PARLANE RESOURCE CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended August 31, 2017

(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, 2017 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)
(Unaudited)

As at	**August 31, 2017**	May 31, 2017
ASSETS		
Current assets		
Cash	**$ 2,528,160**	$ 426,274
Amounts receivable – Note 3	**48,618**	59,491
Marketable securities – Note 4	**-**	23,705
Assets held for sale – Note 5	**-**	1,683,884
Prepaid expenses	**968**	1,057
	2,577,746	2,194,411
Non-current assets		
Reclamation deposit – Note 5	**-**	25,000
Exploration and evaluation assets – Note 5	**3,057**	3,057
	3,057	28,057
Total Assets	**$ 2,580,803**	$ 2,222,468
LIABILITIES		
Current liabilities		
Trade and other payables – Note 7	**$ 23,534**	$ 292,497
EQUITY		
Share capital – Note 6	**5,686,592**	5,686,592
Equity reserve – Note 6	**836,337**	836,337
Accumulated other comprehensive income (loss)	**(9,274)**	1,389
Accumulated deficit	**(3,956,386)**	(4,594,347)
	2,557,269	1,929,971
Total Liabilities and Equity	**$ 2,580,803**	$ 2,222,468

APPROVED ON BEHALF OF THE BOARD:

"Robert Eadie" Director — *"Gary Arca"* Director
Robert Eadie — Gary Arca

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,		**2017**		2016
Expenses:				
Accounting and audit fees – Note 7	**$**	**8,756**	$	-
Finance costs (revenue) – Note 8		**(5,659)**		4,232
Foreign exchange loss		**-**		1,190
Legal and corporate services – Note 7		**26,998**		-
Management services – Note 7		**48,853**		15,000
Office, rent and administration – Note 7		**8,701**		-
Shareholder communications – Note 7		**8,749**		27,320
Transfer agent and filing fees		**2,103**		811
Total expenses		**(99,140)**		(48,553)
Other gains:				
Gain on sale of Big Bear and Nechako – Note 5		**726,111**		-
Gain on sale of marketable securities – Note 4		**10,990**		4,263
Total other gains		**737,101**		4,263
Income (Loss) for the period		**637,961**		(44,290)
Basic and diluted loss per share – Note 8	**$**	**0.04**	$	(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,	**2017**	2016
Operating Activities:		
Gain (Loss) for the period	**$ 637,961**	$ (44,290)
Adjustments to reconcile loss to net cash used in operating activities:		
Unrealized foreign exchange loss	**-**	1,339
Impairment on marketable securities	**(10,663)**	(4,263)
Finance costs	-	4,063
Gain on sale of Big Bear and Nechako	**(726,111)**	-
Write-down of non-recoverable cost	**1,057**	-
Changes in non-cash working capital items:		
Prepaid expenses	**(968)**	(1,134)
Value added taxes recoverable	**11,833**	(927)
Trade and other payables	**(361,245)**	16,350
Cash outflows from operating activities	**(448,136)**	(28,862)
Investing Activity:		
Cash acquired regarding sale of Big Bear and Nechako	**2,500,000**	-
Interest received	**1,317**	-
Investment in exploration and evaluation assets	**-**	(50,918)
Recovery of investment on marketable securities	**23,705**	-
Recovery of reclamation deposit	**25,000**	-
Cash inflows (outflows) from investing activities	**2,550,022**	(50,918)
Financing Activities:		
Proceeds from share issuance	**-**	211,167
Share issuance cost	-	(900)
Cash inflows from financing activities	-	210,267
Total increase in cash during the period	**2,112,549**	130,487
Cash, beginning of the period	**426,274**	72,485
Cash, end of the period	**$ 2,528,160**	$ 202,972

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

PARLANE RESOURCE CORP.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the periods ended August 31, 2017 and 2016
(Stated in Canadian Dollars)

		Number of shares outstanding	Share capital	Equity reserve	Accumulated other comprehensive income (loss): Foreign currency translation reserve	Accumulated other comprehensive income (loss): Unrealized gain (loss) on marketable securities	Accumulated deficit	Total equity
Balance – May 31, 2016		10,523,085	$5,003,434	$ 736,139	$ (9,913)	$ -	$ (4,240,120)	$ 1,489,540
Common shares issued pursuant to:								
- Private placement	- at $0.15	1,407,780	211,167	-	-	-	-	211,167
Shares issuance cost		-	(900)	-	-	-	-	(900)
Net loss for the period		-	-	-	-	-	(44,290)	(44,290)
Balance – August 31, 2016		11,930,865	$5,213,701	$ 736,139	$ (9,913)	$ -	$ (4,284,410)	$ 1,655,517
Common shares issued pursuant to:								
- Private placement	- at $0.15	765,400	114,810	-	-	-	-	114,810
- Private placement	- at $0.25	1,520,000	288,800	91,200	-	-	-	380,000
- Convertible debenture	- at $0.12	720,000	86,400	(85)	-	-	-	86,315
Shares issuance cost		-	(17,119)	9,083	-	-	-	(8,036)
Unrealized gain on marketable securities		-	-	-	-	11,302	-	11,302
Net loss for the period		-	-	-	-	-	(309,937)	(309,937)
Balance – May 31, 2017		14,936,265	$5,686,592	$ 836,337	$ (9,913)	$ 11,302	$ (4,594,347)	$ 1,929,971
Unrealized gain on marketable securities		-	-	-	-	(10,663)	-	(10,663)
Net gain for the period		-	-	-	-	-	637,961	637,961
Balance – August 31, 2017		**14,936,265**	**$5,686,592**	**$ 836,337**	**$ (9,913)**	**$ 639**	**$ (3,956,386)**	**$ 2,557,269**

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

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, 2017, 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 2017 annual financial statements.

The condensed interim consolidated financial statements were authorized for issue by the Board of Directors on October 25, 2017.

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 consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Notes 3 and 4 of the Company's 2017 annual financial statements.

Note 2 Basis of Preparation – (cont'd)

c) Basis of consolidation

These condensed interim 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 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, currently inactive, 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. On May 4, 2017 the parent company amalgamated with the Canadian subsidiary, Little Bear.

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 gain of $637,961 during the period ended August 31, 2017, and, as of that date, the Company's accumulated deficit was $3,956,386. During this period, the Company received $2.5 million for the sale of its Big Bear and Nechako properties (see note 5). The Company has sufficient cash resources to meet its obligations for at least twelve months from the end of the reporting period.

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 condensed interim consolidated financial statements.

(Stated in Canadian Dollars)

Note 3 Amounts Receivable

At August 31, 2017, amounts receivable comprised of GST receivable of $14,048 (May 31, 2017 – 24,921) and BC Exploration tax credit of $34,570 (May 31, 2017 – $34,570).

Note 4 Marketable Securities

Marketable securities consisted of an available-for-sale investment in Global Resource Investment Trust PLC ("GRIT"). The Company held 123,728 shares at May 31, 2017 with a fair value of $23,066. The fair value of GRIT has been determined by reference to published price quotations in an active market. During the period ended August 31, 2017, the Company sold the entire investment for net proceeds of $23,393 and a realized gain on sale of marketable securities of $10,990 was recorded in statement of loss and comprehensive loss.

Note 5 Assets Held for Sale and Exploration and Evaluation Assets

Exploration and evaluation assets	**Big Bear Property**	**Bearcat Property**	**Nechako Property**	**Total**
Acquisition costs:				
Balance, May 31, 2016	$ 909,460	$ 682	$ -	$ 910,142
Acquisition cost	-	-	50,000	50,000
Reclassification to assets held for sale	(909,460)	-	(50,000)	(959,460)
Balance, May 31, 2017 & August 31, 2017	**$ -**	**$ 682**	**$ -**	**$ 682**
Exploration costs:				
Balance, May 31, 2016	643,761	2,375	-	646,136
Assays and sampling	31,466	-	-	31,466
Geological consulting	62,177	-	-	62,177
Truck usage and repair	7,653	-	-	7,653
Travel	13,937	-	-	13,937
Exploration tax credit	(34,570)	-	-	(34,570)
Reclassification to assets held for sale	(724,424)	-	-	(724,424)
Balance, May 31, 2017 & August 31, 2017	**$ -**	**$ 2,375**	**$ -**	**$ 2,375**
Total Exploration and evaluation assets				
Balance, May 31, 2017	$ -	$ 3,057	$ -	$ 3,057
Balance, August 31, 2017	**$ -**	**$ 3,057**	**$ -**	**$ 3,057**

(Stated in Canadian Dollars)

Note 5 Assets Held for Sale and Exploration and Evaluation Assets – (cont'd)

	Big Bear Property	Nechako Property	Total
Assets held for sale			
Balance, May 31, 2016	$ -	$ -	$ -
Reclassification to assets held for sale	1,633,884	50,000	1,683,884
Balance, May 31, 2017	1,633,884	50,000	1,683,884
Additions	89,988	-	89,988
Disposal of Big Bear and Nechako	(1,723,872)	(50,000)	(1,773,872)
Balance, August 31, 2017	**$ -**	**$ -**	**$ -**
Total Assets held for sale			
Balance, May 31, 2017	**$1,633,884**	**$ 50,000**	**$ 1,683,884**
Balance, August 31, 2017	**$ -**	**$ -**	**$ -**

Big Bear and Nechako Project

On June 16, 2017, at a special shareholder meeting, the sale of all of the Company's interest in the Big Bear and Nechako properties, to New Gold Inc. ("New Gold") for a total cash consideration of $2.5 million was approved. The sale proceeds were subsequently collected and the properties transferred to New Gold. The disposition of Big Bear was recorded during the period ended August 31, 2017 and a gain of $726,111 is reported on the Statement of Operations and Comprehensive Income. In addition, the Company was required to provide financial assurance to the Ministry of Energy and Mines for the reclamation costs on the property of $25,000. During the quarter ended August 31, 2017, amounts on deposit with the ministry of $26,182, including finance income of $1,182, for the reclamation bond was refunded to the Company.

Bearcat Claim

During the year ended May 31, 2015, the Company staked the 389-hectare Bearcat 1 claim situated 76 kilometres west of Quesnel and six kilometres northwest of Nazko.

Environmental Protection Practices and Rehabilitation Provision

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.

Note 6 Share Capital

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.

During the period ended August 31, 2017, the Company did not issue any common shares.

Issuances for Cash

On December 7, 2016, the Company completed tranche 1 of a 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. The private placement was subscribed to by certain directors and officers of the Company.

The Company calculated the fair value of the share component to be the lesser of the market price for the shares on the date of grant, which was $0.19 per share, and the offering price, which was $0.25 per unit. The shares, therefore, had a market price of $0.19 per share or $288,800. As a result, the fair value of the warrants was calculated to be $0.06 per one warrant, or $91,200, being the difference between the $0.25 per unit price and the $0.19 value of the share component of the units. As such, share capital was increased by $288,800 and equity reserve increased by $91,200.

On October 4, 2016 the Company completed tranche 2 of a non-brokered private placement with the issuance of 765,400 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 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. The fair value of the shares was equal to the proceeds raised in the private placement and as a result, no amount was allocated as the fair value of the warrants. A cash payment of $8,036 and 53,578 agents' warrants, with the same terms and conditions as the unit warrants, was paid as a finders' fee. Share issue costs include $9,083 calculated as the fair value of the agents' warrants.

(Stated in Canadian Dollars)

Note 6 Share Capital – (cont'd)

a) Common Shares – (cont'd)

Issuances for Cash – (cont'd)

The fair value of agents' warrants was determined using the Black-Scholes model with the following assumptions:

Stock price	$0.18
Exercise price	$0.20
Dividend rate	0%
Expected life	2 Years
Expected annual volatility	270.84%
Risk-free rate	0.57%

On August 2, 2016 the Company completed tranche 1 of a non-brokered private placement with the issuance of 1,407,780 units priced at $0.15 per unit, for gross 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 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 finders' fee. The fair value of the shares was equal to the proceeds raised in the private placement and as a result, no amount was allocated as the fair value of the warrants.

Convertible Debenture

During the year ended May 31, 2017 the holder of the Debenture elected to convert the Debenture into Units of the Company priced at $0.15 per Unit. The Debenture, together with interest at 8.0% per annum, was converted into 720,000 common shares of the Company and 360,000 warrants. A price of $0.12, being the Company's closing market price on the date of issuance, was used in the determination of the $86,400 fair value of the shares. Equity reserve includes $21,600 calculated as the fair value of the warrants, being the residual value of the unit price and the market price of the shares. Upon conversion, the convertible option value of $21,685 was transferred from equity reserve to share capital.

(Stated in Canadian Dollars)

Note 6 Share Capital – (cont'd)

b) Share Purchase Warrants

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

	Number of Warrants	Weighted Average Exercise Price	
Outstanding at May 31, 2016	-	$	-
Warrants Issued	3,020,167		0.25
Outstanding at May 31, 2017 and August 31, 2017	**3,020,167**	**$**	**0.25**

At August 31, 2017, there were 3,020,167 warrants outstanding and exercisable to purchase one common share for each option held as follows.

Number of Shares	Exercise Price	Expiry Date
703,889	$0.20	August 2, 2018
436,278	$0.20	October 4, 2018
360,000	$0.20	April 20, 2019
1,520,000	$0.30	December 7, 2021
3,020,167	**$0.25**	

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.

No share purchase options were granted during the period ended August 31, 2017 and the year ended May 31, 2017, and 2,000 options remain outstanding at an exercise price of $1.00 expiring December 20, 2017.

(Stated in Canadian Dollars)

Note 7 Related Party Transactions

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

For the period ended August 31		2017		2016
Accounting fees	**$**	**1,500**	$	-
Legal fees		**500**		-
Management services		**35,000**		15,000
Office, rent and administration		**3,500**		-
Shareholder Communication		**500**		-
Total	**$**	**41,000**	$	15,000

During the period ended August 31, 2017, the Company incurred expenses of $41,000 (August 31, 2016 - $15,000) from companies controlled by directors and officers of the Company.

Included in accounts payable at August 31, 2017 is $15,509 (May 31, 2017: $155,125) 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.

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,	2017	2016
Issued and outstanding, beginning of the period	**14,936,265**	10,523,085
Weighted average shares issued during the period	-	443,757
Basic and diluted weighted average number of shares	**14,936,265**	10,966,842

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, 2017.

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, 2017. 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, the balance of which at August 31, 2017, is $2,528,160. Cash is held at a chartered Canadian financial institution, management believes credit risk is minimal.

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, 2017, the Company was holding cash of $2,528,160. The Company's trade and other payables are due in the short term.

As at August 31, 2017, the Company had a working capital of $2,554,164. The Company has sufficient cash resources to meet its immediate 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, if management believes that additional funds are required, there is no assurance it will be able to raise funds in this manner in the future.