
PORTOFINO RESOURCES INC.
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED
FEBRUARY 29, 2020 AND FEBRUARY 28, 2019
(Expressed in Canadian dollars)
(Unaudited)

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.

These condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

PORTOFINO RESOURCES INC.
STATEMENTS OF FINANCIAL POSITION
AS AT FEBRUARY 29, 2020
(Expressed in Canadian dollars)
(Unaudited)

	Note	February 29, 2019 \$	May 31, 2019 \$
ASSETS			
CURRENT			
Cash		6,638	1,987
Amounts receivable	9	38,988	58,209
Taxes receivable		7,868	15,972
Prepaid expenses		-	46,334
Promissory notes	8	257,758	283,875
		311,252	406,377
NON-CURRENT			
Equipment	5	-	378
		311,252	406,755
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities	9	278,221	115,197
EQUITY			
SHARE CAPITAL	7	3,772,407	3,757,407
CONTRIBUTED SURPLUS	7	739,791	739,791
DEFICIT		(4,479,167)	(4,205,640)
		33,031	291,558
		311,252	406,755

NATURE OF BUSINESS AND CONTINUING OPERATIONS (Note 1)
COMMITMENTS (Notes 6 and 12)
SUBSEQUENT EVENTS (Note 13)

Approved and authorized for issue on behalf of the Board on April 28, 2020

/s/ "David Tafel" CEO /s/ "Jeremy Wright" CFO

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

PORTOFINO RESOURCES INC.
STATEMENTS OF COMPREHENSIVE LOSS
FOR THE NINE-MONTH PERIOD ENDED FEBRUARY 29, 2020 AND FEBRUARY 28, 2019
(Expressed in Canadian dollars)
(Unaudited)

		Three-month ended		Nine-month ended	
	Note	February 29, 2020	February 28, 2019	February 29, 2020	February 28, 2019
		\$	\$		
EXPENSES					
Advertising and promotion		-	(15,720)	-	-
Amortization		-	126	210	378
Consulting fees		58,214	44,800	66,214	117,500
Due diligence costs		(45,601)	28,383	-	75,480
General exploration expenditures		30,000	-	33,574	-
Investor communications		10,822	44,437	44,180	70,237
Management fees	9	22,500	48,000	67,500	125,250
Office		9,292	13,061	12,900	25,766
Professional fees	9	28,650	36,864	77,593	91,531
Rent		5,534	11,029	5,534	21,730
Transfer agent and filing fees		2,710	13,823	6,950	17,759
Travel and promotion		2,755	7,712	2,755	27,555
LOSS BEFORE OTHER ITEM		(124,876)	(232,515)	(317,410)	(573,186)
OTHER ITEM:					
Interest income	8	7,961	7,961	23,883	23,851
Other income		20,000	-	20,000	-
NET LOSS AND COMPREHENSIVE LOSS		(96,915)	(224,554)	(273,527)	(549,335)
LOSS PER SHARE –					
Basic and diluted		-	(0.01)	(0.01)	(0.04)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING					
		24,496,190	17,395,199	24,165,918	14,442,734

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PORTOFINO RESOURCES INC.
STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIOD ENDED FEBRUARY 29, 2020 AND FEBRUARY 28, 2019
(Expressed in Canadian dollars)
(Unaudited)

	<u>Common Shares</u>		<u>Contributed Surplus</u>	<u>Deficit</u>	<u>Total</u>
	<u>Number of Shares</u>	<u>Amount</u>			
		\$	\$	\$	\$
Balance, May 31, 2018	12,988,000	3,231,243	634,250	(3,152,308)	713,185
Shares issued for cash	11,013,684	606,457	-	-	606,457
Share issue costs	-	(48,687)	-	-	(48,687)
Net loss and comprehensive loss	-	-	-	(549,335)	(549,335)
Balance, February 28, 2019	24,001,684	3,789,013	634,250	(3,701,643)	721,620
Balance, May 31, 2019	24,001,684	3,757,407	739,791	(4,205,640)	291,558
Shares issued for mineral properties	500,000	15,000	-	-	15,000
Net loss and comprehensive loss	-	-	-	(273,527)	(273,527)
Balance, February 29, 2020	24,501,684	3,772,407	739,791	(4,479,167)	33,031

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PORTOFINO RESOURCES INC.
STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED FEBRUARY 29, 2020 AND FEBRUARY 28, 2019
(Expressed in Canadian dollars)
(Unaudited)

	February 29, 2020	February 29, 2019
	\$	\$
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net loss for the period	(273,527)	(549,335)
Adjusted for items not affecting cash:		
Amortization	210	378
Accrued interest	(23,883)	(23,851)
	(297,200)	(572,808)
Changes in non-cash working capital balances:		
Amounts receivable	19,221	42,315
Taxes receivable	8,104	1,891
Prepaid expenses	46,334	(622)
Accounts payable and accrued liabilities	16,024	(37,723)
Cash used in operating activities	(60,517)	(566,947)
INVESTING ACTIVITY		
Advances of promissory notes	-	(22,477)
Receipt of promissory note	50,000	14,500
Equipment	168	-
Cash used in investing activities	50,168	(7,977)
FINANCING ACTIVITIES		
Shares issued for cash	-	606,457
Shares issued for properties	15,000	-
		(48,687)
Cash provided by financing activities	15,000	557,770
CHANGE IN CASH	4,651	(17,154)
CASH, BEGINNING OF PERIOD	1,987	164,707
CASH, END OF PERIOD	6,638	147,553
SUPPLEMENTAL CASH DISCLOSURES:		
Interest paid	-	-
Income taxes paid	-	-

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PORTOFINO RESOURCES INC.
NOTES TO THE FINANCIAL STATEMENTS
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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”. On October 10, 2018, the Company incorporated under the laws of Argentina, Portofino Argentina S.A. which has had no transactions occurring during the nine-month period ended February 29, 2020. The subsidiary is owned 95% by the Company and 5% by the Company’s CEO.

The Company’s principal business activities include the acquisition and exploration of mineral property assets. As at February 29, 2020, 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 has an accumulated loss of \$273,527 as at February 29, 2020 (2019: \$549,335), 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 consolidated financial statements do not give affect 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 interim consolidated financial statements.

2. BASIS OF PRESENTATION

The Company prepares its condensed consolidated interim financial statements in accordance with International Accounting Standards 34, Interim Financial Reporting (“IAS 34”), under International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretation of the International Reporting Interpretations Committee (“IFRIC”). These should be read in conjunction with the Company’s annual audited consolidated financial statements as at and for the year ended May 31, 2019 (“annual financial statements”). The accounting policies and critical estimates applied by the Company in these condensed consolidated interim financial statements are the same as those applied in the Company’s annual financial statements, unless otherwise stated.

These condensed consolidated interim financial statements were approved by the Board of Directors on April 28, 2020.

3. CHANGES TO SIGNIFICANT ACCOUNTING POLICIES

Exploration and Evaluation Expenditures

The Company has changed its accounting policy with respect to Exploration and Evaluation Assets. Prior to this change, the Company capitalized all costs related to mineral exploration and property evaluation expenditures. The Company now expenses all Exploration and Evaluation costs related to mineral property exploration and will be expensed at cost.

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3. CHANGES TO SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Exploration and Evaluation Expenditures (Continued)

The Company has reviewed its presentation in the Statements of Comprehensive Loss and Statements of Financial Position and the change in the Company's accounting policy has no significant impact on the current or prior period's net loss of financial position.

The revised policy under Exploration and Evaluation Expenditures, is as follows:

Costs incurred with respect to exploration and evaluation ("E&E") of the Company's mineral properties, including acquisition costs, are expensed as incurred until the technical feasibility and commercial viability of extracting the mineral resource has been determined. Once technical feasibility and commercial viability of the mineral resource is determined, only costs directly related to E&E expenditures are capitalized. Costs not directly attributable to E&E activities are expensed in the year in which they occur.

When a project is deemed to no longer have commercially viable prospects to the Company, capitalized E&E expenditures in respect of that project are deemed to be impaired and capitalized amount in excess of the estimated recoverable amounts are written off to the statement of comprehensive loss.

The Company assesses each significant asset for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions such as long- term commodity prices, discount rates, future capital requirements, exploration potential and operating performance.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as 'mines under construction'. E&E assets are tested for impairment before the assets are transferred to development properties.

4. 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.

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. The Company has evaluated the potential impact of this standard on the Company's financial statements and does not anticipate any material impact on the Company's financial statements from the adoption of this standard.

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5. EQUIPMENT

The net book value as at February 29, 2020 was \$Nil (2019: \$504).

6. EXPLORATION AND EVALUATION EXPENDITURES

During the nine-month period ended February 29, 2020 the following Exploration and Evaluation expenditures were incurred by the Company:

Exploration and evaluation expenditures for the nine-month period ended	February 29, 2020	February 28, 2019
		\$
Consulting	-	22,500
Property Payment	30,000	35,423
Field Administration	-	15,308
Geological Services	3,574	2,249
Total	33,574	75,480

Exploration and evaluation asset	Acquisition Costs	Exploration Costs	Total
	\$	\$	\$
Balance, May 31, 2018	69,000	209,034	278,034
Balance, February 28, 2019	69,000	209,034	278,034
Balance, May 31, 2019	-	-	-
Balance, February 29, 2020	-	-	-

Canada, Ontario

South of Otter, Red lake

Pursuant to an option agreement dated September 6, 2019 with a private claim owner (the "SO Vendor"), the Company was granted an option to acquire a 100% undivided interest in the South of Otter property in the Red Lake area of Northern Ontario, Canada.

To acquire a 100% interest in the property, Portofino has issued 500,000 common shares and is to make payments over a 4-year period to the SO Vendor totaling \$70,000, as set out below:

- a) \$15,000 (paid) on signing,
- b) 500,000 shares (paid) following receipt of TSX-V approval of this transaction on October 7, 2019,
- c) \$8,000 due on the first anniversary of TSX-V approval,
- d) \$10,000 due on the second anniversary of TSX-V approval,
- e) \$12,000 due on the third anniversary TSX-V approval, and
- f) \$25,000 due on the fourth anniversary of TSX-V approval.

The vendor will retain a 1.5% Net Smelter Return ("NSR"), but Portofino has the right to purchase one half of the NSR (.75%) at any time up to commencement of production for a payment of \$400,000.

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6. EXPLORATION AND EVALUATION EXPENDITURES (CONTINUED)

Argentina, Catamarca Province

Hombre Muerto West Lithium Brine Project

Pursuant to an option agreement date September 6, 2018 with a private Argentine concession owner (the "Hombre Muerto Optionor"), the Company was granted an option to acquire a 100% undivided interest in the Hombre Muerto West lithium brine project in Catamarca, Argentina. The Hombre Muerto West project is comprised of two claim blocks totalling 1,804-hectares located within the Salar del Hombre Muerto.

To acquire a 100% interest in the properties, the Company has agreed to make annual escalating payments to the Hombre Muerto Optionor over a four-year period totalling US\$400,000 and 1,000,000 common shares as follows:

- a) An initial US\$15,000 deposit (paid)
- b) Within 30 days of execution of a definitive agreement-pay US\$7,000 (paid)
- c) Upon TSX-V Exchange approval – issue 100,000 shares
- d) By the first anniversary of TSX-V Exchange approval – issue 200,000 shares and pay US\$14,000,
- e) By the 2nd anniversary of approval- issue 200,000 shares and pay US\$44,000,
- f) By the 3rd anniversary- issue 500,000 shares and pay US\$100,000, and
- g) By the 4th anniversary- pay US\$220,000.

On February 25, 2020 the Company reported it had executed an agreement for the assignment of Portofino's rights and obligations related to the Hombre Muerto West Lithium Brine Project. Pending completion of acquirer due diligence and any regulatory approvals, Portofino will receive \$100,000 in cash (inclusive of a \$20,000 deposit) and 650,000 fully paid common shares of the acquirer for Portofino's 100% interest in the Hombre Muerto West Lithium Brine Project.

Yergo Lithium Brine Project

Pursuant to an option agreement dated February 15, 2019 with a private Argentine concession owner (the "Yergo Optionor"), the Company was granted an option to acquire a 100% undivided interest in the Yergo lithium brine project in Catamarca, Argentina. The concession area comprises approximately 2,932 hectares encompassing the full salar.

To acquire a 100% interest in the property, the Company has agreed to make annual escalating payments to the Yergo Optionor over a four-year period totaling US\$370,000 as follows:

- a) US\$10,000 on signing (paid),
- b) By the 1st anniversary of approval- US\$20,000,
- c) By the 2nd anniversary of approval- US\$70,000,
- d) By the 3rd anniversary of approval- US\$120,000, and
- e) By the 4th anniversary- US\$150,000.

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7. SHARE CAPITAL

a) Authorized:

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

b) Escrow Shares:

There were no common shares held in escrow as at February 29, 2020 and February 28, 2019.

c) Issued and Outstanding as at February 29, 2020: 24,501,684 common shares

During the nine-month period ended February 29, 2020

The Company issued 500,000 common shares upon receipt of TSX-V approval pursuant to an option agreement dated September 6, 2019 regarding the South of Otter, Red Lake Property,

During the nine-month period ended February 28, 2019

The Company issued 2,875 common shares for gross proceeds of \$863 from the exercise of agent warrants.

On January 4, 2019, the Company consolidated its outstanding share capital on a four-for-one basis. The effect of the share consolidation has been applied retrospectively throughout these unaudited condensed interim consolidated financial statements.

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.

On February 28, 2019, the Company granted 1,500,000 stock options to certain officers, directors and consultants of the Company. Options vested on grant date, with exercise price of \$0.08 per share until February 27, 2024. The fair value of the option was \$74,054.

The fair values of the stock options were estimated using the Black Scholes option pricing model with the following assumptions:

	2020	2019
Share price	\$0.065	\$0.40
Risk free interest rate	1.83%	1.87%
Expected life	5 years	5 years
Expected volatility	108%	105%
Expected dividend	Nil	Nil

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7. SHARE CAPITAL (CONTINUED)

During the nine-month period ended February 29, 2020, the following is a summary of changes in options:

	Number of Options	Weighted Average Exercise Price
		\$
Outstanding and exercisable, May 31, 2018	758,750	0.44
Issued	1,500,000	0.08
Cancelled	(25,000)	0.48
Outstanding and exercisable, February 28, 2019	2,233,750	0.20
Outstanding and exercisable, May 31, 2019	2,233,750	0.20
Outstanding and exercisable, February 29, 2020	2,233,750	0.20

The following options are outstanding and exercisable as at February 20, 2020:

Number of Options	Weighted average Exercise Price	Expiry Date	Remaining Life (in years)
358,750	\$ 0.40	January 12, 2022	1.87
375,000	\$ 0.48	December 29, 2022	2.83
1,500,000	\$0.08	February 27, 2024	4.00
2,233,750	\$ 0.20		2.90

e) Warrants

During the nine-month period ended February 29, 2020, the following is the summary of changes in warrants:

	Number of Warrants	Weighted Average Exercise Price
		\$
Outstanding, May 31, 2018	4,901,375	0.40
Issuance of warrants	11,810,298	0.08
Exercise of warrants	(2,875)	0.48
Expiration of warrants	(776,250)	0.35
Outstanding and exercisable, February 28, 2019	15,932,548	0.18
Outstanding and exercisable, May 31, 2019	14,099,799	0.16
Expiration of warrants	(2,289,500)	0.60
Outstanding and exercisable, February 29, 2020	11,810,299	0.08

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7. SHARE CAPITAL (Continued)

The following warrants were outstanding and exercisable at February 29, 2020:

Number of warrants	Exercise price	Expiry date	Remaining contractual life (in years)
11,810,299	\$0.08	January 23, 2021	0.90
11,810,299	\$0.08		0.90

8. PROMISSORY NOTES

(i) During the year ended May 31, 2018, the Company issued US\$ 127,206 in promissory notes to a wholly owned subsidiary of a company with a common officer. The notes are unsecured; bear interest at 1.5% per month until December 31, 2018. Interest rose to 2.5% per month on the unpaid balances after December 31, 2018. During the year ended May 31, 2019 the Company made additional advances of US\$10,000 under the same terms. As at February 29, 2020, the principal and accrued interest outstanding was \$257,758.

(ii) As at February 29, 2020, the Company has promissory notes receivable of \$Nil (2019: \$50,000) to a company with directors in common to the Company.

9. 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 amounts receivable, accounts payable and accrued liabilities, promissory notes and prepaid expenses:

	2020	2019
	\$	\$
Amounts receivable	38,988	35,109
Accounts payable and accrued liabilities	146,302	7,500
Promissory notes	257,758	256,077
Prepaid expenses	-	-

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

The Company had the following related party transactions:

	2020	2019
	\$	\$
Due diligence costs	-	15,308
Professional fees	40,500	52,500
Total	40,500	67,808

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9. RELATED PARTY BALANCES AND TRANSACTIONS (CONTINUED)

The Company paid due diligence costs to companies with common officers and directors. Professional fees are paid to companies controlled by the Chief Financial Officer and a 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:

	2020	2019
	\$	\$
Management fees	67,500	125,250

Management services were provided by companies controlled by two Directors of the Company.

10. 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.

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11. 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 February 29, 2020 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	6,638	-	-	6,638

Fair value

The fair value of the Company's financial instruments approximates their carrying value as at February 29, 2020 because of the demand nature or short - term maturity of these instruments.

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

	2020	2019
	\$	\$
Cash(i)	6,638	147,553
Amounts receivable (ii)	38,988	35,109
Promissory notes (ii)	257,758	256,077
Accounts payable (ii)	251,221	82,540

- (i) FVTPL
(ii) Amortized cost

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11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (CONTINUED)

Financial risk management objectives and policies

The Company's financial instruments include cash, amounts receivable, promissory notes and accounts payable. The risks associated with these unaudited condensed interim consolidated 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, exploration expenditures and its promissory notes that are denominated in US dollars and Pesos. 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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(Unaudited)

12. SUBSEQUENT EVENTS

On April 24, 2020, the Company announced it had closed a private placement of \$550,000 priced at \$0.035/Unit. Each Unit consists of one common share and one 2-year common share purchase warrant. Each whole warrant is exercisable for one Common Share of the Company for a period of 24 months from closing at an exercise price of \$0.05.

Proceeds from this financing shall be used by the Company for project exploration activities, currently focused on its Red Lake gold project and for general corporate purposes.

Portofino is issuing 15,714,285 Share Units and paying finders fees of \$21,512 and 597,509 broker warrants which are exercisable on the same terms as the subscribing investors. The shares issued are subject to a four-month hold period which will expire in August 2020.



PORTOFINO
RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE NINE-MONTH PERIOD ENDED FEBRUARY 29, 2020

PORTOFINO RESOURCES INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE NINE-MONTH PERIOD ENDED FEBRUARY 29, 2020

The Management Discussion and Analysis ("MD&A"), prepared on April 28, 2020 should be read in conjunction with the unaudited condensed interim financial statements for the nine-month period ended February 29, 2020, together with 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 February 29, 2020, 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 PROJECTS

During the nine-month period ended February 29, 2020 the following Exploration and Evaluation expenditures were incurred by the Company:

Exploration and evaluation expenditures for the nine-month period ended	February 29, 2020	February 28, 2019
		\$
Consulting	-	22,500
Property Payment	30,000	35,423
Field Administration	-	15,308
Geological Services	3,574	2,249
Total	33,574	75,480

Exploration and evaluation asset	Acquisition Costs	Exploration Costs	Total
	\$	\$	\$
Balance, May 31, 2018	69,000	209,034	278,034
Balance, February 28, 2019	69,000	209,034	278,034
Balance, May 31, 2019	-	-	-
Balance February 29, 2020	-	-	-

PORTOFINO RESOURCES INC.
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EXPLORATION PROJECTS (CONTINUED)

Canada, Ontario

South of Otter, Red Lake, Ontario

Pursuant to an option agreement dated September 6, 2019 with a private claim owner (the "SO Vendor"), the Company was granted an option to acquire a 100% undivided interest in the South of Otter property in the Red Lake area of Northern Ontario, Canada.

The South of Otter property is located approximately 40 kilometres ("km") southeast of the town of Red Lake, Ontario in the South of Otter Lake township and only 12 km east of Great Bear Resources recent Dixie Lake high-grade gold discoveries. The claim block comprises 14 mining claims containing 256 contiguous cell units and covers approximately 5,120 hectares (12,800 acres). The claims are contained within the Birch-Uchi-Confederation Lakes greenstone belt which hosts the world-renowned Red Lake gold deposits and includes the Dixie project which is currently being drilled.

Historical work on the claims includes prospecting, sampling, airborne surveys and some diamond drilling. The Company believes that the lack of detailed historical work is an opportunity to conduct meaningful programs that may be guided by the successes of neighboring projects. The Company has compiled available historical assessment work and recently completed an initial ground geophysical survey and soil sampling exploration program.

To earn a 100% interest in the property, Portofino has issued 500,000 common shares and is to make payments over a 4-year period to the vendor totaling \$70,000.

- a) \$15,000 (paid) on signing,
- b) 500,000 (paid) following receipt of TSX-V approval of this transaction on October 7, 2019,
- c) \$8,000 due on the first anniversary of TSX-V approval,
- d) \$10,000 due on the second anniversary of TSX-V approval,
- e) \$12,000 due on the third anniversary TSX-V approval, and
- f) \$25,000 due on the fourth anniversary of TSX-V approval.

The vendor will retain a 1.5% Net Smelter Return ("NSR"), but Portofino has the right to purchase one half of the NSR (.75%) at any time up to commencement of production for a payment of \$400,000.

Argentina, Catamarca Province

Hombre Muerto West Lithium Brine Project

Pursuant to an option agreement date September 6, 2018 with a private Argentine concession owner (the "Hombre Muerto Optionor"), the Company was granted an option to acquire a 100% undivided interest in the Hombre Muerto West lithium brine project in Catamarca, Argentina. The Hombre Muerto West project is comprised of two claim blocks totalling 1,804-hectares located within the Salar del Hombre Muerto. To acquire a 100% interest of properties, Portofino has agreed to make annual escalating payments to the Hombre Muerto Optionor over a four-year period totalling US\$400,000 and 1,000,000 common shares as follows:

- a) An initial US\$15,000 deposit (paid)
- b) Within 30 days of execution of a definitive agreement-pay US\$7,000 (paid)
- c) Upon TSX-V Exchange approval – issue 100,000 shares
- d) By the first anniversary of TSX-V Exchange approval – issue 200,000 shares and pay US\$14,000,
- e) By the 2nd anniversary of approval- issue 200,000 shares and pay US\$44,000,
- f) By the 3rd anniversary- issue 500,000 shares and pay US\$100,000, and
- g) By the 4th anniversary- pay US\$220,000.

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EXPLORATION PROJECTS (CONTINUED)

Argentina, Catamarca Province (Continued)

Hombre Muerto West Lithium Brine Project (Continued)

On February 25, 2020 the Company reported it had executed an agreement for the assignment of Portofino's rights and obligations related to the Hombre Muerto West Lithium Brine Project. Pending completion of acquirer due diligence and any regulatory approvals, Portofino will receive \$100,000 in cash (inclusive of a \$20,000 deposit) and 650,000 fully paid common shares of the acquirer for Portofino's 100% interest in the Hombre Muerto West Lithium Brine Project.

Yergo Lithium Brine Project

Pursuant to an option agreement dated February 15, 2019 with a private Argentine concession owner (the "Yergo Optionor"), the Company was granted an option to acquire a 100% undivided interest in the Yergo lithium brine project in Catamarca, Argentina. The concession area comprises approximately 2,932 hectares encompassing the full salar.

To acquire a 100% interest in the property, Portofino has agreed to make annual escalating payments to the Yergo Optionor over a four-year period totaling US\$370,000 as follows:

- a) US\$10,000 on signing (paid),
- b) By the 1st anniversary of approval- US\$20,000,
- c) By the 2nd anniversary of approval- US\$70,000,
- d) By the 3rd anniversary of approval- US\$120,000, and
- e) By the 4th anniversary- US\$150,000.

SELECTED QUARTERLY FINANCIAL INFORMATION

Financial results	February 29, 2020	November 30, 2019	August 31, 2019	May 31, 2019
Net loss for the period	\$ (96,915)	\$ (96,738)	\$ (79,874)	\$ (502,898)
Comprehensive loss for the period	(96,915)	(96,738)	(79,874)	(502,898)
Basic and diluted loss per share	-	-	-	(0.03)
Balance sheet data				
Cash	\$ 6,638	\$ 8,114	\$ 25,527	\$ 1,987
Exploration and evaluation assets	-	-	-	-
Total assets	311,252	315,342	356,875	406,755
Shareholders' equity	33,031	114,946	211,684	291,558

Financial results	February 28, 2019	November 30, 2018	August 31, 2018	May 31, 2018
Net loss for the period	\$ (224,554)	\$ (146,099)	\$ (179,781)	\$ (272,322)
Comprehensive loss of the period	(224,554)	(146,099)	(179,781)	(272,322)
Basic and diluted loss per share	(0.01)	(0.01)	(0.01)	(0.04)
Balance sheet data				
Cash	\$ 147,503	\$ 15,087	\$ 20,170	\$ 164,707
Exploration and evaluation assets	278,034	278,034	278,034	278,034
Total assets	804,160	632,561	701,541	833,449
Shareholders' equity	721,620	388,167	534,267	713,185

PORTOFINO RESOURCES INC.
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RESULTS OF OPERATION

Three-month period ended February 29, 2020 compared to the three-month period ended February 28, 2019

The Company had a net loss of \$96,915 during the nine-month period ended February 29, 2020 versus \$224,554 in the comparative period being a decrease of \$127,639, or 57%.

Included in the determination of operating loss is a one-time reclassification adjustment to due diligence of \$(45,601) (2019: \$28,383); reallocating \$30,000 (2019: \$NIL) to general exploration expenditures and the balance to \$58,214 (2019: \$44,800) consulting fees, and, \$9,292 (2019: \$13,061) for office expenses.

Also included in the determination of operating loss is a decrease to \$NIL (2019: \$15,720) on advertising and promotion, \$NIL (2019: \$126) on amortization, \$10,822 (2019: \$44,437) on investor communications, \$22,500 (2019: \$48,000) on management fees, \$28,650 (2019: \$36,864) on professional fees, \$5,534 (2019: \$11,029) on rent, \$2,710 (2019: \$13,823) on transfer agent and filing fees, and \$2,755 (2019: \$7,712) on travel and promotion.

Nine-month period ended February 29, 2020 compared to the nine-month period ended February 28, 2019

The Company had a net loss and comprehensive loss of \$273,527 during the nine-month ended February 29, 2020 versus \$549,335 in the comparative period, being a decrease of \$275,808, or 50%.

Included in the determination of operating loss is a one-time reclassification adjustment discussed above of \$33,574 (2019: \$NIL) on general exploration expenditures. Also included are decreases to \$NIL (2019: \$75,480) on due diligence costs, \$210 (2019: \$378) on amortization, \$66,214 (2019: \$117,500) on consulting fees, \$44,180 (2019: \$70,237) on investor communications, \$67,500 (2019: \$125,250) on management fees, \$12,900 (2019: \$25,766) on office expenses, \$77,593 (2019: \$91,531) on professional fees, \$5,534 (2019: \$21,730) on rent, \$6,950 (2019: \$17,759) on transfer agent and filing fees, and \$2,755 (2019: \$27,555) on travel and promotion.

LIQUIDITY AND CAPITAL RESOURCES

During the nine-month period ended February 29, 2020, Portofino had a working capital surplus of \$33,031, which included a cash balance of \$6,638.

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

On January 4, 2019, the Company consolidated its share on a 4 for 1 basis. The Company had 51,963,500 common shares issued and outstanding and the resulting post consolidation shares outstanding are 12,990,875. All share information was updated to reflect this consolidation. The exercise price and number of common shares issuable pursuant to all outstanding stock options and warrants have been adjusted in accordance with the consolidation ratio. All references to shares, stock options and warrants are to post consolidation shares, stock options and warrants.

As of the date of this MD&A, Portofino has 24,501,684 Common shares issued and outstanding; 11,810,299 share purchase warrants and 2,233,750 share options convertible into common shares.

PORTOFINO RESOURCES INC.
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TRANSACTIONS WITH RELATED PARTIES

The following is a summary of the Company's related party transactions during the nine-month period ended February 29, 2020:

Name	Relationship	Purpose of Transaction	February 29, 2020	February 28, 2019
Pacific Capital Advisors Inc.	Company controlled by David Tafel, CEO and director of the Company	Advisory services related to CEO duties	\$67,500	\$112,500
Kamas Advisors Ltd.	Director of the Company, Stephen Wilkinson	Advisory services	-	\$12,750
Seatrend Strategy Group	Company controlled by Jeremy Wright, the CFO of the Company	CFO services	\$45,000	\$45,000

- (a) (i) Management Services Agreements: Total fees of \$67,500 (2019: \$125,250) were paid or accrued to companies owned by David Tafel and Stephen Wilkinson, directors of the Company for administration services outside their capacity as a director.
- (ii) Accounting fees: The Company paid or accrued accounting fees of \$45,000 (2019: \$45,000) to a company owned by Jeremy Wright, an officer of the Company.

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.

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. The Company has evaluated the potential impact of this standard on the Company's financial statements and does not anticipate any material impact on the Company's financial statements from the adoption of this standard.

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).

PORTOFINO RESOURCES INC.
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FINANCIAL INSTRUMENTS AND FINANCIAL RISK (CONTINUED)

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 February 29, 2020 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	6,638	-	-	6,638

The fair value of the Company's financial instruments approximates their carrying value as at February 29, 2020 because of the demand nature or short-term maturity of these instruments.

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

	2020	2019
	\$	\$
Cash(i)	6,638	147,553
Amounts receivable (ii)	38,988	35,109
Promissory notes (ii)	257,758	256,077
Accounts payable (ii)	251,221	82,540

(i) FVTPL

(ii) Amortized cost

Financial risk management objectives and policies:

The Company's financial instruments include cash, accounts receivable, 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, promissory note, and exploration expenditures that are denominated in US dollars and Pesos. The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada. Management does not hedge its 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.

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FINANCIAL INSTRUMENTS AND FINANCIAL RISK (CONTINUED)

Financial risk management objectives and policies (continued)

(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.

CRITICAL ACCOUNTING POLICIES

Stock-based compensation

The Company has a stock option plan, which is described in 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

IFRS 9, Financial Instruments

IFRS 9 is a standard effective for fiscal years beginning on or after January 1, 2018, which is principles-based and less complex than IAS 39, *Financial Instruments: Recognition and Measurement*, which IFRS 9 has replaced. IFRS 9 was adopted by the Company on April 1, 2018. IFRS 9 includes new guidance on the classification and measurement of financial instruments, new guidance for measuring impairment on financial assets, and new hedge accounting guidance. IFRS 9 requires that all financial assets be classified and subsequently measured at amortized cost, at fair value through profit or at fair value through other comprehensive income (loss). The classification and measurement are based on the Company's business model for managing financial assets and on the contractual cash flow characteristics of the financial assets. Financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities classified as at fair value through profit or loss, financial guarantees and certain other exceptions. The adoption of the standard did not have any material impact on the Company's reporting.

Financial instruments consist of financial assets and financial liabilities and are initially recognized at fair value along with, in the case of a financial asset or liability not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit and loss.

The Company classifies its financial assets and financial liabilities in the following measurement categories:

- (i) those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- (ii) those to be measured at amortized cost.

The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at the end of subsequent accounting periods. All other financial assets are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income.

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CRITICAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

IFRS 9, Financial Instruments (Continued)

Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (irrevocable election at the time of recognition).

Any fair value changes due to credit risk for liabilities designated at fair value through profit and loss are recorded in other comprehensive income.

The Company has implemented the following classifications for financial instruments:

- The Company's financial assets are cash, amounts receivable and promissory notes. Cash is classified as fair value through profit or loss and any changes to fair value subsequent to initial recognition are recorded in profit or loss for the period in which they occur. Amounts receivable and promissory notes are classified as amortized cost.
- Financial liabilities comprise accounts payable. These financial liabilities are classified as other financial liabilities and are measured at amortized cost using the effective interest rate method. Interest expense is recorded in profit or loss, as applicable.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

The following table summarizes the classification of the Company's financial instruments under IAS 39 and the new measurement under IFRS 9:

	IAS 39 Classification	IFRS 9 Classification
Financial assets		
Cash	FVTPL	FVTPL
Amounts receivable	Amortized cost	Amortized cost
Promissory notes	Amortized cost	Amortized cost
Financial liabilities		
Accounts payable	Amortized cost	Amortized cost

IFRS 9 uses an expected credit loss model impairment model as opposed to an incurred credit loss model under IAS 39. The impairment model is applicable to financial assets measured at amortized cost where any expected future credit losses are provided for, irrespective of whether a loss event has occurred as at the reporting date. The adoption of the new expected credit loss impairment model had a negligible impact on the carrying amounts of financial assets recognized at amortized cost.

SUBSEQUENT EVENTS

Please refer to note 12 of the unaudited condensed interim financial statements for the nine-month period ended February 29, 2020.