

PARLANE RESOURCE CORP.
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the three months ended August 31, 2015
(Stated in Canadian Dollars)
(Unaudited)

**NOTICE TO READER OF THE UNAUDITED CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

The unaudited condensed interim consolidated financial statements for the period ended August 31, 2015 have been prepared by and are the responsibility of the Company's management. These financial statements have not been reviewed or audited by the Company's auditors.

PARLANE RESOURCE CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Stated in Canadian Dollars)

	August 31, 2015	May 31, 2015
<u>ASSETS</u>		
Current assets		
Cash	\$ 408	\$ 4,423
Value added taxes recoverable	13,092	12,274
Marketable securities – Note 3	30,159	35,355
Prepaid expenses – Note 6	6,057	9,057
	49,716	61,109
Non-current assets		
Reclamation deposit – Note 4	25,000	25,000
Exploration and evaluation assets – Note 4	1,535,777	1,535,226
	1,560,777	1,560,226
Total assets	\$ 1,610,493	\$ 1,621,335
<u>LIABILITIES</u>		
Current liabilities		
Trade and other payables – Note 6	\$ 76,853	\$ 228,954
<u>EQUITY</u>		
Share capital – Note 5	4,920,209	4,745,534
Equity reserve – Note 5	714,454	714,454
Foreign currency translation reserve	(9,654)	(9,533)
Accumulated deficit	(4,091,369)	(4,058,074)
	1,533,640	1,392,381
Total liabilities and equity	\$ 1,610,493	\$ 1,621,335

Subsequent events – Note 11

APPROVED ON BEHALF OF THE BOARD:

<u>“Robert Eadie”</u> Robert Eadie	Director	<u>“Gary Arca”</u> Gary Arca	Director
---------------------------------------	----------	---------------------------------	----------

The accompanying notes form an integral part of these condensed interim consolidated financial statements

PARLANE RESOURCE CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND
COMPREHENSIVE LOSS
(Stated in Canadian Dollars)
(Unaudited)

For the three months ended August 31,	2015	2014
Expenses:		
Accounting and audit fees – Note 6	\$ 1,750	\$ 5,250
Finance costs	143	113
Foreign exchange (gain) loss	(2,344)	5,146
Legal and corporate services	-	1,600
Management services – Note 6	14,000	15,000
Office, rent and administration – Note 6	8,000	16,460
Shareholder communications – Note 6	1,505	4,030
Transfer agent and filing fees	2,701	673
Total expenses	(25,755)	(48,272)
Other Losses:		
Impairment on marketable securities – Note 3	(7,540)	(59,424)
Loss for the period	(33,295)	(107,696)
Other comprehensive loss:		
Foreign currency translation reserve	(121)	(344)
Total comprehensive loss for the period	\$ (33,416)	\$ (108,040)
Basic and diluted loss per share – Note 8	\$ (0.00)	\$ (0.00)

The accompanying notes form an integral part of these condensed interim consolidated financial statements

PARLANE RESOURCE CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Stated in Canadian Dollars)
(Unaudited)

For the three months ended August 31,	2015	2014
Operating Activities:		
Loss for the period	\$ (33,295)	\$ (107,696)
Adjustments to reconcile loss to net cash used in operating activities:		
Impairment on marketable securities	7,540	59,424
Changes in non-cash working capital items:		
Prepaid expenses	3,000	549
Value added taxes recoverable	(939)	549
Trade and other payables	22,574	15,773
Cash outflows from operating activities	(1,120)	(31,950)
Investing Activities:		
Investment in exploration and evaluation assets	(551)	(732)
Total increase (decrease) in cash during the period	(1,671)	(32,682)
Cash, beginning of the period	4,423	78,185
Effect of foreign exchange on cash	(2,344)	5,136
Cash, end of the period	\$ 408	\$ 50,639

The accompanying notes form an integral part of these condensed interim consolidated financial statements

PARLANE RESOURCE CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the three months ended August 31, 2015 and 2014
(Stated in Canadian Dollars)
(Unaudited)

	Number of Shares Outstanding	Share capital	Equity reserve	Foreign currency translation reserve	Accumulated deficit	Total equity
Balance – May 31, 2014	7,167,752	4,745,534	714,454	(8,883)	(3,744,918)	1,706,187
Translation reserve – foreign operations	-	-	-	(344)	-	(344)
Net loss for the period	-	-	-	-	(107,696)	(107,696)
Balance – August 31, 2014	7,167,752	4,745,534	714,454	(9,227)	(3,852,614)	1,598,147
Translation reserve – foreign operations	-	-	-	(306)	-	(306)
Net loss for the period	-	-	-	-	(205,460)	(205,460)
Balance – May 31, 2015	7,167,752	4,745,534	714,454	(9,533)	(4,058,074)	1,392,381
Common shares issued pursuant to:						
Settlement of debt - at \$0.056	3,105,333	174,675	-	-	-	174,675
Translation reserve – foreign operations	-	-	-	(121)	-	(121)
Net loss for the period	-	-	-	-	(33,295)	(33,295)
Balance – August 31, 2015	10,273,085	\$4,920,209	\$ 714,454	\$ (9,654)	\$ (4,091,369)	\$ 1,533,640

The accompanying notes form an integral part of these condensed interim consolidated financial statements

PARLANE RESOURCE CORP.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
August 31, 2015
(Stated in Canadian Dollars)
(Unaudited)

Note 1 Corporate Information

Parlane Resource Corp. (the “Company” or “Parlane”) is the parent company of its consolidated group (the “Group”) and was incorporated in the Province of British Columbia on June 1, 2007 under the Business Corporations Act of British Columbia. The Company is listed on the TSX Venture Exchange (the “Exchange”), having the symbol PPP-V as a Tier 2 issuer and is in the process of evaluating its exploration assets.

The address of the Company’s corporate office and principal place of business is 750 – 580 Hornby Street, Vancouver, British Columbia, Canada.

Note 2 Basis of Preparation

a) Statement of Compliance

These unaudited condensed interim consolidated financial statements for the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board. These condensed interim consolidated financial statements, for the three month period ended August 31, 2015, have been prepared in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting, however, they do not include all of the information required for full annual financial statements.

These condensed interim consolidated financial statements should be read in conjunction with the Company’s 2015 annual financial statements.

The condensed interim consolidated financial statements were authorized for issue by the Board of Directors on October 28, 2015.

b) Basis of Measurement

The condensed interim consolidated financial statements have been prepared on a historical cost basis.

The condensed interim consolidated financial statements financial statements are presented in Canadian dollars, which is also the parent Company’s functional currency.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The Company’s accounting policies and areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Notes 3 and 4 of the Company’s 2015 annual financial statements.

Parlane Resource Corp.

Notes to the Condensed Interim Consolidated Financial Statements

August 31, 2015

(Stated in Canadian Dollars)

(Unaudited) - Page 2

Note 2 Basis of Preparation – (cont'd)

c) Basis of consolidation

These consolidated financial statements include the accounts of the Company and all of its subsidiaries, which are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity; is exposed to variable returns in connection with its interest in the entity; and a linkage exists between this power and exposure to variable returns.

Subsidiaries are included in the consolidated financial results of the Company from the effective date of acquisition up to the effective date of disposal or loss of control. The Company has two active subsidiaries, Minera Mexicana Parlane, S.A. de C.V. ("Minera Mexicana"), which was incorporated in Mexico on November 25, 2009, to carry out Mexican operations, and Little Bear Gold Corp. ("Little Bear"), which was incorporated in the Province of British Columbia on July 12, 2011 as 0915318 BC Ltd., to carry out operations on the Company's Big Bear and Bearcat properties.

All intra-group transactions, balances, income and expenses are eliminated, in full, on consolidation.

d) Going Concern of Operations

The Company has not generated revenue from operations. The Company incurred a loss of \$33,295 during the period ended August 31, 2015, and, as of that date, the Company's accumulated deficit was \$4,091,369. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The Company may not have sufficient cash resources to meet its obligations for at least twelve months from the end of the reporting period and may have to raise funds through share issuances. However, there is no assurance it will be able to raise funds in this manner in the future.

As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures.

These condensed interim consolidated financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of operations, and at amounts different from those recorded in the consolidated financial statements.

Parlane Resource Corp.

Notes to the Condensed Interim Consolidated Financial Statements

August 31, 2015

(Stated in Canadian Dollars)

(Unaudited) - Page 3

Note 3 Marketable Securities

Marketable securities at August 31, 2015 consisted of an available-for-sale investment in Global Resource Investment Trust PLC ("GRIT").

At August 31, 2015 the Company held the following shares:

		August 31, 2015		May 31, 2015	
		Fair Value		Fair Value	
	Shares				
GRIT	123,728	\$	30,159	\$	35,355

The fair value of GRIT has been determined by reference to published price quotations in an active market.

While the Company will seek to maximize the proceeds it receives from the sale of its GRIT Shares on the London Stock Exchange, there is no assurance as to the timing of disposition or the amount that will be realized. Funds realized from the sale of the GRIT Shares will be used by the Company for working capital and general corporate purposes.

During the period ending August 31, 2015, the market price of GRIT shares further declined and an impairment of \$7,540 (August 31, 2014: \$59,424) was recorded in loss for the period.

Parlane Resource Corp.

Notes to the Condensed Interim Consolidated Financial Statements

August 31, 2015

(Stated in Canadian Dollars)

(Unaudited) - Page 4

Note 4 Exploration and evaluation assets*Summary of Expenditures*

	Big Bear Property	Bearcat Property	Total
<u>Acquisition costs:</u>			
Balance, May 31, 2014	909,460	-	909,460
Claim acquisition	-	682	682
Balance, May 31, 2015 & August 31, 2015	\$ 909,460	\$ 682	\$ 910,142
<u>Exploration costs:</u>			
Balance, May 31, 2014	618,341	-	618,341
Assays and sampling	2,200	-	2,200
Geological consulting	2,735	675	3,410
Travel	1,133	-	1,133
Balance, May 31, 2015	624,409	675	625,084
Assays and sampling	551	-	551
Balance, August 31, 2015	\$ 624,960	\$ 675	\$ 625,635
<u>Total exploration and evaluation assets</u>			
Balance, May 31, 2015	\$ 1,533,869	\$ 1,357	\$ 1,535,226
Balance, August 31, 2015	\$ 1,534,420	\$ 1,357	\$ 1,535,777

Parlane Resource Corp.

Notes to the Condensed Interim Consolidated Financial Statements

August 31, 2015

(Stated in Canadian Dollars)

(Unaudited) - Page 5

Note 4 Exploration and evaluation assets – (cont'd)

Big Bear Project

On January 15, 2013, the Company's wholly owned subsidiary Little Bear acquired an undivided 100% interest in 31 claims covering approximately 14,366 hectares located in the Omineca Mining Division of British Columbia known as the Big Bear Project ("Big Bear") by exercising its option under a Property Option Agreement.

To exercise the option on Big Bear, the Company made cash payments of \$600,000, issued an aggregate of 240,000 common shares and 240,000 warrants and expended a minimum of \$650,000 on exploration expenses over a period of two years to December 1, 2012. The warrants issued are exercisable for two years, at an exercise price that is the greater of \$1.25 and a 20% premium to the 30-day moving average on the date that the warrants are issued. These warrants expired unexercised. The Big Bear Project is subject to a 2% net smelter royalty in favour of the optionor, 1% of which may be purchased at any time by the Company for \$1,000,000.

The Company paid \$14,000 and issued 20,000 shares to a finder in this transaction in accordance with the policies of the Exchange.

The Company was required to provide financial assurance to the Ministry of Energy and Mines for the reclamation costs on the property. As of August 31, 2015, amounts on deposit with the ministry were \$25,000 (2014 - \$25,000).

Bearcat Claim

During the year ended May 31, 2015, the Company staked the 389-hectare Bearcat claim situated 76 kilometres west of Quesnel and six kilometres northwest of Nazko.

Environmental Protection Practices and Asset Retirement Obligation

The Company is subject to laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in a material liability to the Company.

Parlane Resource Corp.

Notes to the Condensed Interim Consolidated Financial Statements

August 31, 2015

(Stated in Canadian Dollars)

(Unaudited) - Page 6

Note 5 Share capital and Equity reserve

a) Common Shares

The Company is authorized to issue an unlimited number of common shares, without par value, issuable in series.

The holders of common shares are entitled to one vote per share at meetings of the Company and to receive dividends, which are declared from time-to-time. No dividends have been declared by the Company since its inception. All shares are ranked equally with regard to the Company's residual assets.

Debt Settlement

During the period ended August 31, 2015, the Company agreed to settle debt of \$174,675 by issuing 3,105,333 common shares at a price of \$0.056 per share. The debt was owed to four creditors, two of whom are directors of the Company.

Share Consolidation

On May 20, 2015, the Company consolidated its 35,838,759 then issued and outstanding Common Shares on the basis of every five Common Shares of the Company being consolidated into one new Common Share of the Company, such that 7,167,752 common shares are issued and outstanding as of the record date on May 20, 2015.

Numbers reflected in these statements are post-consolidation numbers unless indicated otherwise.

Security Exchange

On February 26, 2014, the Company closed its securities exchange with Global Resources Investment Trust plc ("GRIT").

The Company issued 600,000 common shares at \$0.375 per share to GRIT, in exchange for 123,728 ordinary shares of GRIT (the "GRIT Shares"), at the market price of £1.00 per GRIT Share.

Parlane Resource Corp.

Notes to the Condensed Interim Consolidated Financial Statements

August 31, 2015

(Stated in Canadian Dollars)

(Unaudited) - Page 7

Note 5 Share capital and Equity reserve – (cont'd)a) Common Shares – (cont'd)*Security Exchange – (cont'd)*

In the period between finalizing the agreement and the issuance of the Company's shares, the Company's share price decreased to \$0.25 from the agreed value of \$0.375. The difference between the fair market value of shares issued against the prior agreed exchange value, being \$77,943, was recorded under equity reserve.

A finder's fee in the form of 48,000 common shares at \$0.375 per share was paid in respect of the transaction with GRIT.

b) Share Purchase Warrants

A summary of the Company's outstanding share purchase is presented below:

	Number of Warrants	Weighted Average Exercise Price
Outstanding at May 31, 2014	700,000	\$1.04
Expired	(100,000)	\$1.25
Outstanding at May 31, 2015 & August 31, 2015	600,000	\$1.00

Parlane Resource Corp.

Notes to the Condensed Interim Consolidated Financial Statements

August 31, 2015

(Stated in Canadian Dollars)

(Unaudited) - Page 8

Note 5 Share capital and Equity reserve – (cont'd)b) Share Purchase Warrants – (cont'd)

At August 31, 2015, there were 600,000 warrants exercisable to purchase one common share for each option held as follows:

Number of Shares	Exercise Price	Expiry Date
272,500	\$1.00	September 30, 2015
327,500	\$1.00	October 4, 2015
600,000	\$1.00	

Subsequent to August 31, 2015, 600,000 share purchase warrants, exercisable at \$1.00 per warrant, expired unexercised

c) Share-Based Payments

The Company, in accordance with the policies of the Exchange, is authorized to grant share purchase options to directors, officers, employees and service providers to acquire up to 10% of common shares outstanding (the "Plan"). Under the Plan, options may be granted at no less than the closing market price of the Company's shares on the day preceding the grant for a maximum term of 5 years. No amounts are paid or payable by the recipient on receipt and the options are not dependent on any performance-based criteria. Share purchase options will vest when granted except where granted for investor relations activities which vest and may be exercised in accordance with the vesting provisions as to ¼ of the options each 3 months.

A summary of the Company's outstanding share purchase options is presented below:

	Number of Shares	Weighted Average Exercise Price
Balance at May 31, 2014	474,190	\$0.95
Cancelled	(299,400)	\$0.99
Expired	(172,790)	\$0.91
Balance at May 31, 2015 & August 31, 2015	2,000	\$1.00
Exercisable at May 31, 2015 & August 31, 2015	2,000	\$1.00

No share purchase options were granted during the period ended August 31, 2015.

Parlane Resource Corp.

Notes to the Condensed Interim Consolidated Financial Statements

August 31, 2015

(Stated in Canadian Dollars)

(Unaudited) - Page 9

Note 5 Share capital and Equity reserve – (cont'd)c) Share-Based Payments – (cont'd)

The following is a summary of outstanding stock options at August 31, 2015:

Number Outstanding	Weighted Average Price	Weighted Average Life	Expiry Date
2,000	\$1.00	2.31	12/20/2017

Note 6 Related Party Transactions

The following is a summary of charges incurred by the Company with related parties:

For the period ended August 31,	2015	2014
Accounting fees	\$ 1,750	\$ 5,250
Management services	11,500	15,000
Office, rent and administration	8,000	15,000
Shareholder communications	1,250	3,750
Total	\$ 22,500	\$ 39,000

During the period ended August 31, 2015, the Company incurred expenses of \$22,500 (August 31, 2014 - \$39,000) from companies controlled by directors and officers of the Company.

Prepaid expenses include \$5,000 as at August 31, 2015 (May 31, 2015: \$8,000) in respect of prepaid rent and refundable expenses advanced to a company controlled by a director.

Included in accounts payables at May 31, 2015 is \$61,810 (May 31, 2015: 207,900) due to directors of the Company and with a company controlled by a director. These balances are in respect of management activities, reimbursable expenses and GST.

Parlane Resource Corp.

Notes to the Condensed Interim Consolidated Financial Statements

August 31, 2015

(Stated in Canadian Dollars)

(Unaudited) - Page 10

Note 7 Segmented Reporting

The Company is organized into business units based on mineral properties and has two reportable operating segments, being that of acquisition and E&E activities in Canada and Mexico. A summary of the segmented assets as at August 31, 2015 and May 31, 2015, and the Company's loss and comprehensive loss for the periods ended August 31, 2015 and 2014 is as follows:

	Mexico	Canada	August 31, 2015 Total
Loss for the period	-	(33,295)	(33,295)
Exploration and evaluation assets	-	1,535,777	1,535,777
Segment assets	8,116	1,602,377	1,610,493
	Mexico	Canada	Aug 31, 2014 Total
Loss for the period	-	(107,696)	(107,696)
	Mexico	Canada	May 31, 2015 Total
Loss for the year	(11,742)	(301,414)	(313,156)
Exploration and evaluation assets	-	1,535,226	1,535,226
Segment assets	8,238	1,613,097	1,621,335

Note 8 Loss Per Share

The denominator for the calculation of loss per share, being the weighted average number of common shares, is calculated as follows:

Period ended August 31,	2015	2014
Issued and outstanding at the beginning of the period	7,167,752	33,838,759
Effect of shares issued during the period	2,767,797	-
Basic and diluted weighted average number of shares	9,935,549	33,838,759

Parlane Resource Corp.

Notes to the Condensed Interim Consolidated Financial Statements

August 31, 2015

(Stated in Canadian Dollars)

(Unaudited) - Page 11

Note 9 Capital Management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Company considers the items included in shareholders' equity as capital. The Company manages the capital structure and makes adjustments to it in 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 shares through private placements, sell assets to reduce debt or return capital to shareholders. The Company is not subject to externally imposed capital requirements. There have been no changes in the Company's approach to capital management during the period ended August 31, 2015.

Note 10 Financial Instruments

a) Interest Rate Risk

The Company's cash earns interest at a variable interest rate. Because of the nature of this financial instrument, fluctuations in market rates do not have a significant impact on estimated fair values as of August 31, 2015. Future cash flows from interest income on cash and reclamation deposits will be affected by interest rate fluctuations. Interest rate risk consists of two components:

- (i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
- (ii) To the extent that changes in prevailing market interest rates differ from the interest rates in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company's exposure to interest rate fluctuations is minimal.

b) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk with respect to its cash and reclamation deposit, the balance of which at August 31, 2015, is \$408 and \$25,000, respectively. Cash is held, primarily, at a chartered Canadian financial institution.

Parlane Resource Corp.

Notes to the Condensed Interim Consolidated Financial Statements

August 31, 2015

(Stated in Canadian Dollars)

(Unaudited) - Page 12

Note 10 Financial Instruments – (cont'd)

c) Liquidity Risk

Liquidity risk arises from the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements. As at August 31, 2015, the Company was holding cash of \$408. The Company's trade and other payables are due in the short term.

As at August 31, 2015, the Company had \$408 in cash, working capital deficit of \$27,137 and no long-term debt. The Company may not have sufficient cash resources to meet its obligations for at least twelve months from the end of the reporting period. While the Company has been successful in obtaining the necessary financing through the issuance of common shares and loans from related parties in the past, there is no assurance it will be able to raise funds in this manner in the future and there remains significant doubt as to the Company's ability to continue as a going concern.

d) Currency Risk

Currency risk is the risk that funds held in currencies other than the operating currency will fluctuate negatively, resulting in a foreign exchange loss. The Company is exposed to currency risk with respect to its cash balances which at August 31, 2015 is \$408. Of the cash balance, MXP 1,608 (CAD \$129) is held at a Mexican financial institution.

The Company classifies fair values of financial instruments within a three-level hierarchy that prioritizes the inputs to fair value measurement and reflects the significance of the inputs used in making the fair value measurements. Fair values of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include valuations using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly. Level 3 valuations are based on inputs that are unobservable and significant to the overall fair value measurement.

As at August 31, 2015, the marketable securities are based on quoted prices and are therefore considered to be Level 1. The Company has no Level 2 or Level 3 financial instruments.

Note 11 Subsequent Events

a) Flow-Through Private Placement

Subsequent to August 31, 2015, the Company closed its non-brokered private placement with the issuance of 250,000 flow-through shares at \$0.10 per share for

Parlane Resource Corp.

Notes to the Condensed Interim Consolidated Financial Statements

August 31, 2015

(Stated in Canadian Dollars)

(Unaudited) - Page 13

proceeds of \$25,000 to be applied towards the Company's Big Bear Project in Central British Columbia.