PORTOFINO RESOURCES INC.
Management Discussion and Analysis
For the year ended May 31, 2016

The Management Discussion and Analysis ("MD&A"), prepared September 13, 2016 should be read in conjunction with the audited financial statements and notes thereto for the year ended May 31, 2016, included in the company's prospectus, and the notes thereto of Portofino Resources Inc.. ("Portofino") which were prepared in accordance with International Financial Reporting Standards.

This management discussion and analysis may contain forward-looking statements in respect of various matters including upcoming events. The results or events predicted in these forward-looking statements may 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

Portofino Resources Inc. ("the Company") was incorporated on June 14, 2011 under the laws of British Columbia. The address of the Company's corporate office and its principal place of business is 200-551 Howe Street, Vancouver, British Columbia, Canada. The Company's shares are listed for trading on the TSX Venture Exchange under the symbol "POR".

The Company's principal business activities include the acquisition and exploration of mineral property assets. As at May 31, 2016, the Company had not yet determined whether the Company's mineral property asset contains ore reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the properties or realizing proceeds from their disposition. The outcome of these matters cannot be predicted at this time and the uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

EXPLORATION PROJECT

Iron Horse-Bolivar Mineral Property

	Acquisition Costs	Exploration Costs	Total
	$	$	$
Balance, May 31, 2014	10,000	115,320	125,320
Acquisition costs	32,000	-	32,000
Exploration costs	-	125,947	125,947
Balance, May 31, 2015	42,000	241,267	283,267
Mining Exploration Tax Credit	-	(32,233)	(32,233)
Balance, May 31, 2016	**42,000**	**209,034**	**251,034**

Iron Horse-Bolivar Mineral Property

Pursuant to an option agreement dated February 28, 2012, with Rich River Exploration Ltd. ("Rich River") and Craig Alvin Lynes, collectively, the "Optionors", the Company was granted an option to acquire a 100% undivided interest in the Iron Horse-Bolivar Mineral Property (the "Property") comprised of seven mineral claims located in the Peachland region of British Columbia.

To earn the 100% interest, the Company agreed to issue 175,000 common shares of the Company to Rich River, make cash payments totaling $100,000, and incur a total of $1,000,000 in exploration expenditures as follows:

	Common Shares	Cash	Exploration Expenditures
	#	$	$
Upon execution of the agreement (paid)	-	10,000	-
On or before February 28, 2013 (incurred)	-	-	100,000
Upon listing of the Company's common shares on the TSX Venture Exchange (issued and paid)	85,000	15,000	-
On or before the December 5, 2015 [1]	90,000	-	-
On or before the December 5, 2016	-	15,000	200,000
On or before the December 5, 2017	-	25,000	300,000
On or before the December 5, 2018	-	35,000	400,000
Total	175,000	100,000	1,000,000

[1] Those shares were issued to the Optionor subsequent to year end

The Optionors will retain a 3% Net Smelter Returns royalty on the Property. The first 2% of the royalty may be purchased by the Company at $500,000 for each 1%. The purchase of the remaining 1% is negotiable after commercial production commences.

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

	May 31, 2016	May 31, 2015	May 31, 2014
Revenue	$ 0	$ 0	$ 0
Net Loss	$ (192)	$ (239)	$ (329)
Basic and Diluted Loss Per Share	$ (0.02)	$ (0.02)	$ (0.05)
Total Assets	$ 271	$ 438	$ 222
Long-Term Debt	$ 0	$ 0	$ 0
Dividends	$ 0	$ 0	$ 0

OPERATIONS

Three month period ended May 31, 2016
During the three months ended May 31, 2016 the Company reported a net loss of $36,000 (2015 - $48,928). Included in the determination of operating loss was $5,268 (2015 - $5,765) spent on rent, $17,250 (2015 - $17,250) on management and administration, $5,439 (2015 - $9,423) on professional fees, $nil (2015 - $26,250) on investor communication, $1,312 (2015 - $2,987) on transfer agent and filing fees, $1,902 (2015 - $10,649) on advertising and promotion, $17,500 (2015 - $16,500) on consulting, and $4,763 (2015 – $4,704) on office and miscellaneous.

Twelve month period ended May 31, 2016

During the twelve months ended May 31, 2016 the Company reported a net loss of $192,300 (2015 - $239,380). Included in the determination of operating loss was $18,356 (2015 - $15,607) spent on rent, $69,000 (2015 - $69,000) on management and administration, $42,171 (2014 - $42,416) on professional fees, $nil (2015 - $32,500) on investor communication, $10,196 (2015 - $38,135) on transfer agent and filing fees, $8,850 (2014 - $10,649) on advertising and promotion, $17,500 (2015 - $16,500) on consulting, and $26,227 (2015 – $14,573) on office and miscellaneous.

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

	May 31, 2016	February 29, 2016	November 30, 2015	August 31, 2015
Revenue	$ 0	$ 0	$ 0	$ 0
Net loss	$ (36)	$ (42)	$ (61)	$ (53)
Basic and diluted Loss per share	$ (0.00)	$ (0.00)	$ (0.01)	$ (0.01)

	May 31, 2015	February 28, 2015	November 30, 2014	August 31, 2014
Revenue	$ 0	$ 0	$ 0	$ 0
Net loss	$ (49)	$ (46)	$ (50)	$ (94)
Basic and diluted Loss per share	$ (0.02)	$ (0.01)	$ (0.01)	$ (0.01)

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash and cash equivalents at May 31, 2016 were $12,715 compared to $139,374 at May 31, 2015.

OFF-BALANCE SHEET ARRANGEMENTS

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

TRANSACTIONS WITH RELATED PARTIES

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

The following related parties' amounts have been included in accounts payable and accrued liabilities and prepaid expenses:

	2016	2015
	$	$
Accounts payable and accrued liabilities	37,482	12,525
Prepaid expenses	5,200	6,500

The amounts are due to or prepaid to companies controlled by directors of the Company. The accounts payable and accrued liabilities are non-interest bearing, unsecured and are due upon demand.

The Company had the following related party transactions:

	2016	2015
	$	$
Rent	9,000	9,000
Professional fees	21,950	21,525
Total	30,950	30,525

Rent and professional fees are paid to companies controlled by directors of the Company.

Key management personnel receive compensation in the form of short-term employee benefits. Key management personnel include the officers and directors of the Company. The remuneration of key management is as follows:

	2016	2015
	$	$
Management fees	69,000	69,000

Management services were provided by companies owned by two directors of the Company.

COMMITMENTS

The Company is committed to certain cash payments, share issuances and exploration expenditures in connection with the acquisition of its mineral property claims and participating interest in its natural gas property claims.

SUBSEQUENT EVENTS

a) On July 21, 2016, The Company announced a non-brokered private placement (the “Private Placement”) to raise gross proceeds of up to a maximum of $220,000 through the issuance of up to 4,400,000 units at a price of $0.05 per unit(“the unit”). Each Unit will be comprised of one common share of the Company and one common share purchase warrant (“Warrant”). Each Warrant will be exercisable to purchase an additional common share of the Company at an exercise price of $0.075 per Warrant Share for a period of two years from the closing date of the Private Placement. On August 4, 2016, the Company increased the size of the Private Placement to 8,000,000 units. As of the September 13, 2016, the Company had closed the non-brokered private placement and received total proceeds of $405,000.

b) The Company has issued 90,000 shares to the Optionors in accordance with the Option agreement as disclosed in financial statement note 7.

APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The mandatory adoption of the following new and revised accounting standards and interpretations on June 1, 2016 had no significant impact on the Company’s financial statements for the years presented:

IAS 1 – *Presentation of Financial Statements*

In December 2014, the IASB issued an amendment to address perceived impediments to preparers exercising their judgment in presenting their financial reports. The changes clarify that materiality considerations apply to all parts of the financial statements and the aggregation and disaggregation of line items within the financial statements.

IAS 16 – *Property, Plant and Equipment* and IAS 36 – *Intangible Assets*

In May 2014, the IASB issued amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. The amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendments also clarifies that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances

New accounting standards effective for annual periods on or after June 1, 2018:

IFRS 9 - *Financial Instruments*

In November 2009, as part of the IASB project to replace IAS 39 Financial Instruments: Recognition and Measurement, the IASB issued the first phase of IFRS 9 Financial Instruments, that introduces new requirements for the classification and measurement of financial assets. The standard was revised in May 2010 to include requirements regarding classification and measurement of financial liabilities. In July 2014, the final version of IFRS 9 was issued and adds a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics.

IFRS 15 - *Revenue from Contracts with Customers*
In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition.

The extent of the impact of adoption of these standards and interpretations on the financial statements of the Company has not been determined.

CRITICAL ACCOUNTING POLICIES

<u>Stock-based Compensation</u>

The Company has a stock option plan, which is described in to the financial statements. The Company applies the fair value method to all stock-based payments and to all grants that are direct awards of stock that call for settlement in cash or other assets. Compensation expense is recognized over the applicable vesting period with a corresponding increase in contributed surplus. When the options are exercised, share capital is credited for the consideration received and the related contributed surplus is decreased. The Company uses the Black Scholes option pricing model to estimate the fair value of stock based compensation.

Financial Instruments

Financial assets are classified into one of four categories:

- Fair value through profit or loss;
- Held-to-maturity;
- Available for sale and;
- Loans and receivables

The classification is determined at initial recognition and depends on the nature and purpose of the financial asset.

Financial assets at fair value through profit or loss ("FVTPL")

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as at FVTPL if

- It has been acquired principally for the purpose of selling in the near future;
- It is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking or;
- It is a derivative that is not designated and effective as a hedging instrument.

The Company's cash and cash equivalents are classified as FVTPL assets.

Held-to-maturity ("HTM")

HTM investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. The Company does not have any assets classified as HTM investments.

Available-for-sale financial assets ("AFS")

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (i) loans and receivables, (ii) held-to-maturity investments or (iii) financial assets as at FVTPL. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on AFS monetary items, are recognized in other comprehensive income or loss. When an investment is derecognized, the cumulative gain or loss in the investment revaluation reserve is transferred to profit or loss. The Company does not have any assets classified as AFS.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less and impairment losses. The Company does not have any assets classified as loans and receivables.

Derecognition of financial assets

A financial asset is derecognized when:

- The contractual right to the asset's cash flows expire; or

- If the Company transfer the financial assets and substantially all risks and rewards of ownership to another entity.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:

- Significant financial difficulty of the issuer or counterparty;
- Default or delinquency in interest or principal payments; or
- It has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets is directly reduced by the impairment loss. With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

SHARE CAPITAL

<u>Issued</u>

The company has 12,550,000 shares issued and outstanding as at May 31, 2016 and 20,740,000 as of September 13, 2016.

<u>Share Purchase Options</u>

The Company has 600,000 stock options outstanding at May 31, 2016 and September 13, 2016.

<u>Warrants</u>

The Company had 240,000 share purchase warrants outstanding at May 31, 2016 and 8,340,000 as of September 13, 2016.

<u>Escrow Shares</u>

The Company has 3,354,000 shares held in escrow as at May 31, 2016 and 2,515,500 as at September 13, 2016.