PARCELPAL TECHNOLOGY INC.
Management Discussion and Analysis (“MD&A”)
For the period ended September 30, 2018

GENERAL

For the period ended September 30, 2018, ParcelPal Technology Inc. (“the Company”) has prepared this management discussion following the requirements of National Instrument 51-102 (“NI-51-102”). This MD&A, prepared as of November 28, 2018, should be read in conjunction with the unaudited condensed consolidated interim financial statements and accompanying notes for the period ended September 30, 2018 prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting. All monetary amounts, unless otherwise indicated, are expressed in Canadian dollars. Additional regulatory filings for the Company can be found on the SEDAR website at www.sedar.com.

The reader should also refer to the audited consolidated financial statements for the year ended December 31, 2017.

The incorporation jurisdiction of ParcelPal Technology Inc. is British Columbia.

This MD&A is the responsibility of management. Prior to its release, the Company’s Board of Directors (the “Board”) has approved this MD&A on the Audit Committee’s recommendation. The Company presents its consolidated financial statements in Canadian dollars. Amounts in this MD&A are stated in Canadian Dollars unless otherwise indicated. Unless otherwise noted or the context indicates otherwise, “we”, “us”, “our”, the “Company” or “ParcelPal” refer to ParcelPal Technology Inc. and its direct and indirect subsidiaries.

FORWARD LOOKING STATEMENTS

This MD&A includes certain “forward-looking information” and "forward-looking statements” (collectively "forward-looking statements”) within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical fact, included herein, without limitation, statements relating the future business operations of the Company, are forward-looking statements. Forward-looking statements are frequently, but not always, identified by words such as “plans”, “expects”, “anticipates”, “believes”, “intends”, “estimates”, “potential”, “possible”, and similar expressions, or statements that events, conditions, or results "will”, “may”, “could”, or “should” occur or be achieved. Forward-looking statements in this MD&A relate to, among other things, the Company expanding into additional markets, management’s expectations regarding the liquidity of the Company, the Company’s fee structure, and the Company’s plans with respect to managing liquidity risk. Forward-looking statements reflect the beliefs, opinions and projections on the date the statements are made and are based upon a number of assumptions and estimates that, while considered reasonable by the respective parties, are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies.

There can be no assurance that such forward-looking statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking statements, including but not limited to: risks related to the nascent branding, social media technology, which is affected by numerous factors beyond the Company’s control; the Company’s ability to succeed in the North American market; and access to debt and equity; and the early stage of the Company’s business. The Company is subject to the risks associated with early stage companies, including uncertainty of revenues, markets and profitability and the ability to access debt or equity financing, as necessary. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended.

All material assumptions used in making forward-looking statements are based on management's knowledge of current business conditions and expectations of future business conditions and trends, including their knowledge of the current sales trends, general economic conditions affecting the Company and the Canadian and US economies. Certain material factors or assumptions are applied by the Company in making forward-looking statements, including without limitation, factors and assumptions regarding the Company’s continued ability to fund its business, rates of customer defaults, acceptance of its products in the current marketplace and acceptance of its products in other marketplaces, as well as its operating cost structure and current and future trends in social media advertising and traditional print media. Although the Company believes the assumptions used to make such statements are reasonable at this time, there may be other factors that cause results not to be as anticipated, estimated or intended.

Accordingly, readers should not place undue reliance on forward-looking statements. The Company does not undertake to update any forward-looking statements that are incorporated by reference herein, except in accordance with applicable securities laws.

Q3 2018 Highlights (Compared with Q3 2017)

- $822,456 in revenue for Q3 2018, up from $3,930 in Q3 2017
- $207,201 of gross profit for Q3 2018, up from $3,693 in Q3 2017
- $2,019,815 total cash on hand in Q3 2018, up from $54,887 at December 31, 2017

Q3 2018 Operating Highlights:

- Over 350 live locations across multiple verticals
- Fullfilled another 500k packages
- Expanded delivery service in Canada to Calgary and Saskatoon
- Expanded delivery service in the United States to Everette, Washington
- Signed LOI with Choom Holdings Inc. (CSE:CHOO) for cannabis distribution in Canada from their retail outlets
- ParcelPal Obtained DTC eligibility
- Maintained gold status as an amazon fulfillment provider

COMPANY OVERVIEW AND OUTLOOK

ParcelPal Technology Inc., a Vancouver based on-demand delivery service, owns and operates ParcelPal, a streamlined mobile application that enables consumers to shop at local merchants and have their items delivered in an hour or less. The Company provides online eCommerce integrations (WooCommerce, Magento, Shopify), an iOS application, open web portal for shipments and various API integration capabilities. The technology stack enables business to operate online and provide an end to end solution for ordering and last mile logistics. ParcelPal's management have spent considerable amount of time developing and streamlining the ordering and fulfillment processes for their eCommerce channels which enable merchants or local businesses to easily integrate no matter the size. ParcelPal has enabled these businesses to completely bypass point of sale integrations, eliminate expensive implementations and reduce overall overhead that often hold merchants back from offering online ordering and logistics.

To successfully execute an aggressive growth strategy to fulfill the demand of merchants and consumers, ParcelPal is developing a remote launch kit whereby merchants will be able to set up and get started outside the Vancouver area. ParcelPal's marketing team has additionally begun marketing in various cities across Canada to estimate demand and launch in that given city.

The Company will increase monthly recurring revenue by continuously adding new merchants, delivery verticals and drivers to the platform. Monthly fees from merchants is part of ParcelPal's plan for additional revenue streams. In addition to ParcelPal's current services, ParcelPal plans to implement additional services for consideration of growing the merchant's business and retaining existing customers. ParcelPal has been working closely with merchants to determine pricing strategies and service add-ons to further monetize the platform.

Forward Looking Growth Strategies

Canada has finally legalized recreational cannabis as of October 17th, 2018. The industry continues to steal headlines and create endless opportunities for ancillary businesses. Within the investment community, the primary focus is still on licensed producers. However, it has been noted that supply chain issues have arisen during the initial stages of legalization. This has created great opportunities in multiple verticals. ParcelPal is still actively pursuing this industry and has made great progress with their distribution partner, Choom. As the Choom stores begin to roll out, ParcelPal will follow. The Company has engaged municipal, provincial and federal regulators to ensure a proper transition into the industry and to identify growing opportunities for the company.

ParcelPal intends to pursue a number of technologies, products, marketing and sales initiatives to continue to drive growth in 2018. ParcelPal's strategic priorities include:

- Grow monthly recurring revenues by engaging new and acquired merchants
- Continue to launch multiple delivery verticals within our applications
- Further grow the technology platform and offer ParcelPal on multiple platform such as web and Android
- Broaden our geographic footprint across Canadian cities and build on our current market in Vancouver
- Continue leveraging on our partnership with Amazon

Capital Management

The Company manages its capital structure and makes adjustments based on the funds available to the Company in order to facilitate the liquidity needs of its operations. The Board does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital to include its working capital position, capital stock and accumulated deficit. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the period ended September 30, 2018. The Company is not subject to externally imposed capital requirements

Revenue

The company currently has two revenue streams. One is through the application known as ParcelPal and the other through billable contracts such as Amazon.com Inc and other merchants.

In fiscal 2018, revenue consisted of orders through the ParcelPal application, which constitute a delivery fee and convenience fee. These orders come from either restaurant, liquor orders or everyday retail items from local stores where operations are live. Revenue is recognized upon delivery of the item(s).

ParcelPal also bills Amazon.com Inc. on a weekly basis with terms of net 30 payment schedule.

GOING CONCERN

The Company has financed its operations through equity issuances. The Company had a net loss of $2,056,268 for the period ended September 30, 2018 (2017 – $743,963) and has a deficit of $5,837,997 as at September 30, 2018 (December 31, 2017 – $3,781,729).

The Company has incurred significant operating losses and negative cash flows from operations in recent years, but recently experienced significant revenue increase and has positive working capital. As a result of the foregoing, there is significant doubt about the Company's ability to continue as a going concern. The condensed interim consolidated financial statements were prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. Whether and when the Company can attain profitability and positive cash flows is uncertain. The Company is working to expand its operations and it is expected that the Company's liquidity will fluctuate as a result of any expansion. The fee structure for the services offered by the Company is expected to remain constant for the foreseeable future.

The continuation of the Company as a going concern is dependent upon completing a short-term financing for sufficient working capital to maintain operations, reducing operating expenses, increasing revenues and commencing profitable operations in the future. Risks that may materially affect the Company's future performance include: the possibility of discontinuance of operations of the Company, the risk that the Company is unable to find suitable investors for a financing, the risk that the Company will not be able to expand operations, the risk that the Company will not be successful due to general risks relating to the mobile application industry, the failure of the Company's app to gain market acceptance, potential challenges to the intellectual property utilized in the Company's app, and competition risks. The Company recognizes the threats posed by operating in an uncertain global economic environment. This uncertainty may continue to impact the Company's industry, resulting in a lower demand for some of its services and its partners' products.

The Company is in its growth phase and it is expected that the Company will continue to incur losses until significant revenues are generated as management executes its business plan. The Company began generating revenue in the period ending September 30, 2017; however, as at September 30, 2018, the Company did not achieve positive cash flows.

The Company manages liquidity risk by maintaining sufficient cash balances and adjusting the operating budget and expenditures to ensure that there is sufficient capital in order to meet short-term and other specific obligations. The Company plans to control spending and prudently allocate financial resources to optimize value. The Company will seek additional financing through equity financings until the Company reaches profitability. In order to increase sales, the Company intends to ensure that the service provided meets the needs of existing and potential customers and is competitively priced. The Company plans to continue to develop, innovate and continuously improve current and new technologies in a timely and cost-effective manner. Management believes that the likelihood of completing these plans is high so that the Company may have sufficient financial resources to meet its planned operations for the foreseeable future.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

SUMMARY OF QUARTERLY RESULTS

Following is a table of the income, total assets, operating loss for the past eight quarters.

	Quarter ended			
	September 30, 2018 $	**June 30, 2018 $**	**March 31, 2018 $**	**December 31, 2017 $**
Gross profit	207,201	178,597	93,356	2,813
Total assets	3,567,126	3,206,238	3,281,451	1,096,996
Operating loss	(758,669)	(754,096)	(1,104,193)	(776,278)
Net loss	(569,932)	(575,499)	(910,837)	(703,465)
Loss per share	(0.01)	(0.02)	(0.02)	(0.02)
Dividends	-	-	-	-

	Quarter ended			
	September 30, 2017 $	**June 30, 2017 $**	**March 31, 2017 $**	**December 31, 2016 $**
Gross profit	3,693	5,951	4,256	5,453
Total assets	88,056	125,153	236,177	261,710
Operating loss	(156,597)	(304,627)	(296,639)	(360,100)
Net loss	(152,904)	(298,676)	(292,383)	(354,647)
Loss per share	(0.01)	(0.01)	(0.01)	(0.01)
Dividends	-	-	-	-

The Company had revenues of $2,205,119 during the period and generated a gross profit of $579,154 during the nine months ended September, 2018. Expenses during the period ended September 30, 2018 primarily consisted of consulting fees, share-based compensation and office and miscellaneous. Costs increased mainly as a result of consulting fees paid to developers and share-based compensation paid to key management personnel and consultants.

SELECTED RESULTS

In the nine-month period ended September 30, 2018, compared to the period ended September 30, 2017, the Company's loss and comprehensive loss increased to $2,056,268 from $743,963.

i) Sales increased to $2,205,119 (2017 - $14,888) due to delivery demand from Amazon during the current period.

ii) Cost of sales increased to $1,625,965 (2017 - $988) as wages and salaries increased from hiring new employees to support the operational growth during the current period.

iii) Amortization increased to $303,632 (2017 - $27,300) due to depreciation recorded for the leased vehicles during the current period. The Company increased its total vehicles leased during the period ended September 30, 2018.

iv) Consulting fees increased to $463,269 (2017 - $153,151) due to higher consulting services incurred related to the increased activities during the current period.

v) Office and miscellaneous increased to $338,006 (2017 - $97,303) due to increase in insurance and developmental activities during the current period.

vi) Share-based compensation increased to $994,019 (2017 - $237,646) due to more stock options being granted during the current period

In the three-month period ended September 30, 2018, compared to the period ended September 30, 2017, the Company's loss and comprehensive loss increased to $569,932 from $152,904.

i) Sales increased to $822,456 (2017 - $3,930) due to delivery demand from Amazon during the current period.

ii) Cost of sales increased to $615,255 (2017 - $237) as wages and salaries increased from hiring employees to support the operational growth during the current period.

iii) Amortization increased to $136,339 (2017 - $9,200) due to depreciation recorded for the leased vehicles during the current period.

iv) Consulting fees increased to $115,850 (2017 - $27,080) due to higher consulting services incurred related to the increased activities during the current period.

v) Office and miscellaneous increased to $155,184 (2017 - $33,577) due to increase in insurance and developmental activities during the current period.

EQUIPMENT

During the year ended December 31, 2017, the Company entered into lease agreements to increase the delivery fleet by a total of 29 vehicles to meet the delivery demand for Amazon. Leased vehicles are carried at cost less accumulated amortization.

	Vehicles **$**
Cost	
Balance, December 31, 2016	-
Additions	583,881
Balance, December 31, 2017	583,881
Additions	458,086
Balance, September 30, 2018	**1,041,967**
Accumulated amortization	
Balance, December 31, 2016	-
Amortization	19,186
Balance, December 31, 2017	19,186
Amortization	276,532
Balance, September 30, 2018	**295,718**
Net Book Value	
Balance, December 31, 2017	564,695
Balance, September 30, 2018	**746,249**

INTANGIBLE ASSETS

During the year ended December 31, 2015, the Company acquired $100,000 of application software through an acquisition and paid $10,000 cash. During the year ended December 31, 2016, the Company determined the application software to be in use and began amortizing the intangible asset.

	Application Software $
Cost	
Balance, September 30, 2018, December 31, 2017 and 2017	110,000
Accumulated amortization	
Balance, December 31, 2016	18,300
Amortization	36,500
Balance, December 31, 2017	54,800
Amortization	27,100
Balance, September 30, 2018	81,900
Net Book Value	
Balance, December 31, 2017	55,200
Balance, September 30, 2018	**28,100**

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2018 the Company had net working capital of $2,264,148 compared to a net working capital of $120,516 as at December 31, 2017.

The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. The Company has material financial uncertainties that cast significant doubt upon the Company's ability to continue as a going concern.

FINANCING ACTIVITIES

During the period ended September 30, 2018:

- On January 12, 2018, the Company closed a non-brokered private placement financing consisting of 425,000 units at a price of $0.0675 per unit for gross proceeds of $28,688, of which it was received during year ended December 31, 2017. Each unit consists of one common share and one-half of one share purchase warrant, with each whole warrant entitling the holder to purchase one additional common share of the Company exercisable at a price of $0.075 per share for a period of 24 months from the date of issuance. During the year ended December 31, 2017, the Company received the subscription of $28,688.
- On January 24, 2018, the Company closed a non-brokered private placement financing consisting of 12,304,924 units at a price of $0.135 per unit for gross proceeds of $1,661,165, of which $10,200 was received subsequent to the period. Each unit consists of one common share and one share purchase warrant, with each whole warrant entitling the holder to purchase one additional common share of the Company exercisable at a price of $0.20 per share for a period of 24 months from the date of issuance. The Company paid finders' fees of $125,078 and issued 760,642 finder's share purchase warrants valued at $329,286, exercisable at a price of $0.20 per share for a period of 24 months from the date of grant.
- On January 24, 2018, the Company closed a non-brokered private placement financing consisting of 200,000 units at a price of $0.135 per unit for gross proceeds of $27,000. Each unit consists of one common share and one share purchase warrant, with each whole warrant entitling the holder to purchase one additional common share of the Company exercisable at a price of $0.20 per share for a period of 24 months from the date of issuance.

- The Company issued 1,831,000 common shares upon exercise of options for proceeds of $220,565, of which $55,000 was received subsequent to the period, and accordingly, the Company reallocated $168,111 of contribution surplus to share capital.
- The Company issued 8,862,119 common shares upon exercise of warrants for proceeds of $1,340,527, and accordingly, the Company reallocated $40,029 of contribution surplus to share capital.
- On June 27, 2018, the Company issued 285,000 shares valued at $59,850 to its officers, directors and a consultant to settle corporate indebtedness of $57,000 resulting in a loss of $2,850.
- On September 10, 2018 the Company issued 150,000 shares valued at $46,500 to its officers, directors and a consultant to settle corporate indebtedness of $27,500 resulting in a loss of $19,500.

SEGMENTED INFORMATION

Significant customer sales are as follows:

		Period		**Year ended**	
		September 30, 2018	**September 30, 2018**	**December 31, 2017**	**December 31, 2017**
Customers	**Location**	**$**	**%**	**$**	**%**
Customer A	Canada	2,201,716	99	356,462	95
Customer B	Canada	3,403	1	17,193	5

RELATED PARTY DISCLOSURES

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers. The remuneration of directors and key management personnel is as follows:

	Nine months ended September 30, 2018	**Nine months ended September 31, 2017**
	$	**$**
Consulting fees	49,000	31,655
Director fees	84,000	-
Management fees	-	24,000
Share-based compensation	314,125	62,229

Included in accounts payable at September 30, 2018 is $22,446 (December 31, 2017 - $17,749) owing to directors and officers of the Company. These amounts are included in accounts payable are non-interest bearing, unsecured and due on demand.

Additionally, the CEO of the Company made advances to the Company of $25,077 during the year ended December 31, 2017 and they were fully repaid during the period ended September 30, 2018.

Equity:

Period ended September 30, 2018:
On January 31, 2018, the Company issued 75,555 units of the Company to the CEO for gross proceeds of $10,200. Each unit consists of one common share and one share purchase warrant, which entitles the holder to purchase one additional common share of the Company at a price of $0.30 per share for a period of 18 months (Note 9).

On January 31, 2018, the CEO of the Company received 400,000 shares upon exercise of options for proceeds of $45,000, and accordingly, the Company reallocated $34,126 of contribution surplus to share capital (Note 9).

On June 27, 2018, the Company issued 240,000 shares valued at $50,400 to its officers and directors to settle corporate indebtedness of $57,000 resulting in a loss of $2,400.

On September 10, 2018 the Company issued 150,000 shares valued at $46,500 to its officers, directors and a consultant to settle corporate indebtedness of $27,500 resulting in a loss of $19,500.

CAPITAL MANAGEMENT

The Company defines capital that it manages as its shareholders' equity. When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the development of a social collaborative charting, news and communication platform for traders. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes to the Company's approach to capital management during the period ended September 30, 2018.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash, accounts receivable, marketable securities, loans receivable, accounts payable and accrued liabilities. The Company's cash, accounts receivable and loans receivable are designated as loans and receivables, which are measured at amortized cost. The Company's marketable securities have been designated as fair value through profit or loss ("FVTPL"), the carrying value on the statement of financial position is reported at fair value. Accounts payable and accrued liabilities are designated as other financial liabilities which are measured at amortized cost.

The Company's activities expose it to a variety of risks which are described on the audited financials for the year ended December 31, 2017, there have been no changes to the Company's risk management policies during the period ended September 30, 2018.

CRITICAL ACCOUNTING ESTIMATES, ADOPTION OF ACCOUNTING POLICIES AND ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET ADOPTED

Please refer to the September 30, 2018 condensed consolidated interim financial statements on www.sedar.com for details.

OUTSTANDING SECURITIES

Authorized: Unlimited common shares without par value

All share information is reported as of November 28, 2018, in the following table:

Type of Security	**Number**
Issued and outstanding common shares	76,170,250
Stock options with a weighted average exercise price of $0.23	6,629,000
Warrants with a weighted average exercise price of $0.19	13,829,814
Total	96,629,064

OFF-BALANCE-SHEET ARRANGEMENTS

As of the date of this filing, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.