PORTEX MINERALS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED SEPTEMBER 30, 2015

Introduction

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of Portex Minerals Inc. (the "Company" or "Portex") constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended September 30, 2015. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited annual consolidated financial statements of the Company for the fiscal years ended September 30, 2015 and September 30, 2014, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. Information contained herein is presented as at January 28, 2016, unless otherwise indicated.

The Company's consolidated financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Portex common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations can be obtained from the offices of the Company or on SEDAR at **www.sedar.com**.

Special Note Regarding Forward-Looking Information

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

Forward-looking information	Assumptions	Risk factors
The Company's anticipated plans, costs, timing and capital for future development of the Company's business	Financing will be available for future development of Portex's future assets or business acquisition; the Company will be able to retain and attract skilled staff; all requisite regulatory and governmental approvals for development projects and other operations will be received on a timely basis upon terms acceptable to Portex, and applicable political and economic conditions are favourable to Portex.	The ability to develop, exploit and generate revenue from a future asset or business acquisition; the possibility that future development results will not be consistent with Portex's expectations; availability of financing for and actual results of Portex's future assets or business acquisition; interest rate and exchange rate fluctuations; changes in economic and political conditions; the Company's ability to retain and attract skilled staff
The Company's ability to meet its working capital needs at the current level for the twelve-month period ending September 30, 2016 The Company's cash balance at September 30, 2015, is not sufficient to fund its consolidated operating expenses at current levels. At the date hereof, the Company's consolidated cash balance has diminished as a result of normal business operations and management is attempting to defer all payments, including management salaries, to the extent practical	The operating and development activities of the Company for the twelve-month period ending September 30, 2016, and the costs associated therewith, will be dependent on raising sufficient capital consistent with Portex's current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions are favourable to Portex	Adverse changes in debt and equity markets; timing and availability of external financing on acceptable terms; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic conditions
Management's outlook regarding future trends	Financing will be available for Portex's development of future assets or business acquisition;	Interest rate and exchange rate fluctuations; changes in economic and political conditions
Asset values for the period ended September 30, 2015 were not left to be impaired	Management's belief that no further write-down is required for its assets resulting from continuing efforts to raise capital (debt or equity, or a combination of both) to implement planned change of business strategy and exit from mining industry	If the Company does not obtain equity or debt financing on terms favorable to the Company or at all, a decline in asset values that could be deemed to be other than temporary, may result in impairment losses
Sensitivity analysis of financial instruments	Interest rates will not be subject to change in excess of plus or minus 10%; foreign exchange rates	Changes in debt and equity markets; interest rate and exchange rate fluctuations

	against the Euro will not be subject to change in excess of plus or minus 10%;	

Inherent in forward-looking statements are risks, uncertainties and other factors beyond Portex's ability to predict or control. Please also make reference to those risk factors referenced in the "Risks and Uncertainties" section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Portex's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Description of Business

The Company was incorporated on September 25, 2006, under the *Business Companies Act* (Ontario). The primary focus of the Company was to grow through the acquisition, exploration and development of viable base and precious metal properties, with the ultimate objective of profitable exploitation and in 2015 after the sale of its mineral properties in Portugal and Spain, the Company plans to change its business strategy to exit the mining business. The Company is currently listed on the Canadian National Stock Exchange under the symbol "PAX".

Highlights

On October 30, 2014, the Department of Northern Ireland caused all existing mineral exploration licences held by the Company's wholly-owned subsidiary, Metallum Exploration Limited ("Metallum") to terminate effective October 31, 2014. In addition, it has rejected Metallum's applications for renewal of certain licences. Metallum no longer has any mineral exploration licences in Northern Ireland. Metallum did not renew the 16 exploration licenses when they expired during the first half of 2015.

On December 19, 2014, the Company announced that it is seeking consent of creditors to convert substantially all the outstanding debt of the Company and its subsidiaries into common shares by issuing 100 common shares of the Company based on a share price of $0.01 for each $1 of debt owing (the "Reorganization"). The conversion rate was determined between the Company and certain of the creditors based on the current value and financial position of the Company.

On February 6, 2015, the work plans filed by the Company for the Toral project in Spain were approved by the mining authorities.

During the year ended September 30, 2015, the Company sold all of its remaining Global Resources Investment Trust ("GRIT") shares for net proceeds of $225,203.

During the year ended September 30, 2015, the Company wrote off $1,088,620 mineral properties in Portugal and Spain and in July 2015, the Company completed the sale its subsidiaries in Portugal and Spain. The Company plans to change its business strategy and exit the mining business. On May 7, 2015, the majority of the board of directors resigned and a new board was appointed.

On June 25, 2015, the Company entered into a binding Letter of Intent (the "LOI") to acquire Walker Norris Capital Partners III d/b/a Direct Metals Recycling ("DMR"). DMR is an Atlanta, Georgia based company involved in the procurement of Platinum Grade Metals ("PGM") through the processing of catalytic converters. Under the LOI terms, Portex is acquiring all of the issued and outstanding shares in the common stock (the "DMR Shares") for an aggregate purchase price of US$4.8 million payable by issuance of 48,000,000 post-consolidation common shares of Portex at a deemed price of US$0.10 per post-consolidation common share (the "Acquisition").

In addition to customary conditions respecting sponsorship, regulatory and shareholder approvals and due diligence, the Acquisition is subject to and conditional upon:

1. the completion of an equity financing for not less than US$750,000;
2. a line of credit in the amount of US$1.5 million (not conditional for closing of the Acquisition);
3. the assumption by the Company of a of certain DMR liabilities, subject to due diligence by Portex and approval by all the current owners and lender; and
4. key employees of DMR entering into employment agreements.

Portex and DMR will negotiate a formal definitive agreement in good faith (the "Definitive Agreement"). The formal Definitive Agreement will contain covenants, representations, warranties, conditions, indemnities and provisions customary for transactions of the nature of a qualifying transaction. The Acquisition will be in the form of a reverse takeover ("RTO").

In conjunction with the Acquisition, the Company also intends to change its name to Direct Metals Recycling Ltd., or any name to be decided by the board of directors of the Company, and to consolidate its issued share capital on the basis of ten (10) old common shares (the "Old Portex Shares") for each one (1) new common share (a "New Portex Share"). As of the date hereof, the Company has 206,419,302 Old Portex Shares issued and outstanding. After giving effect to the proposed consolidation, the Company will have approximately 20,641,930 New Portex Shares issued and outstanding. However, the exact number of New Portex Shares will vary as no fractional shares shall be issued as a result of the consolidation and the number of additional Old Portex Shares issued to debtholders at the effective time of the consolidation. If any fractional share would otherwise result from the consolidation, such fractional share shall be rounded up to the nearest whole share.

On September 30, 2015, the Company completed a non-brokered private placement of 1,435,000 units (the "Units") at a price of $0.10 per Unit. Each Unit is comprised of one common share and one common share purchase warrant, entitling the holder to acquire one Portex common share at an exercise price of $0.10 for a period of twenty-four months from the closing date (see "Liquidity and Financial Position" section below).

Corporate Objective

Portex used to be a mineral exploration company, focused on the acquisition, exploration and development of properties for the mining of base and precious metals. It has sold its exploration concession in South West Portugal and two exploration properties in North West Spain. The Company plans to change its business strategy and exit the mining business.

Trends

The Company plans to change its business strategy and exit the mining business and is in the process of evaluating other business opportunities. Its viability and potential success lie in its ability to develop, exploit and generate revenue from a future asset or business acquisition. Revenue, profitability and cash flow from any future asset or business acquisition involving the Company are difficult to predict and will be influenced by factors unknown to management at the present time.

Mineral Exploration Properties

On July 17 and July 31 of 2015, the Company completed the sale of its subsidiaries in Portugal and Spain. The Company plans to change its business strategy and exit the mining business.

Portugal

During the year ended September 30, 2015, the Company sold its mineral properties in Portugal.

Spain

During the year ended September 30, 2015, the Company sold its mineral properties in Spain.

Ireland and Northern Ireland

On November 15, 2013, the Company acquired all of the shares of Metallum in exchange for 100,000,002 newly issued Portex common shares. Metallum owned 24 exploration licences of which 8 were in Northern Ireland and 16 were in the Republic of Ireland. The aggregate licence area was approximately 215,000 hectares.

On October 30, 2014, the Department of Northern Ireland caused all existing mineral exploration licences held by the Company's wholly-owned subsidiary, Metallum to terminate effective October 31, 2014. In addition, it has rejected Metallum's applications for renewal of certain licences. Metallum no longer has any mineral exploration licences in Northern Ireland.

At September 30, 2014, Metallum owned 16 exploration licenses in Ireland. Metallum has not commenced any work on these licenses as a result of its financial condition. Metallum did not renew the 16 exploration licences when they expired during the first half of 2015.

The Company wrote off all of the mineral properties in Northern Ireland and Ireland in the amount of $5,042,997 during the year ended September 30, 2014.

Project Expenditures

The Company incurred the following mineral property exploration expense on its mineral properties during the years ended September 30, 2015 and 2014:

	Year Ended September 30, 2015 $			Year Ended September 30, 2014 $		
	Spain	**Portugal**	**Northern Ireland and Ireland**	**Spain**	**Portugal**	**Northern Ireland and Ireland**
Care and maintenance costs	97,185	31,430	nil	150,364	112,205	274,352

Selected Annual Financial Information

The following is selected financial data derived from the audited consolidated financial statements of the Company at September 30, 2015, 2014 and 2013.

	Year ended September 30, 2015	**Year ended September 30, 2014**	**Year ended September 30, 2013**
Net loss	$(2,520,203)	$(6,752,707)	$(1,134,280)
Net loss per share (basic and diluted)	$(0.01)	$(0.04)	$(0.02)
	As at September 30, 2015	**As at September 30, 2014**	**As at September 30, 2013**
Total assets	$166,556	$2,316,214	$1,334,000

- The net loss for the year ended September 30, 2015 consisted primarily of (i) loss from discontinued operation of $1,010,782 which is mainly composed of loss on disposition of

$866,893 and mineral property exploration expense of $128,615, (ii) loss on investment in GRIT shares of $747,546 and (iii) general and administrative of $781,347;

- The net loss for the year ended September 30, 2014 consisted primarily of (i) mineral property exploration expense of $274,352; (ii) write-down of mineral properties of $5,042,997; (iii) loss on investment in GRIT shares of $727,350; (iv) loss from discontinued operations of $332,040 which is mainly composed of mineral property exploration expense of $262,569 and general and administrative of $60,572 and (v) general and administrative expense of $376,733;

- The net loss for the year ended September 30, 2013 consisted primarily of (i) mineral property exploration expense of $406,542; and (ii) general and administrative expense of $654,346; and

Discontinued Operations

On July 17, 2015, the Company completed the sale of its subsidiaries, Strategic Resource Acquisition Empreendimentos Mineiros Unipessoal Lda ("SRAEM") and Redcorp Empreendimentos Mineiros Unipessoal, Lda. ("REM") in Portugal (collectively "Subsidiaries in Portugal") for total cash consideration of $7,500 and on July 31, 2015, the Company completed the sale of its subsidiary, GoldQuest Mining (Spain) Corp. ("GoldQuest Spain") for total cash consideration of $60,000, resulting a loss upon disposition of $333,005 for Subsidiaries in Portugal and a loss upon disposition of $533,888 for GoldQuest Spain, respectively, which were recorded in the net loss from discontinued operations.

Summary of Quarterly Results

		Profit or (Loss)		
Three Months Ended	**Revenue ($)**	**Total ($)**	**Basic and Diluted Income (Loss) Per Share [1] ($)**	**Total Assets ($)**
2015 – September 30	nil	(331,762) [2]	(0.00)	166,556
2015 – June 30	nil	(154,310) [3]	(0.00)	369,222
2015 – March 31	nil	(1,297,397) [4]	(0.01)	469,886
2014 – December 31	nil	(736,734) [5]	(0.00)	1,626,755
2014 – September 30	nil	(4,758,991) [6]	(0.03)	2,316,214
2014 – June 30	nil	(1,841,780) [7]	(0.01)	7,170,588
2014 – March 31	nil	109,530 [8]	0.00	8,838,578
2013 – December 31	nil	(261,466) [9]	(0.00)	6,374,857

Notes:

(1) As the stock options of Portex are out of the money, it has not calculated the diluted loss per common share as the effect would be anti-dilutive.

(2) Net loss of $331,762 consisted primarily of general and administrative of $544,752 which is mostly comprised of professional fees of $289,408 and consulting fees of $255,752. The net loss for the three months also includes loss from discontinued operations of ($189,743) which is composed of loss on disposition and general and administrative.

(3) Net loss of $154,310 consisted primarily of loss on sale of investment in GRIT shares of $880,072 offset by unrealized gain in investment in GRIT shares of $760,612, general and administrative of $46,096 which is mostly composed of $33,333 salary costs and benefits and $14,242 professional fees, offset by $22,216 foreign exchange gain and other income of $50,000. The net loss for the three months also includes loss from discontinued operations of $60,658 which is composed of general and administrative, depreciation, mineral property exploration expense and foreign exchange loss.

(4) Net loss of $1,297,397 consisted primarily of write-off of mineral properties of $1,088,620, unrealized loss in investment in GRIT shares of $37,010, mineral property exploration expense of $58,803, salary costs and benefits of $46,641, professional fees of $30,270 and foreign exchange loss of $15,280.

(5) Net loss of $736,734 consisted primarily of unrealized loss in investment in GRIT shares of $480,770, loss on sale of investment in GRIT shares of $110,306, mineral property exploration expense of $76,442, salary costs and benefits of $46,642, professional fees of $9,672 offset by foreign exchange gain of $12,180.

(6) Net loss of $4,758,991 consisted primarily of write-down of mineral properties of $5,042,997, loss on sale of GRIT shares of $484,518, mineral property exploration of $67,504, professional fees of $57,602, salary costs and benefits of $46,641 offset by unrealized gain in investment in GRIT shares of $254,821 and reversal of write-down of GRIT shares of $711,638.

(7) Net loss of $1,841,780 consisted primarily of unrealized loss in investment in GRIT share of $971,537, write-down of GRIT shares of $711,638, mineral property exploration expense of $59,876, salary costs and benefits of $46,642, and professional fees of $22,830 offset by foreign exchange gain of $11,705, and gain on disposal of equipment of $12,705.

(8) Net income of $109,530 consisted primarily of mineral property exploration expense of $341,510, salary costs and benefits of $43,591 and professional fees of $21,329 offset by unrealized gain in investment in shares of GRIT of $473,884.

(9) Net loss of $261,466 consisted primarily of mineral property exploration expense of $68,031, salary costs and benefits of $43,592, professional fees of $18,428, office management, administration and other of $100,204 offset by other income of $1,520.

Results of Operations

For the year ended September 30, 2015, compared with the year ended September 30, 2014:

For the year ended September 30, 2015, the Company's loss was $2,520,203 ($0.01 per share), compared to a loss of $6,752,707 ($0.04 per share) for the year ended September 30, 2014. The Company has an accumulated deficit of $13,742,672.

The decrease of $4,232,504 in net loss is a result of the following:

- Loss on investment in GRIT shares of $747,546 and unrealized gain on investment in GRIT shares of $nil during the year ended September 30, 2015 compared to $727,350 loss on investment in GRIT shares during the year ended September 30, 2014.

- General and administrative costs for the year ended September 30, 2015 were $781,347 while general and administrative costs for the year ended September 30, 2014 were $376,733.

This decrease is broken down as follows:

	Year Ended September 30, 2015 $	Year Ended September 30, 2014 $	Change $
Salary costs and benefits	101,616	180,466	(78,850)
Professional fees	103,591	120,189	(16,598)
Investor relations and shareholder information	31,669	19,062	12,607
Office management, administration and other	46,078	53,457	(7,379)
Consulting fees	498,393	nil	498,393
Travel and accommodation	nil	3,559	(3,559)
Total	**781,347**	**376,733**	**404,614**

- General and administrative increased by $404,614 compared to the amount during the year ended September 30, 2014, mainly resulting from increased professional services and consulting services during the year ended September 30, 2015.

- The Company incurred a foreign exchange gain of $30,449 during the year ended September 30, 2015, compared to a foreign exchange gain of $7,103 during the year ended September 30, 2014. The increase in foreign exchange gain can be attributed to the fluctuations in the exchange rate between the Euro and the Canadian dollar and in the exchange rate between the British Pound and the Canadian dollar.

- The Company incurred $274,352 mineral property exploration expense related to Ireland and Northern Ireland during the year ended September 30, 2014 compared to $nil during the year ended September 30, 2015.

- Net loss from discontinued operations during the year ended September 30, 2015 was $1,010,782 compared to $332,040 during the year ended September 30, 2014. These are related to the losses of subsidiaries in Portugal and GoldQuest Spain. The increase of the loss during the year ended September 30, 2015 was mainly due to the $866,893 loss on disposition for the year ended September 30, 2015 compared to $nil in prior year. Mineral property exploration costs decreased during the year ended September 30, 2015 to $128,615 from $262,569 for the year ended September 30, 2014. General and administrative for the year ended September 30, 2015 decreased to $704 from $60,572 for the year ended September 30, 2014 and depreciation decreased to $4,072 from $9,539. During the year ended September 30, 2015, there was a foreign exchange loss of $10,498 compared to a foreign exchange loss of $12,065 during the year ended September 30, 2014.

<u>For the three months ended September 30, 2015, compared with the three months ended September 30, 2014:</u>

For the three months ended September 30, 2015, the Company's loss was $331,762 ($0.00 loss per share), compared to loss of $4,758,991 ($0.03 loss per share) for the three months ended September 30, 2014. The Company has an accumulated deficit of $13,742,672.

The decrease of $4,427,229 in net loss is a result of the following:

- Write-down of mineral properties of $5,042,997 due to the termination of exploration licenses in Northern Ireland and the unlikelihood of funding for Ireland licenses.

- Unrealized gain in investment in GRIT shares and loss on sale of GRIT share. During the three months ended September 30, 2014, the Company recorded unrealized gain in investment in GRIT shares of $966,459. In addition, the Company sold 566,095 GRIT shares for net cash proceeds of $299,902 and recorded a loss of investments in GRIT shares of $484,518. Loss on sale of GRIT shares and unrealized gain in investment in GRIT shares for the three months ended September 30, 2015 were both $nil.

- General and administrative costs for the three months ended September 30, 2015 were $544,752 while general and administrative costs for the three months ended September 30, 2014 were $88,960.

This increase is broken down as follows:

	Three Months Ended September 30, 2015 $	Three Months Ended September 30, 2014 $	Change $
Salary costs and benefits	(25,000)	46,641	(71,641)
Professional fees	39,408	57,602	(8,194)
Investor relations and shareholder information	12,432	(20,470)	32,902
Office management, administration and other	11,972	5,187	6,785
Consulting fees	495,940	nil	495,940
Total	**544,752**	**88,960**	**455,792**

- General and administrative increased by $455,792 compared to the amount during the three months ended September 30, 2014, mainly resulting from increased professional services and consulting services during the three months ended September 30, 2015.

- The Company incurred a foreign exchange gain of $83,289 during the three months ended September 30, 2015, compared to a foreign exchange loss of $56,048 during the three months ended September 30, 2014. The increase in foreign exchange gain can be attributed to the fluctuations in the exchange rate between the Euro and the Canadian dollar and in the exchange rate between the British Pound and the Canadian dollar.

- Net loss from discontinued operations during the three months ended September 30, 2015 was ($189,743) compared to income of $53,904 during the three months ended September 30, 2014. These are related to the losses of subsidiaries in Portugal and GoldQuest Spain. The decrease of the loss during the three months ended September 30, 2015 was mainly due to the gain on disposal of subsidiaries in Portugal and GoldQuest Spain of $221,727 for the three months ended September 30, 2015 compared to $nil for the three months ended September 30, 2014, decrease of mineral property exploration expenses from $69,564 during three months ended September 30, 2014 to $185 during the three months ended September 30, 2015. There was a foreign exchange gain of $67,289 during the three months ended September 30, 2014 while there was a foreign exchange loss of $31,799 during the three months ended September 30, 2015. General and administrative for the three months ended September 30, 2015 decreased to $nil from $50,293 for the three months ended September 30, 2014 and depreciation decreased to $nil from $1,336.

Liquidity and Financial Position

As at September 30, 2015, the Company had consolidated cash and cash equivalents of $121,068 compared to $75,060 at September 30, 2014. The Company had a working capital deficiency of

$2,063,244 as at September 30, 2015, compared to a working capital deficiency of $885,777 at September 30, 2014, resulting from the increase of amounts payable and other liabilities and decrease of current assets especially the decrease of investment in GRIT shares as a result of the sale completed during the year. As of the date hereof, the Company has a cash balance which is insufficient to fund its ongoing operations.

The activities of the Company, which used to consist of the acquisition and exploration of base and precious metal properties, were financed through the completion of equity offerings and the exercise of stock options and warrants. The Company has no operating revenues and therefore must utilize cash reserves and other financing transactions to maintain its capacity to meet ongoing discretionary and committed exploration and operating activities. The Company plans to change its business strategy and exit the mining business.

Amounts payable and other liabilities increased from $1,957,905 at September 30, 2014, to $2,204,800 as at September 30, 2015. The increase is primarily a result of the expenses incurred for professional fees and consulting fee.

As of September 30, 2015, and to the date of this MD&A, the cash resources of Portex are held with select financial institutions in Canada and a trust account of a broker. At September 30, 2015, the Company had no indebtedness other than trade payables in the normal course of business and the $25,000 promissory notes issued. Amounts payable and other liabilities are in the ordinary course of business, short-term and non-interest bearing other than payables to Bassett Capital Corporation which bears an interest rate of 17.7%. The promissory note of $25,000 is subject to a variable interest rate of prime plus 2% per annum.

The Company's use of cash at present occurs, and in the future is expected to occur, principally in the funding of its general and administrative expenditures and plans to change its business strategy and exit the mining business.

On September 30, 2015, the Company completed a non-brokered private placement of 1,435,000 Units at a price of $0.10 per Unit. Each Unit is comprised of one common share and one common share purchase warrant, entitling the holder to acquire one Portex common share at an exercise price of $0.10 for a period of twenty-four months from the closing date. The issue date fair value of $55,965 was assigned to the 1,435,000 warrants issued as part of the private placement as estimated by using a fair value market technique incorporating the Black-Scholes option valuation model with the following assumptions: expected dividend yield of 0%, share price on the date of grant of $0.005, expected volatility of 258.33% determined based on historical volatility, risk-free rate of return of 0.52% and an expected maturity of 2 years.

In connection with the placement, the Company paid transaction costs of $19,850 and issued 143,500 broker warrants with each broker warrant exercisable for a period of 24 months from the closing date to acquire one Unit at a price of $0.50 per Unit. The issue date fair value of $16 was assigned to the 143,500 broker warrants as estimated by using a fair value market technique incorporating the Black-Scholes option valuation model with the following assumptions: expected dividend yield of 0%, share price on the date of grant of $0.005, expected volatility of 258.33% determined based on historical volatility, risk-free rate of return of 0.52% and an expected maturity of 2 years. For the $19,850 transaction costs, $12,109 was allocated to capital stock with the remaining allocated to warrants. For the fair value of the broker warrants, $10 was allocated to capital stock with the remaining allocated to warrants.

The Company will continue to attempt to raise capital to pursue its new business strategy. There can be no assurance that the Company will be successful in its efforts to raise the capital required to sustain its operations.

Corporate head office costs in Canada are estimated to average approximately $50,000 per quarter for fiscal 2016. This amount covers salary costs and benefits, professional fees, investor relations and shareholder information, office management and administration, corporate development expenses, consulting fees and travel and accommodation.

Based on the rate of expenditure above, the Company does not have sufficient cash on hand and will have to raise equity capital in the near term in amounts sufficient to fund working capital requirements. The major variables are expected to be its ability to continue to access capital to fund its ongoing operations. In July 2015, the Company sold the mineral properties and the Company plans to change its business strategy and exit the mining business. Payments on the majority of accounts payable will continue to be deferred until a financing is completed.

The Company's cash and cash equivalents balance at September 30, 2015 is not sufficient to fund its consolidated operating expenses at current levels. At the date hereof, the Company's consolidated cash and cash equivalents balance has diminished further as a result of normal business operations and management is deferring all payments, including management salaries, to the extent practical.

In December 2014, the Company issued a press release offering to exchange all the outstanding accounts payable and accrued liabilities for common shares of Portex on the basis of 100 shares for each $1 of outstanding payables and liabilities. At the date thereof, the Company does not know how many creditors will accept the offer. The Company believes that this "shares for debt offer" is the most expedient way for creditors to realize cash as a result of the Company's minimal cash balance.

Related Party Transactions

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. The amounts due to related parties are unsecured, non-interest bearing other than the amount due to Bassett Capital Corporation and due on demand.

	Year Ended September 30, 2015 $	Year Ended September 30, 2014 $
Marrelli Support Services Inc. ("MSSI") [1]	45,828	45,784

DSA Corporate Services Inc. ("DSA") [2]	5,045	nil
Chieftain Metals Inc. ("Chieftain") [3]	821	28,311
Bassett Financial Corporation ("Bassett")	499,066	nil
Total	**550,760**	**74,095**

[1] The Chief Financial Officer ("CFO") of the Company is an associate of MSSI and the former CFO is the president of MSSI. Fees relate to accounting services and CFO services provided by MSSI. These costs are reflected in general and administrative expenses in the consolidated statements of loss and comprehensive loss. As at September 30, 2015, MSSI was owed $129,157 (September 30, 2014 - $81,371) and the amount was included in amounts payable and other liabilities.

[2] The former CFO of the Company is the secretary of DSA, a firm providing corporate secretarial services to the Company. As at September 30, 2015, DSA was owed $14,679 (September 30, 2014 - $13,492) and the amount was included in amounts payable and other liabilities.

[3] The former Chairman and director of the Company is also the CEO of Chieftain and the Company pays rent on a monthly basis to Chieftain. These costs are reflected in general and administrative in the consolidated statements of loss and comprehensive loss. As at September 30, 2015, Chieftain was owed $68,354 (September 30, 2014 - $65,896) and the amount was included in amounts payable and other liabilities.

[4] During the year ended September 30, 2015, the Company was charged $499,066 by Bassett Financial Corporation as transaction costs for future financings and consulting fees which has been included in professional fees and consulting fees in the consolidated statements of loss and comprehensive loss. Bassett Financial Corporation is controlled by one of the directors of the Company. As at September 30, 2015, Bassett was owed $282,500 plus accrued interest of $9,727 and the amount was included in amounts payable and other liabilities.

[5] During the year ended September 30, 2014, the Company issued a $25,000 promissory note to the former CEO of the Company. The promissory note is at an annualized rate of the prime rate plus 2% and is repayable on demand. During the year ended September 30, 2015, the Company accrued interest expense of $1,250 (September 30, 2014 - $647) at 5% annualized rate on the promissory note which was recorded in the consolidated statements of loss and comprehensive loss for the year ended September 30, 2015.

Remuneration of directors and key management personnel of the Company was as follows:

Year Ended September 30, 2015

	Salary cost and benefits and director fees $
Patrick Raleigh	6,000
Peter Chodos	58,331
Victor Wyprysky	15,000
Geoff Stanley	6,000
Richard Bishop	6,000
Larry Segerstrom	6,000
Total	**97,331**

Year Ended September 30, 2014

	Salary cost and benefits and director fees $
Patrick Raleigh	12,000
Peter Chodos	99,996
Victor Wyprysky	30,000
Geoff Stanley	12,000
Richard Bishop	12,000
Larry Sergerstrom	6,000
Total	**171,996**

The Board of Directors and one officer do not have employment or service contracts with the Company. Two officers of the Company have employment contracts.

As at September 30, 2015, directors and key management personnel of the Company were owed a total of $420,226 (September 30, 2014 - $321,543) and the amount was included in amounts payable and other liabilities. In addition, as at September 30, 2015, the former CEO of the Company was owed $25,000 (September 30, 2014 - $25,000) for the promissory note plus accrued interest of $1,897 (September 30, 2014 - $647).

Off-Balance-Sheet Arrangements

As of the date of this MD&A, 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, capital expenditures and capital resources, that are material to investors.

Proposed Transactions

As of the date of this MD&A, no proposed transaction has been approved by the Board of Directors, other than the Reorganization and the Acquisition as discussed in the Highlights section above.

Change in Accounting Policies

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee ("IFRIC") that are mandatory for accounting periods after September 30, 2014. The following new amendment has been adopted:

IAS 32 – Financial Instruments - Presentation ("IAS 32") was amended to clarify the criteria that should be considered in determining whether an entity has a legally enforceable right of set off in respect of its financial instruments. Amendments to IAS 32 are applicable to annual periods beginning on or after January 1, 2014 with retrospective application required. At October 1, 2014, the Company adopted this amendment and there was no material impact on the Company's consolidated financial statements.

New Accounting Standards and Interpretations

The following has not yet been adopted and is being evaluated to determine their impact on the Company.

(i) IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in October 2010 and will replace IAS 39 – Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

Financial Instruments

The Company's activities expose it to a variety of financial risks: credit risk, liquidity and capital market risk and market risk including interest rate risk, foreign currency risk and equity price risk.

Risk management is carried out by the Company's management team with guidance from the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to amounts receivable which is mainly sales tax receivables from Canadian government institutions from which management believes the risk of loss to be remote.

Liquidity Risk and Capital Market Risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. As at September 30, 2015, the Company had cash and cash equivalents of $121,068 to settle current liabilities of $2,229,800. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity. The Company's ability to continually meet its obligations is uncertain and dependent upon the continued financial support of its shareholders and securing additional financing.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and equity price risk.

Interest rate risk

The Company has cash and no interest-bearing debt other than promissory note which is subject to prime rate plus 2%. Currently, the Company does not hedge against interest rate risk.

Foreign currency risk

The Company's functional and reporting currency is the Canadian dollar and purchases are transacted in Canadian dollars, Euros and British Pounds ("GBP"). The Company had certain operations, exploration and administrative expenses in Portugal, Spain and Ireland denominated in Euros and Northern Ireland in GBP. As at September 30, 2015, the Company had Euro and GBP denominated financial instruments and therefore is subject to gains and losses due to fluctuations in the exchange rates between Euro and the Canadian dollar and between GBP and the Canadian dollar.

Equity price risk

The Company manages risk related to fluctuations in the market prices of investments in publicly traded companies by regularly reviewing publicly available information related to these investments to ensure that any risks are within established levels of risk tolerance. As at September 30, 2015, the Company had sold all of its investments and was not subject to material equity price risk.

Fair Value

The Company has designated its cash and cash equivalents and restricted term deposit as loans and receivables, which are measured at fair value and investment in GRIT shares as fair value through profit and loss ("FVTPL"). Amounts payable, promissory notes and liabilities related to assets held for sale are classified as other financial liabilities, which are measured at amortized cost.

As at September 30, 2015 and September 30, 2014, the carrying and fair value amounts of the Company's financial instruments are approximately equivalent due to their short-term to maturity.

Sensitivity Analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a nine-month period:

The Company is exposed to foreign currency risk on fluctuations related to cash that is dominated in Euro and GBP. Sensitivity to a plus or minus 10% change in the foreign exchange rate of Euro and GBP would affect net loss by approximately $53,000 with all other variables held constant.

The Company is exposed to interest rate risk on fluctuation related to promissory note subject to prime interest rate plus 2%. Sensitivity to a plus or minus 10% change in the prime rate would affect net loss by approximately $75 with all other variables held constant.

Capital Management

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. Management and the Board of Directors review the capital structure on an ongoing basis.

The Company considers its capital to be equity, comprising capital stock, reserves and accumulated deficit which at September 30, 2015 totalled $2,063,244 (2014 - $333,309). The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is regularly updated based on activities related to its mineral properties. Selected information is provided to the Board of Directors of the Company. The Company's capital management objectives, policies and processes had been changed to be aligned with its planned change of business strategy to exit the mining business after the sale of its mineral properties in Portugal and Spain during the year ended September 30, 2015. The Company is not subject to any capital requirements imposed by a regulator or lending institution.

Environmental Contingency

The Company's operations may be subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner that means standards are stricter, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. The Company intends to comply fully with all environmental regulations. As of the date of this MD&A, the Company does not believe that there are any significant environmental obligations requiring material capital outlays in the immediate future.

Share Capital

As of the date hereof, the Company had 206,419,302 issued and outstanding common shares. In addition, the Company had 1,525,000 stock options, 1,435,000 warrants and 143,500 broker warrants outstanding. Therefore, the Company had 209,522,802 common shares outstanding on a fully diluted basis.

Disclosure Controls

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the consolidated financial statements; and (ii) the consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Company uses the Venture Issuer Basic Certificate, which does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with the issuer's generally accepted accounting principles (IFRS). The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Risks and Uncertainties

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. It should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect the Company and its financial position.

The following discussion summarizes the principal risk factors that apply to Portex's business and that may have a material adverse effect on Portex's business, financial condition and results of operations, or the trading price of the common shares.

Transaction completion risk

At present time, the Company is in the process of leaving the mining industry and its viability and potential success lie in its ability to develop, exploit and generate revenue from a future asset or business acquisition. Revenue, profitability and cash flow from any future asset or business acquisition involving the Company are difficult to predict and will be influenced by factors unknown to management at the present time. The Company has announced that it has entered into a binding letter of intent to acquire DMR. The transaction has not yet closed and is subject to certain approvals including that of shareholders. While the Company believes that the transaction described herein will be completed, there is a risk that the DMR acquisition may not occur.

Future financing risk

Revenues, profitability and cash flow from any future asset or business acquisition involving the Company is difficult to predict and will be influenced by factors unknown to management at the present time. The Company has limited financial resources and there is no assurance that additional funding will be available to it if and when required. Failure to obtain such additional financing could result in the Company not being able to meet its general and administrative expenses or maintain its public company status, and could delay or indefinitely postpone the identification of suitable assets or business or the completion of a transaction once a suitable asset or business has been identified.

Dependence on key employees

The Company's business and operations are dependent on retaining the services of a small number of key employees. The success of the Company is, and will continue to be, to a significant extent, dependent on the expertise and experience of these employees. The loss of one or more of these employees could have a materially adverse effect on the Company. The Company does not maintain insurance on any of its key employees.

Potential dilution

The issue of common shares of the Company upon the exercise of the options and warrants will dilute the ownership interest of the Company's current shareholders. The Company may also issue additional option and warrants or additional common shares from time to time in the future. If it does so, the ownership interest of the Company's then current shareholders could also be diluted.

Current global financial conditions and trends

Securities of public companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in Canada and globally, and market perceptions of the attractiveness of particular industries. The price of the securities of the Company is also significantly affected by short-term changes in commodity prices, and currency exchange. As of the date of this document, the global economy continues to be in a period of significant economic volatility, in large part due to European and American economic concerns which have impacted global economic growth.

Contingency

Upon successful completion of an aggregate financing of $3,000,000, the Company will be obligated to pay a $50,000 transaction fee to an intermediary.