



PORTOFINO RESOURCES INC.
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED
AUGUST 31, 2017 AND 2016

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management and have been approved by the Board of Directors of the Company.

The Company's independent auditor has not performed a review of these financial statements.

PORTOFINO RESOURCES INC.
STATEMENTS OF FINANCIAL POSITION
AS AT AUGUST 31, 2017
(Expressed in Canadian dollars)

	Note	2017	2017
		\$	\$
ASSETS			
CURRENT			
Cash		19,754	194,282
Taxes receivable		15,598	17,058
Prepaid expenses		100,282	126,985
Promissory notes	6	107,664	105,200
		243,298	443,525
NON-CURRENT			
Exploration and evaluation asset	4	260,034	260,034
Equipment		1,260	1,386
		504,592	704,945
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities		57,494	91,296
EQUITY			
SHARE CAPITAL	5	1,704,862	1,704,862
CONTRIBUTED SURPLUS	5	525,813	525,813
DEFICIT		(1,783,577)	(1,617,026)
		447,098	613,649
		504,592	704,945

NATURE OF BUSINESS AND CONTINUING OPERATIONS (Note 1)
COMMITMENTS (Notes 6, 7 and 13)

Approved and authorized for issue on behalf of the Board on October 27, 2017

/s/ "David Tafel" CEO

/s/ "Jeremy Wright" CFO

The accompanying notes are an integral part of these unaudited condensed interim financial statements

PORTOFINO RESOURCES INC.
STATEMENTS OF COMPREHENSIVE LOSS
FOR THE THREE-MONTH PERIOD ENDED AUGUST 31, 2017 AND 2016
(Expressed in Canadian dollars)

	Note	2017	2016
		\$	\$
EXPENSES			
Consulting fees		63,587	-
Depreciation		126	-
General exploration expenditures		27,187	-
Investor communications		-	4,250
Management fees	7	24,500	19,750
Office		14,011	3,605
Professional fees	7	23,950	29,675
Rent		10,955	12,110
Transfer agent and filing fees		886	7,424
Travel and promotion		1,349	5,666
NET LOSS AND COMPREHENSIVE LOSS		(166,551)	(82,480)
LOSS PER SHARE – Basic and diluted		(0.01)	(0.01)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		32,420,000	13,245,652

The accompanying notes are an integral part of these unaudited condensed interim financial statements

PORTOFINO RESOURCES INC.
STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIOD ENDED AUGUST 31, 2017 AND 2016
(Expressed in Canadian dollars)

	<u>Common Shares</u>		Contributed Surplus	Share Subscription	Deficit	Total
	Number of Shares	Amount				
		\$	\$	\$	\$	\$
Balance, May 31, 2016	12,550,000	845,465	395,382	-	(1,007,395)	233,452
Issued for exploration and evaluation assets	90,000	9,000	-	-	-	9,000
Shares issued for cash (net)	4,800,000	221,650	-	-	-	221,650
Share-based payments	-	(9,173)	9,173	-	-	-
Share subscriptions	-	-	-	5,000	-	5,000
Comprehensive loss	-	-	-	-	(82,480)	(82,480)
Balance, August 31, 2016	17,440,000	1,066,942	404,555	5,000	(1,089,875)	386,622
Balance, May 31, 2017	32,420,000	1,704,862	525,813	-	(1,617,026)	613,649
Comprehensive loss	-	-	-	-	(166,551)	(166,551)
Balance, August 31, 2017	32,420,000	1,704,862	525,813	-	(1,783,577)	447,098

The accompanying notes are an integral part of these unaudited condensed interim financial statements

PORTOFINO RESOURCES INC.
STATEMENTS OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED AUGUST 31, 2017 AND 2016
(Expressed in Canadian dollars)

	2017	2016
	\$	\$
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net loss for the year	(166,551)	(82,480)
Adjusted for items not affecting cash:		
Amortization	126	-
Accrued interest	(2,464)	-
	(168,889)	(82,480)
Changes in non-cash working capital balances:		
Amounts receivable	1,459	(2,972)
Prepaid expenses	26,704	5,200
Accounts payable and accrued liabilities	(33,802)	(16,678)
Cash used in operating activities	(174,528)	(96,930)
FINANCING ACTIVITIES		
Shares issued for cash	-	221,650
Subscriptions receivable	-	5,000
Cash provided by financing activities	-	226,650
INCREASE (DECREASE) IN CASH	(174,528)	129,720
CASH, BEGINNING OF YEAR	194,282	12,715
CASH, END OF YEAR	19,754	142,435
SUPPLEMENTAL DISCLOSURES:		
Shares issued for exploration and evaluation asset	-	9,000

The accompanying notes are an integral part of these unaudited condensed interim financial statements

PORTOFINO RESOURCES INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED AUGUST 31, 2017 AND 2016
(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS

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 Suite 520, 470 Granville Street, Vancouver, British Columbia, Canada. The Company’s shares are listed for trading on the TSX Venture Exchange (“TSX-V”) under the symbol “POR”.

The Company’s principal business activities include the acquisition and exploration of mineral property assets. As at August 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.

The Company had a deficit of \$1,783,577 as at August 31, 2017 (2016: \$1,089,875), which has been funded by the issuance of equity. The Company’s ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. These unaudited condensed interim financial statements do not give effect to any adjustments which would be necessary should the company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these unaudited condensed financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These unaudited condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”).

These unaudited condensed interim financial statements were authorized for issue in accordance with a resolution from the Board of Directors on October 27, 2017.

b) Basis of presentation

These unaudited condensed interim financial statements have been prepared on the historical cost basis, with the exception of financial instruments that are measured at fair value, as explained in the accounting policies set out below. In addition, these unaudited condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The accounting policies set out below have been applied consistently to all years presented in these unaudited condensed interim financial statements.

c) Equipment

Equipment is recorded at cost less accumulated amortization. Equipment is amortized on a straight-line basis over 3 years.

PORTOFINO RESOURCES INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED AUGUST 31, 2017 AND 2016
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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Exploration and evaluation assets

All costs related to the acquisition, exploration and development of mineral properties are capitalized. Upon commencement of commercial production, the related accumulated costs are amortized against projected income using the units-of-production method over estimated recoverable reserves.

Management annually assesses carrying values of non-producing properties and properties for which events and circumstances may indicate possible impairment. Impairment of a property is generally considered to have occurred if the property has been abandoned, there are unfavourable changes in the property economics, there are restrictions on development, or when there has been an undue delay in development, which exceeds three years. In the event that estimated discounted cash flows expected from its use or eventual disposition is determined by management to be insufficient to recover the carrying value of the property, the carrying value is written-down to the estimated recoverable amount.

The recoverability of mineral properties and exploration and development costs is dependent on the existence of economically recoverable reserves, the ability to obtain the necessary financing to complete the development of the reserves, and the profitability of future operations. The Company has not yet determined whether or not any of its future mineral properties contain economically recoverable reserves. Amounts capitalized to mineral properties as exploration and development costs do not necessarily reflect present or future values.

When options are granted on mineral properties or properties are sold, proceeds are credited to the cost of the property. If no future capital expenditure is required and proceeds exceed costs, the excess proceeds are reported as a gain.

e) Share-based payments

Share-based payments to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to contributed surplus.

Consideration received on the exercise of stock options is recorded as share capital and the related contributed surplus is transferred to share capital. Charges for options that are forfeited before vesting are reversed from equity settled share-based payment reserve.

Share-based compensation expense relating to deferred share units is accrued over the vesting period of the units based on the quoted market price. As these awards can be settled in cash, the expense and liability are adjusted each reporting period for changes in the underlying share price.

The fair value of the stock options and agent warrants is determined using the Black-Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on historical experience), expected dividends, expected forfeitures, and risk-free interest rate (based on government bonds).

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NOTES TO THE FINANCIAL STATEMENTS
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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Flow-through shares

The resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian tax legislation. On issuance, the premium recorded on the flow-through share, being the difference in price over a common share with no tax attributes, is recognized as a liability. As expenditures are incurred, the liability associated with the renounced tax deductions is recognized through profit and loss based on the pro-rata portion of the deferred premium. To the extent that the Company has deferred tax assets in the form of tax loss carry-forwards and other unused tax credits as at the reporting date, the Company may use them to reduce its deferred tax liability relating to tax benefits transferred through flow-through shares.

g) Foreign currency

The Company's functional currency is the Canadian dollar. Transactions and balances in currencies other than the Canadian dollar, the currency of the primary economic environment in which the Company operates ("the functional currency"), are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at exchange prevailing on the statement of financial position date are recognized in the statement of comprehensive loss.

h) Decommissioning, restoration and similar liabilities

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the units-of-production or the straight-line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

The Company has no material restoration, rehabilitation and environmental obligations as the disturbance to date is immaterial.

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NOTES TO THE FINANCIAL STATEMENTS
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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

j) Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings. The Company's cash is classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. At August 31, 2017, the Company has classified promissory notes as loans and receivables.

Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss, except for losses in value that are considered other than temporary which are recognized in earnings. At August 31, 2017, the Company has not classified any financial assets as available for sale.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

k) Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized costs using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in earnings unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in earnings. At August 31, 2017, the Company has not classified any financial liabilities as FVTPL.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

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3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these unaudited condensed interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These unaudited condensed interim financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Significant accounting estimates

- i. the assessment of indications of impairment of the mineral property and related determination of the net realizable value and write-down of the mineral property where applicable;
- ii. the determination of fair values of share-based payments and finder's warrants;
- iii. the measurement of deferred income tax assets and liabilities; and

Significant accounting judgments

- i. the evaluation of the Company's ability to continue as a going concern.

4. EXPLORATION AND EVALUATION ASSET

	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, August 31, 2017	51,000	209,034	260,034

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.

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4. EXPLORATION AND EVALUATION ASSET (continued)

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:

	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.

5. SHARE CAPITAL

a) Authorized:

The Company is authorized to issue an unlimited number of common shares without par value.

b) Escrow Shares:

There were 838,500 common shares held in escrow as at August 31, 2017 (2016: 2,515,500). 10% of the escrowed common shares were released from escrow upon the Company being listed on the TSX Venture Exchange on December 5, 2014 and the remainder will be released in six equal tranches of 15% on each of the 6, 12, 18, 24, 30 and 36 months subsequent to the listing date.

c) Issued and Outstanding as at August 31, 2017: 32,420,000 common shares

No common shares were issued during the three-month period ended August 31, 2017.

d) Stock Options:

The Company has an incentive share option plan for granting options to directors, employees and consultants, under which the total outstanding options are limited to 10% of the outstanding common shares of the Company at any one time.

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NOTES TO THE FINANCIAL STATEMENTS
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5. SHARE CAPITAL (continued)

The following is a summary of changes in options:

	Number of Options	Weighted Average Exercise Price \$
Outstanding and exercisable, May 31, 2016	600,000	0.20
Outstanding and exercisable, August 31, 2016	600,000	0.20
Outstanding and exercisable, May 31, 2017	1,500,000	0.10
Outstanding and exercisable, August 31, 2017	1,500,000	0.10

The following options were outstanding and exercisable at August 31, 2017:

Number of Options	Exercise Price \$	Expiry Date	Remaining Life
1,500,000	\$ 0.10	January 12, 2022	4.37 years

e) Warrants

The following is a summary of changes in warrants:

	Number of Warrants	Weighted Average Exercise Price \$
Outstanding, May 31, 2016	240,000	0.20
Issuance of private placements warrants	4,000,000	0.08
Issuance of finder's warrants	367,000	0.08
Outstanding and exercisable, August 31, 2016	4,607,000	0.08
Outstanding, May 31, 2017	20,942,000	0.08
Outstanding and exercisable, August 31, 2017	20,942,000	0.08

The following warrants were outstanding and exercisable at August 31, 2017:

Number of warrants	Exercise price \$	Expiry date	Remaining contractual life (in years)
5,167,000	0.075	August 15, 2018	0.96
3,620,000	0.075	September 1, 2018	1.01
9,618,000	0.08	April 16, 2019	1.63
2,537,000	0.08	May 25, 2019	1.73
20,942,000	0.08		1.33

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6. PROMISSORY NOTES

On May 15, 2017, the Company issued a promissory note receivable of US\$40,000 to the wholly owned subsidiary of a company with a common officer. The note is unsecured, bears interest at 1.5% per month and is due on November 30, 2017. Interest rises to 2.5% per month on any unpaid balances after November 30, 2017. As of August 31, 2017, the amount outstanding was \$57,664 which included \$2,464 of accrual interest.

On January 4, 2017, February 6, 2017 and April 10, 2017, the Company issued promissory notes for the amounts of \$45,000, \$25,000 and \$25,000 respectively to a company with common directors of the Company. The notes are unsecured, non-interest bearing and are due on demand. As of August 31, 2017, the Company received repayment of \$45,000 and the balance outstanding was \$50,000.

7. RELATED PARTY BALANCES AND TRANSACTIONS

Parties are considered 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:

	2017	2016
	\$	\$
Accounts payable and accrued liabilities	8,687	-
Prepaid expenses	5,000	-

The amounts are due to or advanced 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:

	2017	2016
	\$	\$
Rent	-	750
Professional fees	15,000	-
Total	15,000	750

During the three-month period ended August 31, 2016, the Company paid rent of \$750 to a company controlled by a former director 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:

	2017	2016
	\$	\$
Management fees	24,500	12,250
	24,500	12,250

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8. 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 pursue the sourcing and exploration of its resource property. The Company does not have any externally imposed capital requirements to which it is subject.

The Company considers the aggregate of its share capital, contributed surplus and deficit as capital. 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. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash.

9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

International Financial Reporting Standards 7, *Financial Instruments: Disclosures*, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair Value of Financial Instruments

The Company's financial assets include cash, which is classified as Level 1. The carrying value of these instruments approximates their fair values due to the relatively short periods of maturity of these instruments.

Assets measured at fair value on a recurring basis were presented on the Company's statements of financial position as at August 31, 2017 are as follows:

	Fair Value Measurements Using			Total
	Quoted Prices in Active Markets For Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
	\$	\$	\$	\$
Cash	19,754	-	-	19,754

Fair value

The fair value of the Company's unaudited condensed interim financial instruments approximates their carrying value as at August 31, 2017 because of the demand nature or short-term maturity of these instruments.

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9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

The following table summarizes the carrying value of the Company's financial instruments:

	2017	2016
	\$	\$
FVTPL (i)	19,754	142,435
Other financial liabilities (ii)	57,494	20,804

(i) Cash

(ii) Accounts payable

Financial risk management objectives and policies

The Company's financial instruments include cash, promissory notes and accounts payable. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) *Currency risk*

The Company is exposed to foreign currency risk related to cash payments and exploration expenditures that are denominated in US dollars. The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada. Management does not hedge its exposure to foreign exchange risk and the Company's net exposure is limited.

The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval and acceptance by regulatory authorities.

(ii) *Interest rate risk*

The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institution. The fair value interest rate risk on cash is insignificant due to their short-term nature.

The Company has not entered into any derivative instruments to manage interest rate fluctuations.

(iii) *Credit risk*

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist of cash and promissory notes. To minimize the credit risk the Company places these instruments with a high quality financial institution.

(iv) *Liquidity risk*

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations.

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10. COMMITMENT

On November 25, 2016, the Company entered into a letter of intent with Centurion Minerals Ltd. ("Centurion"), a public company having common directors with the Company. Centurion will assist the Company with due diligence, structuring and negotiating a mining transaction on behalf of the Company. As consideration, the Company paid \$50,000 on signing the letter of intent and will issue up to 1,000,000 common shares of the Company to Centurion upon the approval of the mining transaction by TSX-V.

11. SUBSEQUENT EVENTS

On September 21, 2017, the Company reported that it has executed an amendment to its Iron Horse, B.C. Property Option Agreement, originally executed in February 2012. Rich River Exploration Ltd. (the claim owner) has agreed to extend certain cash and exploration expenditures and the Company has agreed to issue an additional 100,000 common shares.

Portofino may earn a 100% interest in the Iron Horse-Bolivar Mineral Property ("the Property") subject to a 3% NSR.

On October 5, 2017, the TSX Venture Exchange has accepted for filing the Amendment dated September 15, 2017 to an Option Agreement dated February 28, 2012 between the Company and Rich River Exploration Ltd.

On October 17, 2017, the Company announced that it intends to amend a Letter Agreement announced on March 29, 2017 to acquire an 85% interest in two lithium brine salar projects in Catamarca, Argentina. Further to discussions with the concession owner and its due diligence, the Company is finalizing details to an amended agreement and intends to advance to a definitive agreement with one of the two projects originally announced. The Company will proceed with Project (#2), which is approximately 3,900 hectares in size. It is located 10 kilometres ("km") from the Chile border and situated between Neo Lithium Corp's 3Q project to the southwest and the Antofalla salar currently being developed by Albermarle Corporation to the northeast.

The Company is also making progress on a definitive agreement pursuant to its news release of September 7, 2017, whereby the Company announced a 100% earn-in option on the Del Condor and Pucara projects located within the Salar del Hombre Muerto, where FMC Lithium is currently producing lithium carbonate and Galaxy Resources is developing its Sal de Vida project. In addition, the Company is in advanced discussions with other lithium brine concession owners within the Catamarca, Argentine lithium triangle region.

The Company also announced on October 17, 2017 that it has obtained a listing on the Frankfurt stock exchange and the Company has commenced trading under the symbol ("POT").