

PARLANE RESOURCE CORP.

MANAGEMENT'S DISCUSSION & ANALYSIS For the period ended November 30, 2016

Directors and Officers as at January 25, 2017

Directors:

Robert Eadie
Gary Arca
David Gunning
Ken Sumanik

Officers:

President & Chief Executive Officer – Robert Eadie
Chief Financial Officer & Corporate Secretary – Gary Arca

Contact Name:	Robert Eadie
Contact telephone:	604-602-4935
Contact e-mail:	info@parlaneresource.com

TSX Venture Exchange Symbol:	PPP-V
------------------------------	-------

PARLANE RESOURCE CORP.

MANAGEMENT'S DISCUSSION & ANALYSIS

For the period ended November 30, 2016

1.1 Date of This Report

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited condensed interim consolidated financial statements of Parlane Resource Corp. ("Parlane", or the "Company") for the period ended November 30, 2016. All dollar amounts herein are expressed in Canadian Dollars unless stated otherwise.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls and to ensure that information used internally or disclosed externally, including financial statements and MD&A, is complete and reliable. The Company's Board of Directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The Board of Directors' Audit Committee meets with management quarterly to review the financial statements and the MD&A and to discuss other financial, operating and internal control matters. The reader is encouraged to review the Company's statutory filings on www.sedar.com.

This MD&A is prepared as of January 25, 2017.

This MD&A includes certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical facts, that address exploration drilling, exploitation activities and events or developments that the Company expects are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.

The Company does not undertake to update or revise any forward-looking information, except as, and to the extent, required by applicable securities laws. The forward-looking information contained in this MD&A is expressly qualified by this cautionary statement

1.2 Overall Performance

Description of Business

The Company was incorporated in the Province of British Columbia on June 1, 2007 under the Business Corporations Act of British Columbia. The Company is engaged in exploration in British Columbia on the Big Bear Project (“Big Bear”) and Nechako property, located in the Omineca Mining Division, and Bearcat claim situated 76 kilometres west of Quesnel. 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 exploring its mineral properties.

Recent News

Share issuance

On December 7, 2016 the Company closed Tranche 1 of its non-brokered private placement with the issuance of 1,520,000 Units priced at \$0.25 per Unit, for gross proceeds of \$380,000. Each Unit consists of one common share of the Company and one share purchase warrant, each Warrant entitling the holder thereof to acquire an additional common share of the Company for a period of five years at a price of \$0.30 per share.

All securities issued are subject to a hold period until April 8, 2017 in accordance with the rules and policies of the Exchange and applicable Canadian securities laws. Tranche 1 was subscribed by certain directors and officers of the Company.

1.3 Selected Annual Information

The highlights of financial data for the Company’s three most recently completed year-ends are as follows:

	<u>May 31, 2016</u>	<u>May 31, 2015</u>	<u>May 31, 2014</u>
(a) Total other income	\$ -	\$ -	\$ -
(b) Total expenses	(101,746)	(209,696)	(307,924)
(c) Net loss	(182,046)	(313,156)	(442,341)
(d) Loss per share – basic and diluted	(0.02)	(0.04)	(0.07)
(e) Total assets	1,676,174	1,621,335	1,803,506
(f) Total long-term liabilities	80,065	Nil	Nil
(g) Cash dividends declared per- share	\$ Nil	\$ Nil	\$ Nil

1.4 Results of Operations

Discussion of Acquisitions, Operations and Financial Condition

The following should be read in conjunction with the November 30, 2016 unaudited condensed interim consolidated financial statements of the Company and notes attached thereto.

1.4.1 Property Activity

Big Bear Project

On January 15, 2013, the Company's wholly owned subsidiary Little Bear Gold Corp. ("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 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 was required to provide financial assurance to the Ministry of Energy and Mines for the reclamation costs on the property. As of November 30, 2016, amounts on deposit with the ministry were \$25,000 (May 31, 2016 - \$25,000).

Property Description and Location

The Big Bear property is located in the Omineca Mining Division, Nechako Plateau, in central British Columbia, covers 14,366 ha, and is 100% owned by the Company's wholly owned subsidiary, Little Bear. Access to the Big Bear property is by the Kluskus Forest Service Road from the town of Vanderhoof located approximately 100 km to the northeast. The Nechako Plateau lies within the Stikine Terrain. It was regionally uplifted, exposing a horst of Jurassic and Cretaceous volcanics and intrusives surrounded by Tertiary and younger volcanics and volcanoclastics. Extensional faulting and related structural activity plus associated extensive precious metal rich hydrothermal systems provide an attractive geological setting for precious metal epithermal, subvolcanic intrusive porphyry and transitional deposits.

Exploration History

Outcrop at the Big Bear property is limited, so much of what is known about the geology is based on work done by the B.C. Geological Survey and drilling on adjacent properties: Blackwater and Capoose. The Blackwater property is operated by New Gold Inc. ("New Gold") and is located south of, and adjacent to the Big Bear property. At the Blackwater property, disseminated gold mineralization is hosted in strongly fractured and silicified volcanic rocks correlated with the Kasalka Group, a unit of latest Cretaceous volcanic and subvolcanic strata.

Proven and probable reserves at Blackwater, as of December 31, 2015, are 8.2 million ounces of gold and 60.8 million ounces of silver. In addition, measured and indicated resources include 1.3 million ounces of gold and 7.8 million ounces of silver. These reserves and resources are based on 1,002 drill holes totalling 310,000 metres.

The Capoose project is located immediately adjacent to and northwest of the Big Bear property and was operated by Silver Quest prior to being acquired by New Gold in December, 2011. In the New Gold press release dated December 23, 2011, New Gold reported that the acquisition of Silver Quest, which owned 25% of the Blackwater, and the Capoose, consolidates 100% ownership of the Blackwater Project. As of

December 31, 2015 the inferred resource at Capoose is 0.3 million ounces of gold and 19 million ounces of silver.

The Big Bear property, located between the two mineralized systems (Blackwater and Capoose) is highly prospective for the discovery of similar types of mineralization..

Big Bear exploration program summary.

The Company began exploration on the Big Bear property June 25, 2011. Crews collected 2,249 soil samples, 627 silt samples and 39 rock samples. The Company continued the Big Bear exploration program between June 19 and December 20, 2012. The property wide 50-metre spaced soil sampling on 1-kilometre spaced east-west lines was completed with the collection of an additional 841 samples. Sixty-three rock samples and 27 stream sediment samples were also collected. Nine separate areas were identified as geochemically anomalous and an induced polarization geophysical survey (IP) and magnetometer survey were conducted over 14 line kilometres across these areas. Five of the areas were selected for core drilling and 1,637.47 metres were drilled in 6 holes. Two holes drilled in the Black Bear Zone, near the western margin of the Big Bear Property, returned significant assay results for gold, silver, copper, lead and zinc. The results were reported in a *news release dated January 18, 2013*.

Summary table of 2012 drill program with Back Bear zone drill hole (BB12-4 & 6) highlights.

Drill Hole Information							Significant Drill Hole Intersections						
Hole	Easting	Northing	Elev.	Azimuth	Dip	Length (m)	From	To (m)	Length (m)	gold g/t	silver g/t	copper %	zinc %
BB12-4	365225	5901000	1248	270	-50	330.71	18	24	6	1.34	3.62	0.04	0.25
						<i>including</i>	18	20	2	3.83	1.51	0.00	0.23
						<i>and</i>	114	126	12	1.12	9.30	0.11	0.43
						<i>including</i>	124	125	1	8.63	65.40	0.75	1.10
						<i>and</i>	195	204	9	2.14	12.64	0.06	0.76
						<i>including</i>	195	196	1	3.93	28.20	0.16	2.80
						<i>including</i>	196	197	1	13.50	58.10	0.11	1.36
BB12-6	364991	5901019	1255	360	90	300.84	7	15	8	0.67	4.99	0.06	0.67
						<i>including</i>	12	13	1	2.06	6.69	0.04	1.63
						<i>and</i>	24	25	1	0.20	5.38	0.01	1.05
						<i>and</i>	37	38	1	1.00	6.84	0.00	0.09
						<i>and (with 1.92% lead)</i>	53	54	1	0.10	17.20	0.10	0.77
						<i>and</i>	188	190	2	0.62	10.10	0.03	0.20
BB12-1	371500	5904950	1262	260	-60	317.92	No significant intersections						
BB12-2	371941	5906105	1222	360	-75	203.00	No significant intersections						
BB12-3	373600	5906075	1160	360	-60	218.00	No significant intersections						
BB12-5	368945	5905705	1430	225	-70	267.00	No significant intersections						

The Company acquired through staking a new property, *the Bearcat*, in January, 2015. The Bearcat is a 389-hectare block situated 76 kilometres west of Quesnel, six kilometres northwest of the village of Nazko and 90 kilometres southeast of the Big Bear. The claim block covers a prospective area identified during Geoscience BC's TREK (Targeting Resources through Exploration and Knowledge) 2014 till sampling project. The original TREK till sample taken in the area returned values greater than the 98th percentile (from a 677-sample set) for gold, silver, lead, zinc and nickel. The Company carried out a small sampling

project in November 2014 and followed up in August 2015 with an additional 60-soil sample grid. The Bearcat claims are in good standing until September 5, 2018.

During August 2015 the Company carried out additional soil sampling on the Big Bear property. One hundred twenty soils were collected in the vicinity of the 2012 Black Bear zone drill hole BB12-4. These data assist in targeting drilling at this zone.

The Company acquired from Deveron UAS Corp, on August 3, 2016, an undivided interest in 28 contiguous claims covering 12,968.43 hectares. The claim block was formerly known as the *Nechako Gold property*. This large block of claims is immediately adjacent to the Big Bear property on the north and northeast and its addition increases the property size of the Big Bear project to 27,335 hectares (273 square kilometres). The acquisition required a cash payment of \$50,000 and additional cash payments of \$50,000 on the first and second anniversaries of the agreement.

Fieldwork continued at the Big Bear, which now includes the former Nechako Gold property, August 3, 2016 and ran until October 22. The immediate focus was on a new discovery that Deveron had made in 2012, the Old Crow, located in the north-central part of the property. The initial 2012 sampling at this showing had produced assays up to 1.5 g/t gold, 85.7 g/t silver and greater than 1% zinc. Samples collected by the Company in 2016 from mineralized quartz veins returned up to 1.7 g/t gold, 39 g/t silver, 1.7% zinc and 2.1% lead. In addition, follow-up soil sampling at an 2012 anomalous Deveron soil sample site, 200 metres to the north of the Old Crow showing, returned 35.9 grams per tonne gold and greater than 100 grams per tonne silver.

The Company discovered two mineralized occurrences in the northern extremities of the Big Bear property in 2016 and, as a result, added some additional claims to cover the area. The Cub was discovered 2.2 kilometres north of the Old Crow and the Sugar Bear 2.6 kilometres northeast of the Old Crow. Assays taken at The Cub returned 10.1 g/t gold, 13.8 g/t silver, 0.5% zinc.

Another new mineral occurrence, the Liesegang, was discovered by Geoscience BC in 2015. Native copper was discovered in what is now the northwest corner of the Big Bear property. The Company commenced a soil sample grid over this area late in 2016.

The Big Bear claims are in good standing until May 23, 2017. An additional Assessment Report will be submitted to the BC Ministry of Energy and Mines in February 2017 and the claims will be extended until approximately mid-summer 2017.

Summary of Expenditures

	Big Bear Property	Bearcat Property	Nechako Property	Total
<u>Acquisition costs:</u>				
Balance, May 31, 2015 & 2016	\$ 909,460	\$ 682	\$ -	\$ 910,142
Acquisition costs	-	-	50,000	50,000
Balance, November 30, 2016	\$ 909,460	\$ 682	\$ 50,000	\$ 960,142
<u>Exploration costs:</u>				
Balance, May 31, 2015	624,409	675	-	625,084
Assays and sampling	5,086	-	-	5,086
Claim maintenance	476	-	-	476
Geological consulting	13,024	1,700	-	14,724
Travel	766	-	-	766
Balance, May 31, 2016	643,761	2,375	-	646,136
Assays and sampling	27,793	-	-	27,793
Truck usage and repair	7,653	-	-	7,653
Geological consulting	56,750	-	-	56,750
Travel	13,938	-	-	13,938
Balance, November 30, 2016	\$ 749,895	\$ 2,375	\$ -	\$ 752,270
<u>Total exploration and evaluation assets</u>				
Balance, May 31, 2016	\$ 1,553,221	\$ 3,057	\$ -	\$ 1,556,278
Balance, November 30, 2016	\$ 1,659,355	\$ 3,057	\$ 50,000	\$ 1,712,412

1.4.2 Results of Operations

The expenses and other losses relating to the loss for the period ended November 30, 2016 of \$138,834 and for the comparative period ended November 30, 2015 of \$70,892 are as follows:

<u>For the period ended</u>	November 30, 2016	November 30, 2015
Accounting and audit fees	\$ 500	\$ 3,200
Finance costs	8,929	316
Foreign exchange (gain) loss	1,190	(1,964)
Legal and corporate services	10,279	-
Management services	30,000	30,500
Office, rent and administration	6,000	10,957
Shareholder communications	73,676	2,185
Transfer agent and filing fees	9,557	8,232
Unrealized (gain) loss on marketable securities	(3,797)	17,466
<u>Total loss for the period</u>	\$ 136,334	\$ 70,892

During the current period, the Company incurred higher corporate overhead expenses compared to prior period due to increased activity. These expenses include legal and corporate services which increased by \$10,279 and transfer agent and filing fees increased by \$1,325 due to increase in operational costs.

Finance cost increased by \$8,613 compared to the prior year due to the interest accrued on the convertible debenture. Finance cost includes \$4,011 of accrued interest, \$4,273 relates to accretion of the loan payable and shareholders communications increased by \$71,491 due to the increased efforts in promoting the Company.

Foreign exchange loss increased by \$3,154 compared to the prior period due to the decrease of GBP against the CDN dollar. The Company's marketable securities is a major factor for the foreign exchange loss. The Company also had a \$3,797 non-cash unrealized gain on these marketable securities compared to a loss of \$17,466 in the comparative period.

Investor Relations Activities

During the period ended November 30, 2016, the Company responded directly to investor inquiries.

Financings, Principal Purposes & Milestones

Issuances for Cash

During the period ended November 30, 2016, the Company completed a non-brokered private placement with the issuance of 1,407,780 Units at \$0.15 per share for proceeds of \$211,167. Each Unit consists of one common share of the Company and one-half of one share purchase warrant with each whole Warrant (a "Warrant") entitling the holder thereof to acquire an additional common share of the Company for a period of two years at a price of \$0.20 per share. A cash payment of \$900 was paid as a finder's fee.

On October 4, 2016, the Company closed a non-brokered private placement with the issuance of 765,400 Units (the "Units") priced at \$0.15 per Unit, for gross proceeds of \$114,810. Each Unit consists of one common share of the Company and one-half of one share purchase warrant with each whole Warrant (a "Warrant") entitling the holder thereof to acquire an additional common share of the Company for a period of two years at a price of \$0.20 per share. Finder's fees were paid to Canaccord Genuity Corp. in the form of a cash payment of \$8,036 and 53,578 agents' warrants with the same terms and conditions as the Unit Warrants. As the warrants did not have any intrinsic value at the time of issue, no value was allocated to the warrants. All securities issued are subject to a hold period of four months in accordance with the rules and policies of the Exchange and applicable Canadian securities laws.

On December 7, 2016 the Company closed Tranche 1 of its non-brokered private placement with the issuance of 1,520,000 Units priced at \$0.25 per Unit, for gross proceeds of \$380,000. Each Unit consists of one common share of the Company and one share purchase warrant, each Warrant entitling the holder thereof to acquire an additional common share of the Company for a period of five years at a price of \$0.30 per share.

All securities issued are subject to a hold period until April 8, 2017 in accordance with the rules and policies of the Exchange and applicable Canadian securities laws. Tranche 1 was subscribed by certain directors and officers of the Company.

1.5 Summary of Quarterly Results

The following is a summary of the Company's financial results for the most recent eight quarterly periods completed:

	Q2 <u>30-Nov-16</u>	Q1 <u>31-August-16</u>	Q4 <u>31-May-16</u>	Q3 <u>29-Feb-16</u>
Total Revenue:	\$ -	\$ -	\$ -	\$ -
Net Loss:				
Total	\$ 92,043	\$ 44,291	\$ 90,506	\$ 20,648
Per share – basic and fully diluted loss – post consolidation	\$ 0.01	\$ 0.00	\$ 0.01	\$ 0.00

	Q2 <u>30-Nov-15</u>	Q1 <u>31-Aug-15</u>	Q4 <u>31-May-15</u>	Q3 <u>28-Feb-15</u>
Total Revenue:	\$ -	\$ -	\$ -	\$ -
Net Loss:				
Total	\$ 37,597	\$ 33,295	\$ 90,760	\$ 52,221
Per share – basic and fully diluted loss – post consolidation	\$ 0.00	\$ 0.00	\$ 0.01	\$ 0.01

Discussion

For the discussion of results for the period ended November 30, 2016, see Section 1.4.2 *Results of Operations*.

1.6 Liquidity and Capital Resources

In management's view, given the nature of the operations, which currently consists of its interest in certain resource properties, the most relevant financial information relates primarily to current liquidity, solvency and planned expenditures. The Company's financial success will be dependent upon the extent to which it can determine whether its resource properties contain reserves, which are economically recoverable.

Such development may take years to complete and the amount of resulting income, if any, is difficult to determine. The Company does not expect to generate significant income in the foreseeable future.

As at November 30, 2016, the Company had \$477,025 in cash, a working capital of \$371,183 and \$88,348 of long-term debt. The Company's ability to continue as a going concern is dependent upon its existing working capital and obtaining the necessary financing to meet its obligations and pay its liabilities arising from normal business operations when they come due. Management has estimated that the Company's existing working capital may not be adequate to meet corporate, development, administrative and property obligations for the coming year, however, with completion of the financing discussed above, management believes it has adequate working capital to maintain the immediate minimum operations for the coming year.

1.7 Off Balance Sheet Arrangements

There are no off-balance sheet arrangements to which the Company is committed or to which the Company is a party.

1.8 Transactions with Related Parties

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

<u>For the period ended November 30,</u>	<u>2016</u>	<u>2015</u>
Legal fees	\$ 3,000	\$ -
Management services	30,000	30,500
Office, rent and administration	6,000	3,000
Total	\$ 39,000	\$ 33,500

During the period ended November 30, 2016, the Company incurred expenses of \$39,000 (November 30, 2015 - \$33,500) from companies controlled by directors and officers of the Company.

Included in accounts payable at November 30, 2016 is \$139,036 (May 31, 2016: \$95,461) due to directors of the Company and to a company controlled by a director. These balances are in respect of management activities and reimbursable expenses.

1.9 Critical Accounting Estimates

a) Exploration and Evaluation Expenditures

The application of the Company's accounting policy for E&E expenditures requires judgement in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the Company's profit or loss in the period the new information becomes available.

b) Title to Mineral Property Interests

Although the Company takes steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

c) Functional Currency

The functional currency for the Company and the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. The Company has determined that the functional currency of the parent and one of its subsidiaries is the Canadian Dollar ("CAD") and the functional currency of the other subsidiary is the Mexican Peso ("MXP"). Determination of functional currency may involve certain judgements to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

d) Convertible Debenture

The Company has entered into a convertible debenture as described in Note 5. The fair value of the conversion option is estimated at the date of the transaction as the value of a similar liability that does not have an equity conversion option. Assumptions are made and judgments are used in applying valuation techniques. Such judgment is inherently uncertain. Changes in the valuation assumptions could materially affect the fair value estimates of the liability and equity components of the convertible debenture.

1.10 Changes in Accounting Policies and upcoming policies not yet effective

N/A

1.11 Second Quarter

The second quarter ended November 30, 2016, shows decreased corporate activity compared to the previous quarters. See Section 1.5 for a summary of expenses incurred during the first quarter and Section 1.4.2 for a discussion.

1.12 Financial and Other 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 November 30, 2016. Future cash flows from interest income on cash and reclamation deposit 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 November 30, 2016, is \$477,025 and \$25,000, respectively. Cash is held, primarily, at a chartered Canadian financial institution.

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 November 30, 2016, the

Company was holding cash of \$202,972 The Company's trade and other payables are due in the short term.

As at November 30, 2016, the Company had \$477,025 in cash, working capital of \$371,183 and \$88,348 of 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.

1.13 Other

N/A

1.14 Disclosure of Outstanding Share Capital as at January 25, 2017:

	Number	Book Value
Common Shares	14,216,265	\$ 5,632,511

The Company has the following share purchase options outstanding:

Number of Options Exercisable	Exercise Price	Expiry Date
2,000	\$1.00	December 20, 2017

The Company has the following outstanding warrants exercisable to purchase one common share for each warrant held:

Number of Warrants	Exercise Price	Expiry Date
703,889	\$0.20	August 2, 2018
436,278	\$0.20	October 4, 2018
1,520,000	\$0.30	December 7, 2021
2,660,167	\$0.26	

1.15 Approval

The Board of Directors, upon the recommendation of the Audit Committee, has approved the disclosure contained in this MD&A.