

McLAREN RESOURCES INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2006

General

The following discussion of performance, financial condition and future prospects should be read in conjunction with McLaren Resources Inc. (the "Company") financial statements and notes thereto for the year ended September 30, 2006 and September 30, 2005, which were prepared in accordance with generally accepted accounting principles (GAAP) in Canada. Additional information regarding the Company can be found on SEDAR at www.sedar.com. All amounts following are expressed in Canadian dollars unless otherwise stated. This discussion and analysis is dated February 28, 2007.

Forward Looking Statements

Certain information in this MD&A and in other public announcements by the Company is forward-looking and is subject to important risks and uncertainties. Forward information includes information concerning the Company's future financial performance, business strategy, plans, goals and objectives.

Factors which could cause actual results to differ materially from current expectations include, among other things, the ability of the Company to successfully implement its strategic initiatives and whether such strategic initiatives will yield the expected benefits; competitive conditions in the business in which the Company participates; general economic conditions and normal business uncertainty; fluctuations in foreign currency exchange rates; and changes in laws, rules and regulations applicable to the Company.

The Company does not update forward-looking statements should circumstances or management's assumptions, expectations, or estimates change.

Overview

The Company is actively engaged in reviewing potential acquisitions of hydrocarbon exploration properties, and is sourcing financing to fund property acquisitions and work programs.

Netherlands

The Company has an agreement to enter into a joint venture with Ascent Resources PLC ("Ascent"), whereby the Company would hold a 45% beneficial interest in up to four offshore petroleum blocks in the Netherlands sector of the North Sea.

The government of the Netherlands awarded four license blocks and the Company paid a fee of US\$25,000 to Ascent and will begin to make annual lease payments with the initial annual payment of an estimated US\$100,000 due early 2007. The government of the Netherlands has the right to back in for a 40% interest, and should that occur, then the Company's interest would be reduced to 27% from 45%. Upon the award of the blocks the Company will fund its share of the preliminary exploration work. McLaren pays 62.5% of the costs for its 45% interest. The blocks have an initial term of two years which can be extended for a further three years upon completion of a satisfactory work program. It is anticipated that the budget for the initial two year period will be in the range of \$2,000,000 and that up to \$1,000,000 will be spent during the initial twelve month period, once the exploration blocks are awarded.

Indonesia

During the previous year the Company partnered with PT Ephindo of Indonesia and Far East Methane, LLC of Denver, Colorado to explore and develop Coal Bed Methane in South Sumatra, Indonesia. Under the terms of McLaren's agreement, McLaren can earn 63% of PT Ephindo's interest in a 99,000 hectare property in South Sumatra by performing exploration and development work in the amount of US\$15 million.

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The partnership is engaging in discussions with Medco (Indonesia's largest independent oil and gas energy exploration and development company) relating to CBM in South Sumatra, Indonesia. Medco has overlapping oil and gas concessions in the South Sumatra basin where Ephindo has its coal concessions. Pursuant to Indonesian CBM regulations, all parties must reach an agreement on CBM development and jointly make a proposal to BP Migas (the government grantor of CBM concessions). In addition, McLaren is studying data on wells drilled in the relevant hectares in South Sumatra to map the area related to coal deposits and the full extent of the CBM potential. This study includes CBM wells drilled by Lemigas, the government research arm, that are the first CBM test wells drilled in Indonesia.

Results of Operations

The Company had a net loss for the quarter of \$272,328. Most of the loss was a result of oil and gas pre-acquisition costs charged for the quarter.

Revenue

The Company earned no revenue for the quarter ended December 30, 2006.

Expenses

	Quarter ended December 31, 2006	Quarter ended December 31, 2005	Change
Consulting fees	\$36,454	\$12,500	176%
General and Administrative	\$34,571	\$-	-%
Oil and gas pre-acquisition costs	\$150,484	\$-	-%
Travel	\$31,383	\$-	-%
Management fees	\$6,500	\$-	-%

Consulting fees increased due to the activity undertaken by the Company during the year on the two main projects that have been identified; the Netherlands section of the North Sea and Indonesia. Management fees also increased due to the hiring of a CFO. General and Administrative Expenses increased 176% due to the increased support needed for the operations. Oil and gas pre-acquisition costs increased due to the increased focus on the two main projects; North Sea and Indonesia.

Quarterly Financial Information (unaudited)

	December 31, 2006	September 30, 2006	June 30, 2006 Q3	March 31, 2006 Q2
(a) Revenue	\$ -	\$ -	\$ -	\$ -
(b) Net Income (loss)	\$ (272,328)	\$ (115,802)	\$ (33,534)	\$ (22,315)
(c) Net Income (loss) per share (Weighted Average)	\$ (0.023)	\$ (0.012)	\$ (0.005)	\$ (0.004)

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	December 31, 2005	September 30, 2005	June 30, 2005	March 31, 2005
	Q1	Q4	Q3	Q2
(a) Revenue	\$ -	\$ -	\$ -	\$ -
(b) Net Income (loss)	\$ (12,500)	\$ (102,367)	\$ (23,876)	\$ (347)
(c) Net Income (loss) per share (Weighted Average)	\$ (0.00)	\$ 0.024	\$ (0.007)	\$ (0.00)

Liquidity and Capital Resources

At December 31, 2006 the Company had \$592,254 of cash compared to cash of \$629,797 as at September 30, 2006. The Company's December 31, 2006 short-term obligations consist of accounts payable of \$25,725 (September 30, 2006 - \$34,441) and share subscriptions in trust of \$260,000 (September 30, 2006 - \$nil). The Company had no long-term obligations at December 31, 2006 and September 30, 2006.

The Company's working capital at December 31, 2006 was a surplus of \$326,450 compared to a surplus of \$598,744 as at September 30, 2006. The largest part of the decrease in the surplus is the share subscriptions in trust of \$260,000. This obligation will convert to common shares once the financing currently underway is closed. As of today's date the financing has not been closed. The working capital is clearly not sufficient for the activities planned for the two projects. The Company will be accessing the equity market to fund the Company's business plan, and while there is no guarantee that financing will be available, management has no reason to expect that this financing will not be accessible.

Share Capital

- (a) Shares - As at December 31, 2006 the Company had 11,522,703 common shares outstanding.
- (b) Warrants - As at December 31, 2006 there are no warrants outstanding.
- (c) Stock Options – As of December 31, 2006 there are no options outstanding.

During the quarter ended December 31, 2006 the Company did not issue any common shares. During the quarter ending December 31, 2005 the Company sourced funds of \$17,207 for general working capital through the issuance of common shares. An additional 130,000 common shares were issued for services rendered valued at \$13,000.

Related Party Transactions

- (a) Management fees paid to companies controlled by an officer of the Company amounted to \$6,500.
- (b) Legal fees of \$15,850 were charged by a law firm of which an officer of the Company is a partner.
- (c) During the quarter the Company paid rent of \$4,500 to a company with officers who are also officers of the Company.

The transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The Company believes that, due to the size and relative simplicity of

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the operations of the Company, it is more economical to use related parties for the business transactions under consideration than to source outside suppliers.

Management's evaluation of disclosure controls and procedures

Management is responsible for establishing and maintaining a system of controls and procedures over the public disclosure of financial and non-financial information regarding the Company. Such controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported, on a timely basis, to senior management, including the President and the Chief Financial Officer (CFO), so that appropriate decisions can be made by them regarding public disclosure.

The system of disclosure controls and procedures includes, but is not limited to, our Disclosure Policy, our Code of Business Ethics, the effective functioning of our Disclosure and Audit Committees, procedures in place to systematically identify matters warranting consideration of disclosure by the Disclosure Committee and verification processes for individual financial and non-financial metrics and information contained in annual and interim filings, including the financial statements, MD&As, Annual Information Forms and other documents and external communications.

As required by CSA Multilateral Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings, an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures was conducted, under the supervision of Management, including the President and CFO, as of December 31, 2006. The evaluation included documentation review, enquiries and other procedures considered by Management to be appropriate in the circumstances.

Based on that evaluation, the President and the CFO have concluded that the design and operation of the system of disclosure controls and procedures was effective as of December 31, 2006.

Risk Factors and Risk Management

The Company's business is highly uncertain and risky by its very nature. Future business opportunities pursued by the Company may be in other fields, and are also likely to be risky. In addition, the ability to raise funding in the future to maintain the Company's search for new business opportunities, and to carry through with the ensuing activities is dependant on financial markets that often fail to provide necessary capital.

Regulatory standards continue to change making the review process longer, more complex and more costly. Even if an apparently successful business proposal is developed, there is no assurance that it will ever be carried out or be profitable, as its potential economics are influenced by many key factors such as the general state of the economy, foreign exchange rates, equity markets and political interference, which can not be controlled by management.

Dated this 28th day of February, 2007.

"Alex Falconer"

Alex Falconer
Chief Financial Officer