PORTOFINO
RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED
MAY 31, 2017

The Management Discussion and Analysis ("MD&A"), prepared on September 26, 2017 should be read in conjunction with the audited financial statements and notes thereto for the year ended May 31, 2017, 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 MD&A 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 520 – 470 Granville 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, 2017, 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

	Acquisition Costs	**Exploration Costs**	**Total**
	$	$	$
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
Acquisition costs	9,000	-	9,000
Balance, May 31, 2017	**51,000**	**209,034**	**260,034**

During the year, the Company issued 90,000 common shares with a fair value of $9,000.

Iron Horse-Bolivar Mineral Property

Pursuant to an option agreement dated February 28, 2012 and amended agreement dated September 15, 2017, 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 275,000 common shares of the Company to the Optionor, make cash payments totaling $100,000, and incur a total of $1,000,000 in exploration expenditures as follows:

EXPLORATION PROJECT (CONTINUED)

Iron Horse-Bolivar Mineral Property

	Number of 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 (issued)	90,000	-	-
On or before the December 5, 2017	100,000	5,000	125,000
On or before the December 5, 2018	-	25,000	300,000
On or before December 5, 2019	-	45,000	475,000
Total	275,000	100,000	1,000,000

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

	May 31, 2017	May 31, 2016	May 31, 2015
Financial results			
Net loss for the year	$ (609,631)	$ (192,300)	$ (239,380)
Comprehensive loss for the year			
Basic and diluted loss per share	(0.03)	(0.02)	(0.02)
Financial position data			
Cash	$ 194,282	12,715	139,375
Exploration and evaluation assets	260,034	251,034	283,267
Total assets	704,945	270,934	438,277
Shareholders' equity	613,649	233,452	425,752

SELECTED QUARTERLY FINANCIAL INFORMATION

Financial results	May 31, 2017	February 28, 2017	November 30, 2016	August 31, 2016
Net loss for the period	$ (192,181)	$ (210,432)	$ (124,538)	$ (82,480)
Comprehensive loss for the period	(192,181)	(210,432)	(124,538)	(82,480)
Basic and diluted loss per share	(0.01)	(0.01)	(0.01)	(0.01)
Balance sheet data				
Cash	$ 194,282	$ 13,332	120,854	142,435
Exploration and evaluation assets	260,034	260,034	260,034	260,034
Total assets	704,945	340,306	418,929	407,426
Shareholders' equity	613,649	312,087	403,308	386.622

SELECTED QUARTERLY FINANCIAL INFORMATION (CONTINUED)

Financial results		May 31, 2016		February 28, 2016		November 30, 2015		August 31, 2015
Net loss for the period	$	(35.934)	$	(41,953)	$	(61,070)	$	(53,343)
Comprehensive loss of the period		(35,984)		41,593)		(61,070)		(53,343)
Basic and diluted loss per share		-		-		(0.01)		(0.01)
Balance sheet data								
Cash	$	12,715		3,584		31,552		87,405
Exploration and evaluation assets		251,034		274,569		283,267		283,267
Total assets		270,934		283,699		320,570		379,314
Shareholders' equity		233,452		269,386		311,339		372,409

RESULTS OF OPERATION

Year ended May 31, 2017 compared to May 31, 2016

The Company has a net loss of $609,631 during the current year versus $192,300 in the comparative year being an increase of $417,331, or 217%.

Included in the determination of operating loss is an increase of $115,303 (2016: $Nil) on due diligence costs, $127,250 (2016: $69,000) on management fees, $73,235 (2016: $42,171) on professional fees, $110,125 (2016: $17,500) on consulting fees, $294 (2016:$Nil) on amortization, $27,830 (2016: $26,227)on office costs, $33,320 (2016: $18,356) on rent expense, $21,454 (2016: $10,196) on transfer agent and filing fees, $10,750 (2016: $Nil) on travel, and a decrease of $5,666 (2016: $8,850) on advertising and promotion.

The increase is also due to the share-based compensation expense of $80,454 (2016: $Nil) for the grant of 1,500,000 options exercisable for up to 5 years at $0.10 to certain directors, officers and consultants of the Company made on January 13, 2017. The options vested immediately.

LIQUIDITY AND CAPITAL RESOURCES

During the year ended May 31, 2017, Portofino had a working capital surplus of $352,229, which included a cash balance of $194,282.

The Company does not currently own or have an interest in any producing mineral properties and does not derive any revenues from operations. Historical exploration and administrative activities have been funded through equity financing and the Company expects that it will continue to be able to utilize this source of financing until the Company has cash flow from operations. There can be no assurance, however, that efforts will be successful. If such funds are not available or other sources of financing cannot be obtained, then we will be curtailed to a level for which funding is available or can be obtained.

OFF-BALANCE SHEET ARRANGEMENTS

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

OUTSTANDING SHARE DATA

As of the date of this MD&A, Portofino has 32,420,000 Common shares issued and outstanding; 20,942,000 share purchase warrants and 1,500,000 share options convertible into common shares. In addition, there were 1,677,000 shares held in escrow.

TRANSACTIONS WITH RELATED PARTIES

The following is a summary of the Company's related party transactions during the year ended May 31, 2017:

Name	Relationship	Purpose of Transaction	May 31, 2017	May 31, 2016
Pacific Capital Advisors Inc.	Company controlled by David Tafel, CEO and director of the Company	Advisory services related to CEO duties	$67,000	$Nil
Kamas Advisors Ltd.	Director of the Company, Stephen Wilkinson	Advisory services	$33,000	$Nil
Matalia Investments Ltd.	Company controlled by Robert Coltura, a former director of the Company	Management services	$19,750	$29,250
J.A. Minni & Associates	Company controlled by Jerry Mini, a former CFO and director of the Company	Management services Accounting services	$7,500 $13,050	$22,500 $17,150
Seatrend Strategy Group	Company controlled by Jeremy Wright, the CFO of the Company	CFO services	$32,000	$Nil

(a) (i) Management Services Agreements

Total fees of $127,250 (2016: $69,000) were paid or accrued to directors of the Company for administration services outside their capacity as a director.

(ii) Accounting fees

The Company paid or accrued accounting fees of $45,050 (2016: $21,950) to companies owned by officers of the Company.

(b) Due to/from Directors and Officers

A total of $4,687 (2016: $Nil) is due to directors and officers.

Balances payable are non-interest bearing and have no specific terms of repayment.

COMMITMENTS

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

NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are mandatory for future accounting periods. Some updates that are not applicable or are not consequential to the Corporation may have been excluded from the list below. The Company is evaluating any impact the standards noted below may have on the Company's financial statements and this assessment has not been completed.

Standards effective for annual periods beginning on or after January 1, 2018:

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 Programs, 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 standard is effective for annual periods beginning on or after January 1, 2018.

NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

IFRS 9 *Financial Instruments* – In November 2009, as part of the IASB project the ASB intends to replace IAS 39 - Financial Instruments: Recognition and Measurement in its entirety with IFRS 9 – Financial Instruments ("IFRS 9") which is intended to reduce the complexity in the classification and measurement of financial instruments. 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 flows characteristics. The standard is effective for annual periods beginning on or after January 1, 2018.

IFRS 2 *Share-based Payment* - In November 2016, the IASB has revised IFRS 2 to incorporate amendments issued by the IASB in June 2016. The amendment provide guidance on the accounting for i) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; ii) share-based payment transactions with a net settlement feature for withholding tax obligations and iii) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The amendments are effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted.

Standard is effective for annual periods beginning on or after January 1, 2019:

IFRS 16 *Leases* - In June 2016, the IASB issued IFRS 16 - Leases. IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, lessees are no longer classifying leases as either operating leases or finance leases as it is required by IAS 17. The standard is effective for annual periods beginning on or after January 1, 2019.

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.

<u>Financial Instruments</u>

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

CRITICAL ACCOUNTING POLICIES (CONTINUED)

- 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.