PORTOLA RESOURCES INC.

Management Discussion and Analysis
For the six month period ended August 31, 2016

This Management's Discussion and Analysis of Portola Resources Inc. (the "Company", "Portola" or "PZ") is dated October 28th, 2016 and provides an analysis of Portola's financial position and results of operations for the period ended August 31, 2016. The following information should be read in conjunction with the unaudited condensed interim financial statements for the three months and six months ended August 31, 2016 and related notes and with our audited financial statements for the year ended February 29, 2016, which are available on SEDAR at www.sedar.com.

This management discussion and analysis contain forward-looking statements in respect of various matters including upcoming events. The results or events predicted in these forward-looking statements August differ materially from the actual results or events. The Company disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

DESCRIPTION OF BUSINESS

Portola Resources Inc. (the "Company") is a public company listed on the TSX Venture Exchange ("TSXV") and trades under the symbol PZ. The Company was incorporated on February 13, 1998 as 556524 B.C. Ltd. under the British Columbia Business Corporations Act. On October 29, 1998, the Company changed its name to Westmount Resources Ltd., and on December 13, 2010, the Company changed its name to RX Mining Corp. On July 11, 2011, the Company changed its name to Portola Resources Inc. The Company was previously inactive and had no significant transactions from the period of incorporation until March 1, 2010.

The head office, principal address, records office and registered office of the Company is located at Suite 2706 – 40 King Street West, Toronto, Ontario.

On November 27th, 2013 the Board of Directors of the Company agreed to a Change of Business from that of a Mining Issuer to an Investment Issuer, subject to TSXV policy requirements and all requisite shareholder and other approvals. The TSXV suspended trading of the Company's outstanding common shares effective November 27, 2013. The common shares were to remain suspended until such time that the Company satisfied the requirements of the TSXV in order to permit the resumption of trading of such shares. On October 21st, 2016 the Board of Directors of the Company agreed to terminate the previously announced Change of Business and will continue as a Mining Issuer, subject to TSXV policy requirements and other approvals. The Company is pursuing business opportunities in the resource sector. The Company's common shares were re-instated for trading on October 25, 2016.

EXPLORATION PROJECT – LA BIZNAGA PROPERTY

On April 15, 2010, and amended on February 21, 2013, the Company entered into an option agreement with Eduardo Candelaria Reyna and Jose Luis Motilla Moreno, collectively, the "Optionors", whereby the Optionors will grant a 100% interest in and to the La Biznaga property located in the Republic of Mexico. In order to earn its interest in the property, the Company agreed to make cash payments of \$100,000, issue 1,000,000 common shares and incur \$1,000,000 in exploration expenditures over a three year period beginning February 21, 2015.

On November 27th, 2013 the Board of Directors of the Company agreed to a Change of Business from that of a Mining Issuer to an Investment Issuer, subject to TSXV policy requirements and all requisite shareholder and other approvals. As a result, the Company terminated the option agreement with the Optionors. The Company wrote off the related acquisition and exploration costs effective November 30, 2013.

TERMINATION OF CHANGE OF BUSINESS

On October 10, 2014 the Company entered into a Purchase and Exchange Agreement ("PEA") with Portola Funding I LP ("Portola Funding LP").

Portola Funding LP had entered into an arm's length partnership agreement with Di-Corp Sand Transloading LP ("DST") for which Portola Funding LP will receive an annual distribution of $675,000. DST operates a frac sand transloading facilities in Grand Prairie and Rocky Mountain House, Alberta.

The purchase of the Units and exchange of the Warrants were to be completed upon receipt of final TSX-V acceptance of a change of business announced by the Company on November 26, 2013, obtaining all requisite shareholder and other approvals and the completion of a private placement of common shares to fund the transactions. The obligation of the Company to complete the transactions was subject to TSX-V acceptance.

On October 21st, 2016 the Board of Directors of the Company agreed to terminate the previously announced Change of Business and will continue as a Mining Issuer, subject to TSXV policy requirements and other approvals.

SELECTED ANNUAL INFORMATION
($000's except loss per share)

	February 29, 2016		February 28, 2015		February 28, 2014	
Revenue	$	0	$	0	$	0
Net Loss	$	(265)	$	(256)	$	(848)
Basic and Diluted Loss Per Share	$	(0.02)	$	(0.02)	$	(0.09)
Total Assets	$	74	$	247	$	523
Long-Term Debt	$	0	$	0	$	0
Dividends	$	0	$	0	$	0

OPERATIONS

Three month period ended August 31, 2016
During the three months ended August 31, 2016 the Company reported a net loss of $3,052 (2015 - $51,540). Included in the determination of operating loss was $nil (2015 - $6,329) spent on rent, $nil (2015 - $41,253) on management fees, $nil (2015 - $nil) on professional fees, $3,052 (2015 - $2,159) on transfer agent and filing fees, $nil (2105 - $nil) on travel and entertainment and $nil (2015 - $1,275) on office and administration.

Three month period ended August 31, 2015
During the three months ended August 31, 2015 the Company reported a net loss of $51,541 (2014 - $74,357). Included in the determination of operating loss was $6,329 (2014 - $7,946) spent on rent, $41,253 (2014 - $41,253) on management fees, $nil (2014 - $16,000) on professional fees, $2,159 (2014 - $2,740) on transfer agent and filing fees, $nil (2104 - $4,321) on travel and entertainment and $1,275 (2014 - $1,309) on office and administration.

Six month period ended August 31, 2016
During the six months ended August 31, 2016 the Company reported a net loss of $8,107 (2015 - $110,787). Included in the determination of operating loss was $4,526 (2015 - $12,287) spent on rent, $nil (2015 - $82,506) on management fees, $440 (2015 - $7,230) on professional fees, $nil (2015 - $3,130) on travel and entertainment, $3,141 (2015 - $3,285) on transfer agent and filing fees, and $nil (2015 - $1,824) on office and administration.

Six month period ended August 31, 2015
During the six months ended August 31, 2015 the Company reported a net loss of $110,787 (2014 - $125,889). Included in the determination of operating loss was $12,287 (2014 - $11,920) spent on rent, $82,506 (2014 - $82,506) on management fees, $7,230 (2014 - $17,803) on professional fees, $3,130 (2014 - $8,652) on travel and entertainment, $3,285 (2014 - $2,740) on transfer agent and filing fees, and $1,824 (2014 - $1,481) on office and administration.

SUMMARY OF QUARTERLY RESULTS
($000's except earnings per share)

Year Ended	Quarter	Net Comprehensive Income (Loss) (in 000's)	Net Income (Loss) per Share (basic and fully diluted)
2013	Q1	($40)	($0.01)
2013	Q2	($67)	($0.01)
2013	Q3	($45)	($0.01)
2013	Q4	($74)	($0.01)
2014	Q1	($53)	($0.01)
2014	Q2	($133)	($0.02)
2014	Q3	($554)	($0.05)
2014	Q4	($107)	($0.01)
2015	Q1	($52)	($0.00)
2015	Q2	($74)	($0.01)
2015	Q3	($70)	($0.01)
2015	Q4	($60)	($0.00)
2016	Q1	($59)	($0.00)
2016	Q2	($52)	($0.00)
2016	Q3	($75)	($0.01)
2016	Q4	($79)	($0.01)
2017	Q1	($5)	($0.00)
2017	Q2	($3)	($0.00)

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash and cash equivalents at August 31, 2016 were $49,513 compared to $63,148 at February 29th, 2016. The Company plans to continue to fund its operations through equity financings, there are no guarantees that the Company can do so in the future. As at August 31, 2016, the Company had working capital of $31,634 compared to $39,741 at February 29, 2016.

On October 21, 2016, the Company announced, subject to regulatory approval, the Company is arranging a non-brokered private placement for aggregate gross proceeds of up to $1,800,000 through the issuance of up to 12,000,000 common shares at a price of $0.15 per share.

The Company does not have any externally imposed capital requirements to which it is subject.

MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to identify and invest in other businesses. The Company does not have any externally imposed capital requirements to which it is subject.

As at August 31, 2016, the Company considers capital to be all components of shareholders' equity. 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.

There were no changes in the Company's approach to management of capital during the year.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

The Company has identified its directors and certain senior officers as its key management personnel. The remuneration of the Company's directors and other key management is as follows:

	Six Months Ended August 31, 2016	Six Months Ended August 31, 2015
Management fees	$ nil	$ 82,506

COMMITMENTS

None

SUBSEQUENT EVENTS

On October 21, 2016 the Board of Directors of the Company agreed to terminate the previously announced Change of Business and will continue as a Mining Issuer, subject to TSXV policy requirements and other approvals. The Company is pursuing business opportunities in the resource sector. The Company's common shares were re-instated for trading on October 25, 2016.

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SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The Company's significant accounting policies are described in Note 3 of the Company's audited financial statements for the year ended February 29, 2016.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

New standard IFRS 9 "Financial Instruments"

This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 introduces new requirements for the classification and measurement of financial assets, additional changes relating to financial liabilities, a new general hedge accounting standard which will align hedge accounting more closely with risk management. 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 with early adoption permitted.

Other new or amended standards with future effective dates are either not applicable or not expected to have a significant impact on the Company's financial statements.

SHARE CAPITAL

Issued

The Company has 12,726,250 shares issued and outstanding as at August 31, 2016 and October 28th, 2016.

Share Purchase Options

The Company has 825,000 stock options outstanding at August 31, 2016 and October 28th, 2016.

FINANCIAL INSTRUMENT RISK EXPOSURE AND RISK MANAGEMENT

Financial risk management

The Company is exposed to varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and advances receivable. The Company limits the exposure to credit risk by only investing its cash with high-credit quality financial institutions and advancing funds to parties that management believes will make the necessary repayments.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage.

The Company monitors its ability to meet its short-term exploration and administrative expenditures by raising additional funds through share issuance when required. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. The Company does not have investments in any asset backed deposits.

In the normal course of business, the Company enters into contracts that give rise to commitments for future minimum payments. The following table summarizes the Company's significant commitments and corresponding maturities:

	<1 year	1 - 3 Years	Total
Accounts payable	$ 17,879	$ -	$ 17,879

Foreign Exchange Risk

The Company currently does not have significant foreign exchange risk as all of its transactions are in Canadian dollars.

Interest rate risk

The Company is not exposed to significant interest rate risk.

Fair Value Measurements

The Company's financial instruments consist of cash, advances receivable, and accounts payable. The fair values of these financial instruments approximate their carrying values because of their current nature.

The following table summarizes the carrying values of the Company's financial instruments as at August 31, 2016:

FVTPL (i)	$ 49,513
Loans and receivables (ii)	$ nil
Other financial liabilities (iii)	$ 17,879

(i) Cash
(ii) Advances receivable
(iii) Accounts payable

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, and
- Level 3 – Inputs that are not based on observable market date.

The fair value of cash is determined based on "Level 1" inputs, which consist of quoted prices in active markets for identical assets. As at August 31, 2016, the Company believes that the carrying values of advances receivable and accounts payable approximate their fair values because of their nature and relatively short maturity dates or durations.

Assets measured at fair value on a recurring basis were presented on the Company's statement of financial position as of August 31, 2016 as follows:

	Level 1	Level 2	Level 3	Total
Cash	$ 49,513	$ -	$ -	$ 49,513

RISK AND UNCERTAINTIES

Risks inherent in the nature of mineral exploration and development

Exploration and development involve several risks which experience, knowledge and careful evaluation may not be sufficient to overcome. Large capital expenditures are required in advance of anticipated revenues from operations. Many exploration programs do not result in the discovery of mineralization; moreover, mineralization discovered may not be of sufficient quantity or quality to be profitably mined. Unusual or unexpected formations, formation pressures, fires, power outages, labor disruptions, flooding, explosions, tailings impoundment failures, cave-ins, landslides and the inability to obtain adequate machinery, equipment or labor are some of the risks involved in the conduct of exploration programs and the operation of mines. The commercial viability of exploiting any precious metal deposit is dependent on a number of factors including infrastructure and governmental regulations, in particular those respecting the environment, price, taxes, and royalties. No assurance can be given that minerals of sufficient quantity, quality, size and grade will be discovered on any of the Company's properties to justify commercial operation. Numerous external factors influence and may have significant impacts on the operations of the Company and its financing needs.

Financial risks

The Company is an exploration company. The Company will periodically have to raise additional funds to continue operations, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

Claims and title risks

Although the Company has taken steps to verify title to mining properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

Tax

No assurance can be made that Canada Revenue Agency or Quebec Minister of Revenue will agree with the Company's characterization of expenditures as Canadian exploration expenses or Canadian development expenses.

Dependence on key personnel

The development of the Company's business is and will continue to be dependent on its ability to attract and retain highly qualified management and mining personnel. The Company faces competition for personnel from other employers.

Conflicts of interest

Certain directors of the Company are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith of view to the best interests of the Company and to disclose any interest, which they may have in any project or opportunity of the Company. If a conflict arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter.

Environmental risks

The Company is subject to various environmental incidents that can occur during exploration work. The Company maintains an environmental management system including operational plans and practices.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at www.sedar.com.

(*signed*)
Michael Denny, Director

(*signed*)
Chris Hobbs, Director

October 28th, 2016