resulting from decline in fair value previously recorded in other comprehensive loss.

Significant or prolonged decline is defined by management as a decline in fair value of at least 50% below original cost or a decline in fair value below original cost for at least 24 months.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. The policies applied in these financial statements are based upon IFRS issued and outstanding as of September 30, 2019.

(a) Exploration and Evaluation expenditures

Exploration expenditures typically include costs of prospecting, sampling, mapping, diamond drilling and other work involved in searching for ore. Evaluation expenditures reflect costs incurred at the exploration projects related to establishing the technical and commercial viability of mineral deposits identified through exploration. Evaluation expenditures include the costs of (i) establishing the volume and grade of deposits through drilling of core samples, trenching and sampling activities in an ore body that is classified as either a mineral resource of a proven probable reserve, (ii) determining the optimal methods of extraction and metallurgical and treatment processes, (iii) studies related to surveying, transportation and infrastructure requirements, (iv) permitting activities, and (v) economic evaluations to determine whether development of the mineralized material is commercially justified, including scoping, pre-feasibility and final feasibility studies.

(b) Rehabilitation and Restoration

The Company's exploration activities are subject to various governmental laws and regulations relating to the protection of the environment. Provision for the rehabilitation and restoration is recorded when an obligation is incurred with a corresponding increase in related asset. At each date of the statement of financial position, the provision for rehabilitation and restoration is re-measured in line with changes in discount rates, timing and other costs to be incurred. The provision amount is periodically reviewed and updated based on the facts and circumstances available. As at September 30, 2019, the Company did not incur any rehabilitation and restoration obligation.

(c) Financial instruments

On January 1, 2018, the Company adopted IFRS 9, Financial Instruments which addresses classification, measurement and recognition of financial assets and financial liabilities and replaces IAS 39, Financial Instruments: Recognition and Measurement.

Financial assets and liabilities are recognized when the entity becomes a party to the contractual provisions of the instrument. Upon initial recognition, financial assets are measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset of financial liability, except for those financial assets and liabilities classified as fair value through profit or loss, which initially are measured at fair value.

Financial assets

The Company classifies its financial assets into one of the following catergories, depending on the purpose for which the assets was acquired. The Company's accounting policy for each is as follows:

i) Fair value through profit or loss ("FVPL") - This category comprises financial assets designated upon initial recognition as FVPL and is acquired or incurred principally for the purpose of selling or repurchasing in the near term. On initial recognition it is part of a portfolio of identifiable financial instruments managed together for which there is evidence of a recent pattern of short-term profit taking, or a derivative (excluding a derivative used for hedging). FVPL are carried in the statements of financial position at fair value with changes in value recognized in profit or loss for the period as they arise.

ii) Loans and accounts receivable - They are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's accounts receivable are of short term nature and approximate their carrying values and are included in current assets. These assets are recognized initially at the amount expected to e received, less, when material, a discount to reduce loans and receivables to fair value. Subsequently, they are measured at amortized cost using the effective interest method less a provision of impairment.

The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating interest income or expense over the relevant period. Interest income or expense is recognized in profit or loss.

iii) Held-to-maturity investments - 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 investment is impaired, the amount of the impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows, discounted at the entity's original effective interest rate. The impairment losses are recognized in the statement of loss.

iv) Investments in equity instruments - Non-derivative assets designated as investments in equity instruments that are not classified as loans and receivables, held to maturity investments or FVPL. Investments in equity instruments are carried at fair value with changes in fair value recognized in other comprehensive income. Where a decline in the fair value of an investment in equity instrument constitutes objective evidence of impairment other than temporary, the amount of the loss is removed from the other comprehensive income and reclassified directly to retained earnings. When an investment in equity instruments at a fair value through other comprehensive income is sold, the realized gain or loss is transferred directly from the fair value through other comprehensive income reserve to deficit.

All financial assets except for those recorded at fair value through profit or loss and at fair value through other comprehensive income are subject to review for impairment. Financial assets are impaired when there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial liabilities

The Company classifies its financial liabilities into on of two categories depending on the purpose for which the liability was assumed. The Company's accounting policy for each category is as follows.

a) Fair value through profit or loss - This category comprises financial liabilities designated upon initial recognition as FVPL. FVPL are carried in the statement of financial position at fair value recognized in the statement of income (loss) for the period.

b) Financial liabilities measured at amortized cost - Financial inabilities measured at amortized cost comprise accounts payables and accrued liabilities. Accounts payable and accrued liabilities are initially recognized at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, trade payables are measured at amortized cost using the effective interest method.

The Copmay's accounts payables and accrued liabilities and other current liabilities, due to their short term nature and approximation to their carrying values, are classified liabilities.

The Company's financial instruments consist of the following:

Instrument	Classification and Measurement
Cash	FVTPL
Marketable securities	Fair value through other comprehensive income
Amounts receivable	Amortized Cost
Accounts payable and accrued liabilities	Amortized Cost

Fair value hierarchy classification of financial instruments

IFRS 7 establishes a fair value hierarchy that reflects the significance of inputs in measuring fair value as follows:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other that quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the assets or liability that are not based on observable market data (unobservable inputs)

The classification of a financial instrument in the fair value hierarchy is based upon the lowest level or input that is significant to the measurement of fair value.

The Company's cash and cash equivalents, marketable securities, accounts receivable, and accounts payable and accrued liabilities approximate their carrying values due to their short term nature. Decommissioning liabilities have been recorded at its present value.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(d) Cash

Cash consists 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 classified as Amortized Cost and are measured at Amortized Cost.

(e) Marketable securities

Marketable securities include publicly traded equity shares and warrants which have been classified as Fair value through profit and loss under the fair value option ("FVO") and are carried at fair value based on quoted market prices. The increase or decrease in fair value is reported as income or loss.

(f) Prepaid expense

Prepaid expense represents advance payments made to vendors for expenses applicable to a future period.

(g) 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, 2019, the Company has determined that it does not have material decommissioning obligations.

(h) 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 stock-based compensation.

(i) Stock-based compensation

The Company offers a share option plan. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. Fair value of each tranche is measured using the Black-Scholes option pricing model. Compensation expense is recognized as a charge to net loss or mineral property and related deferred costs over the tranche's vesting period by increasing contributed surplus based on the number of awards expected to vest. Any consideration paid on exercise of share option is credited to capital stock. The contributed surplus resulting from stock-based payment is transferred to capital stock when the options are exercised.

For equity settled transactions with non-employees, the Company measures goods or services received at their fair value, unless that fair value cannot be estimated reliably, in which case, the Company measures their value by reference to the fair value of the equity instruments granted.

(j) 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.

(k) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net income except for items recognized in equity or in other comprehensive loss.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of an assets or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax assets and liabilities are measured using tax rates that have been enacted or substantially enacted applied to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in statutory tax rates is recognized in net earnings in the year of change.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

(l) 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 periods ended September 30, 2019 and September 30, 2018, basic loss per share is equal to dilutive loss per share for the periods presented.

Future changes in accounting policies

IFRS 16, Leases replaces IAS 17 and provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is twelve months or less or the underlying asset has a low value. The new standard is effective for annul period beginning on or after January 1, 2019. Adoption of the standard on January 1, 2019 has no impact on the Company's financial statements.

IFRIC 23, Uncertainty over Income Tax Treatments, issued in June 2017, clarifies the application of recognition and measurement requirements in IAS 12 - Income Taxes when there is uncertainty over the tax treatments. More specifically, it provides guidance in the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when uncertainty exists. IFRIC 23 is effective for annual period beginning on or after January 1, 2019, with early adoption permitted. The Company expects no significant impact on its current and deferred income tax balances in the future on adoption of this IFRIC.

IAS 1, Presentation of Financial Statements, has been revised to incorporate a new definition of "material" and IAS 8 has been revised to refer to this new definition in IAS 1. The amendments are effective for annual periods beginning on or after January 1, 2020. Earlier application is permitted. The Company is evaluating the impact of the adoption of these amendments on its consolidated financial statements.

4. CASH

The balance at September 30, 2019 consists of cash on deposit with a major Canadian bank in general interest-bearing accounts totaling $89,305 (September 30, 2018 - $426,457).

(Expressed in Canadian Dollars)

5. MARKETABLE SECURITIES

The Company's marketable securities consist of the following:

Fair value through profit and loss under the fair value option ("FVO")	**September 30, 2019** $	September 30, 2018 $
Shoal Point Energy common shares (8,000 shares @ $0.165 per share)	**1,320**	240
Osisko Mining Inc. (formerly Northern Gold Mining Inc.) 1,588 - common shares @ $3.25)	**5,161**	3,262
	6,481	3,502

In 2016, Osisko Mining Inc. purchased Northern Gold Mining Inc. in an all stock transaction. On February 7, 2013 Northern Gold Mining Inc. had purchased Victory Gold Mines Inc. in an all stock transaction with every two (2) Victory Gold Mines Inc. common shares being exchanged for (1) common share of Northern Gold Mining Inc. On February 7th, 2018 Shoal Point Energy consolidated their shares on the basis of 25:1.

The shares have been classified as fair value through profit and loss under the fair value option ("FVO").

6. AMOUNTS RECEIVABLE

The Company's amounts receivable includes harmonized services tax ("HST") due from the Canadian government and other receivables. These are broken down as follows:

		September 30, 2019		September 30, 2018
HST receivable	**$**	**6,340**	$	37,212
Subscription receivable		**12,500**		12,500
	$	**18,840**	$	49,712

At September 30, 2019, the Company anticipates full recovery of these amounts and therefore no impairment has been recorded against these receivables. The credit risk on the receivables has been further discussed in Note 16. The Company holds no collateral for any receivable amounts outstanding as at September 30, 2019.

7. PREPAID EXPENSES

Prepaid expenses represent advance payments made to vendors for expenses applicable to a future period. Advance payments include amounts paid in advance for Directors' and Officers' and Commercial liability insurance policies.

(Expressed in Canadian Dollars)

8. EXPLORATION AND EVALUATION EXPENDITURES

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

	September 30, 2019	September 30, 2018	Cumulative to date
	$	$	$
Northern Ontario, Canada			
Blue Quartz			
Exploration and evaluation expenditures	**-**	-	213,603
BQ-Extension			
Acquisition	**-**	-	68,000
Property tax 50%	**807**	1,613	7,434
TimGinn			
Acquisition	**-**	-	5,000
Exploration and evaluation expenditures	**282,018**	336,522	1,272,894
Property tax	**727**	-	3,987
Augdome			
Exploration and evaluation expenditures	**8,047**	199,501	226,444
Property tax	**-**	1,606	3,106
	$ 291,599	$ 539,242	$ 1,800,468

Northern Ontario, Canada

Blue Quartz

On December 6, 2010, the Company and Orla Mining Ltd. ("Orla") (formerly Red Mile Minerals Corp.), entered into an Option Agreement whereby McLaren could earn a 50% interest in the Blue Quartz gold property, with the Company 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 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.

During the calendar year ended December 31, 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.

(Expressed in Canadian Dollars)

Blue Quartz (continued)

On September 26, 2011, the Company entered into an option agreement with Orla whereby Orla has the option to earn 50% interest in the Blue Quartz Property Extension ("BQ Extension") which is owned 100% by the Company. The BQ-Extension property consists of 8 unpatented claims totaling 240 hectares or approximately 600 acres. Upon completion of the option agreement the Company and Orla will each own 50% of the entire Blue Quartz and BQ-Extension Property package.

TimGinn

During the first half of the year, the Company announced the successful completion of a four-hole, 1,038 metre, exploration drill program on its 238-hectare TimGinn Gold Property. In September of 2018, a 2,200 metre fall drill program was announced and completed subsequent to year end. Drill core from the program has been sent for assay and results will be released in the coming weeks.
On December 7, 2016, the Company announced the signing of an agreement with TimGinn Exploration Limited to renew the TimGinn Property option agreement for a term of five years with an effective start date of January 1, 2017. McLaren can earn a 50% interest in the TimGinn Property by spending $1.4 million over five years (see Note 10).

Augdome

The Company controls a 100% interest in the 414-hectare Augdome Gold Property located in Tisdale and Whitney Townships in the prolific Timmins Gold District, Northeastern Ontario. The Property is located immediately east of the Dome Mine operated by Newmont Goldcorp Corporation.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist primarily of outstanding vendors' invoices and accrued expenses incurred during the periods. 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, 2019	September 30, 2018
	$	$
0 - 3 months	**22,779**	49,233
3 - 6 months	**-**	-
6 - 12 months	**-**	-
Greater than 12 months	**-**	-
	22,779	49,233

(Expressed in Canadian Dollars)

10. COMMITMENTS AND CONTRACTUAL OBLIGATIONS:

As at September 30, 2019, under the flow-through shares issuance as described under note 12(b)(i) to the Financial Statements, the Company was obligated to incur approximately $100,000 of eligible Canadian exploration expenditures ("CEE") for renunciation to the flow-through shares subscribers on or before December 31, 2019. As of December 31, 2019 this commitment has been met.

The Company has committed to spend $1.4 million in exploration over five years on the TimGinn property as follows;

	April 30, 2018	April 30, 2019	April 30, 2020	April 30, 2021	April 30, 2022	Total
Commitment	$200,000	$300,000	$300,000	$300,000	$300,000	$1,400,000
Spent	(200,000)	(300,000)	(300,000)	(65,607)	-	(865,607)
Balance	**$-**	**$-**	**$-**	**$234,393**	**$300,000**	**$534,393**

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.

11. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, senior management, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. Related party transactions conducted in the normal course of operations are measured at fair value.

(a) The Company entered into the following transactions with related parties:

	September 30,	
	2019	2018
Management and consulting fees paid to officers and directors	**84,500**	78,500
Paid to a law firm which an officer is a partner	**3,350**	6,388
Other remuneration to officers and directors	**30,000**	43,500
Amount outstanding at end of year	**1,695**	17,750
Director fees	**-**	20,000
Amount outstanding at end of year	**-**	-

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.

(Expressed in Canadian Dollars)

12. CAPITAL STOCK

(a) Authorized

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

(b) Issued and outstanding

	September 30, 2019		September 30, 2018	
	Number of shares	Amount $	Number of shares	Amount $
Beginning balance	52,975,511	$ 7,031,760	42,681,511	$ 6,255,629
Private placement flow-through (i)	2,000,000	100,000	-	-
Issuance of warrants (i)	-	(2,202)	-	-
Private placement (i)	-	(8,000)	-	-
Share price premium (i)	-	(57,798)	-	-
Issuance of warrants (i)	-	(352)	-	-
Expiration of warrants	-	242,131	-	-
Private placement flow-through (ii)	-	-	3,100,000	325,400
Issuance of warrants (ii)	-	-	-	(65,330)
Private placement (ii)	-	-	400,000	40,000
Issuance of warrants (ii)	-	-	-	(16,860)
Private placement (iii)	-	-	2,150,000	217,000
Issuance of warrants (iii)	-	-	-	(150,504)
Expiration of warrants (iv)	-	-	3,420,000	427,500
Issuance of warrants (iv)	-	-	-	(166,889)
Shares issued for services (v)	-	-	950,000	100,750
Shares issued for finder fees (ii ,iii)	-	-	174,000	(48,825)
Exercise of Options (vi)	-	-	100,000	15,000
Expiration of Warrants	-	-	-	98,889
Ending balance	**54,975,511**	**$ 7,305,539**	52,975,511	$ 7,031,760

During the period the following transactions occurred:

(i) On December 31, 2018, the Company issued 2,000,000 Flow-through common share units at $0.05 per unit for gross proceeds of $100,000. Each Flow-through unit consists of one Flow-through common share and one half (1/2) common share purchase warrant, exercisable at $0.10 for a period of 18 months. The Flow-through warrants were valued at $2,202 using the Black-Scholes valuation model. Finder fees of $8,000 was paid in cash and 160,000 broker warrants were issued exercisable at $0.10 for 18 months. The broker warrants were valued at $352 using the Black-Scholes valuation model. A Flow-through premium of $57,798 was calculated based on the residual value of the flow-through shares (excess of subscription price over closing market price multiplied by the number of outstanding shares.

(ii) On December 29, 2017, the Company issued 3,100,000 Flow-through common share units at $0.10 per share for gross proceeds of $310,000 and 400,000 common share units for gross proceeds of $40,000 for a total of $350,000. Each Flow-through unit consists of one Flow-through common share and one half (1/2) common share purchase warrant. Each whole warrant is exercisable at $0.15 for a period of 18 months. Each common share unit consist of one common share and one full common share purchase warrant. Each common share purchase warrant is exercisable at $0.15 for a period of 18 months. These warrants were valued at $65,330 and the common share purchase warrants were valued at $16,860 using the Black-Scholes valuation model. Finder fees of $9,100 was paid in cash and $15,400 by way of issuance of 154,000 common shares.

(iii) On January 15th, 2018, the Company issued 2,150,000 common shares units at $0.10 per share increasing the previous financing to accommodate the demand in the share offering. Each unit consists of one common share and one common share purchase warrant exercisable at $0.15 for a period of 18 months. Warrants were valued at $150,504 using the Black-Scholes valuation model. Finders fees of $11,650 was paid in cash and $2,000 by way of issuance of 20,000 common shares.

(iv) On February 12th, 2018, the Company issued 3,420,000 common share units at $0.125 per share for gross proceeds of $427,500. Each unit consists of one common share and one common share purchase warrant exercisable at $0.15 for a period of 18 months. The common share warrants were valued to $166,889 using the Black-Scholes valuation model. The Finders fee of $10,325 was paid in cash.

(v) During the year ended September 30th, 2018, the Company issued 950,000 common share for services. The services were valued at $100,750 with 500,000 shares issued for $50,000 of services ($0.10 per share), 350,000 common shares issued for $43,750 of services ($0.125 per share) and 100,000 commons shares were issued for $7,000 of services ($0.07 per share).

(vi) During the year ended September 30th 2018, 100,000 options were exercised into common shares. The option exercise was paid by rendering services to the Company.

(Expressed in Canadian Dollars)

c) Warrants:

Warrants are outstanding as at September 30, 2019:

Date issued	Number of Warrants		Fair Value of Warrants	Exercise Price	Expiry Date
January 15, 2018 (Note12b(iii))	2,150,000	$	150,504	$0.15	July 15, 2020
February 12, 2018 (Note12b(iv))	3,420,000	$	166,889	$0.15	August 12, 2020
December 31, 2018 (Note 12b(i))	1,000,000	$	2,202	$0.10	June 30, 2020
December 31, 2018 (Note 12b(i))	160,000	$	352	$0.10	June 30, 2020
Totals	**6,730,000**	**$**	**319,947**	$ 0.15	

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:

	Jan 15, 2018	Feb 12, 2018	Dec 31, 2018
Risk free interest rate	1.72 %	1.74 %	1.85 %
Expected volatility	100 %	100 %	100 %
Expected life (in years)	1.5	1.5	1.5
Stock price	$ 0.15	$ 0.12	$ 0.02
Exercise price	$ 0.15	$ 0.15	$ 0.10

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.

(Expressed in Canadian Dollars)

As at September 30, 2019, common share options held by directors, officers, and consultants are as follows:

Number of options outstanding		Exercise Price	Black-Scholes Valuation	Expiry Date	Number of Options exercisable
500,000		$ 0.125	$ 36,599	February 22, 2020	500,000
225,000	Note 12d(i)	$ 0.15	$ 20,620	February 26, 2021	225,000
1,225,000		$ 0.125	$ 108,193	February 22, 2022	1,225,000
300,000		$ 0.125	$ 16,313	May 16, 2022	300,000
125,000	Note 12d(i)	$ 0.15	$ 5,616	February 26, 2023	125,000
2,375,000		**$ 0.125**	**$ 187,341**		**2,375,000**

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

	September 30, 2019	September 30, 2018
Weighted average exercise price	**$ 0.125**	$ 0.125
Balance, beginning of the period	**2,375,000**	2,025,000
Options granted during the period (i)	**-**	750,000
Options exercised	**-**	(100,000)
Options cancelled during the period	**-**	(300,000)
Balance, end of the period	**2,375,000**	2,375,000

(i) On February 26th, 2018, the Company granted 750,000 stock options to its officers and directors and consultants with an exercise price of $0.15 per share, for terms of up to 5 years.

(Expressed in Canadian Dollars)

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 stock-based compensation cost for the Company's option awards during the year.

	Stock Options	Weighted Average Exercise Price
Balance, September 30, 2018	**2,375,000**	$0.13
Granted	-	$ -
Exercised	-	$ -
Cancelled	-	$ -
Balance, September 30, 2019	**2,375,000**	$0.13

The stock-based compensation recorded during the period amounted to $Nil (September 30, 2019 - $ 26,236) and credited to Contributed Surplus.

13. CONTRIBUTED SURPLUS

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

	September 30, 2019	September 30, 2018
	$	$
Balance - beginning of the year	**187,341**	874,103
Stock-based compensation (Note 12(d))	-	26,236
Expired and cancelled Option adjustment	-	(712,998)
Balance - end of the year	**187,341**	187,341

14. CAPITAL MANAGEMENT

The Company's objective in managing capital is to maintain the entity's ability to continue as 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.

(Expressed in Canadian Dollars)

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 period. The Company is not subject to any externally imposed capital requirements as at September 30, 2019.

15. 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, 2019 and 2018 is as follows:

	September 30, 2019	September 30, 2018
Combined statutory income tax rates (%)	**26.50**	26.50
Net loss	**(459,340)**	(1,013,623)
Expected recovery of income taxes based on statutory rates.	**(121,725)**	(268,610)
Adjustments to tax (benefit) expense resulting from:		
Non-deductible permanent differences	**(789)**	7,904
Timing differences	**(7)**	(10)
Valuation allowance	**122,521**	260,716
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.

(Expressed in Canadian Dollars)

15. **INCOME TAXES** (continued)

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

Year of Expiry	Amount $
2026	180,584
2027	487,834
2028	392,527
2029	949,478
2030	245,636
2031	419,660
2032	1,197,614
2033	678,130
2034	348,537
2035	108,240
2037	214,120
2038	1,044,076
2039	516,563
	6,782,999

16. FINANCIAL INSTRUMENTS

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. The Company may use derivative, financial instruments such as foreign exchange contracts and interest rate swaps to manage certain exposures. These market risks are evaluated by monitoring changes in key economic indicators and market information on an on-going basis.

Commodity 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.

Credit risk

The maximum exposure to credit risk is equal to the carrying amount of financial instruments classified as loans and receivables.

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 by cash and cash equivalents. Management continues to seek additional investments for fully develop and execute on its business plans.

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

Fair value

The fair value of certain of the Company's financial instruments, including cash, marketable securities, amounts receivable, accounts payable and accrued liabilities, are estimated by management to approximate their carrying values due to their short term nature.

17. LOSS PER SHARE

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

18. SUBSEQUENT EVENTS

Subsequent to year end, the Company issued 600,000 flow-through units at a price of $0.05 raising $30,000. Each unit consists of one common share and one-half (1/2) common share purchase warrant exercisable at $0.10 for a period of 18 months. McLaren has the right to accelerate the exercise of the warrants if McLaren shares trade at a weighted average price exceeding $0.15 per share for 20 consecutive trading days.