

**McLAREN RESOURCES INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2006 (Q3)**

## **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, 2005 and September 30, 2004, 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](http://www.sedar.com). All amounts following are expressed in Canadian dollars unless otherwise stated. This discussion and analysis is dated August 22, 2006.

## ***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. 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. Currently, the Company and Ascent are waiting for the award of the exploration blocks that were applied for on September 29, 2005.

Upon some or all the blocks being successfully granted, the Company will pay a fee of US\$25,000 to Ascent and begin to make annual lease payments with the initial annual payment of an estimated US\$200,000 due on January 1, 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 six months period, once the exploration blocks are awarded.

## **Results of Operations**

The Company had a net loss for the period of \$33,534. The Company was inactive with no active operations. Most of the loss was a result of management, consulting and professional fees charged for the quarter.

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**Revenue**

The Company earned no revenue during the period ended June 30, 2006.

**Expenses**

	Three months ended June 30, 2006	Three months ended June 30, 2005	% Change
General and Administrative	\$33,534	\$23,876	40.4%

Management and consulting fees increased due to the increased activity undertaken by the Company during the second quarter.

**Quarterly Financial Information (unaudited)**

	June 30, 2006 Q3	March 31, 2006 Q2	December 31, 2005 Q1	September 30, 2005 Q4
(a) Revenue	\$ -	\$ -	\$ -	\$ -
(b) Net Income (loss)	\$ (33,534)	\$ (22,315)	\$ (12,500)	\$ (102,376)
(c) Net Income (loss) per share (Weighted Average)	\$ (0.005)	\$ (0.004)	\$ (0.00)	\$ 0.024

	June 30, 2005 Q3	March 31, 2005 Q2	December 30, 2005 Q1	September 30, 2004 Q4
(a) Revenue	\$ -	\$ -	\$ -	\$ -
(b) Net Income (loss)	\$ (23,876)	\$ (347)	\$ (9)	\$ (14,735)
(c) Net Income (loss) per share (Weighted Average)	\$ (0.006)	\$ (0.00)	\$ (0.00)	\$ (0.004)

**Liquidity and Capital Resources**

At June 30, 2006 the Company had \$314,496 of cash compared to cash of \$4,405 as at September 30, 2005. The Company's June 30, 2006 short-term obligations consist of accounts payable of \$11,761 (September 30, 2005- \$23,859). The Company had no long-term obligations at June 30, 2006 and September 30, 2005.

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The Company's working capital at June 30, 2006 was a surplus of \$310,471 compared to a deficiency of \$42,131 as at September 30, 2005. It is clearly not sufficient for the planned activities. 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 June 30, 2006 the Company had 9,717,703 common shares outstanding
- (b) Warrants - As at June 30, 2006 there are no warrants outstanding.
- (c) Stock Options – As of June, 2006 there are no options outstanding.

**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 22<sup>th</sup> day of August, 2006.

*"Alex Falconer"*

Alex Falconer  
Chief Financial Officer