PORTOFINO RESOURCES INC.

FINANCIAL STATEMENTS

FOR THE NINE-MONTH PERIOD ENDED

FEBRUARY 28, 2021 AND 2020

(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 28, 2021 AND MAY 31, 2020
(Expressed in Canadian dollars)
(Unaudited)

	Note	February 28, 2021 $	May 31, 2020 $
ASSETS			
CURRENT			
Cash		618,733	301,749
Amounts receivable	9	99,277	38,988
Taxes receivable		36,476	18,440
Prepaid expenses		64,823	84,367
Marketable Securities		31,000	-
		850,309	443,544
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities	9	50,424	189,831
EQUITY			
Share Capital	8	6,729,260	4,615,312
Contributed Surplus	8	956,630	794,378
Deficit		(6,886,005)	(5,155,977)
		799,885	253,713
		850,309	443,544

NATURE OF BUSINESS AND CONTINUING OPERATIONS (Note 1)
COMMITMENTS (Notes 7 and 14)
SUBSEQUENT EVENTS (Note 15)

Approved and authorized for issue on behalf of the Board on April 29, 2021

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

The accompanying notes are an integral part of these financial statements.

PORTOFINO RESOURCES INC.
STATEMENTS OF COMPREHENSIVE LOSS
FOR THE NINE-MONTH PERIOD ENDED FEBRUARY 28, 2021 AND 2020
(Expressed in Canadian dollars)
(Unaudited)

		Three-month ended		Nine-month ended	
	Note	**February 28, 2021**	**February 29, 2020**	**February 28, 2021**	**February 29, 2020**
		$	$		
EXPENSES					
Amortization		-	-	-	210
Consulting fees		48,500	58,214	481,167	66,214
Due diligence costs			(45,601)		-
General exploration expenditures		140,844	30,000	515,717	33,574
Investor communications		63,000	10,822	361,200	44,180
Management fees	9	41,000	22,500	108,300	67,500
Office		23,493	9,292	60,461	12,900
Professional fees	9	17,867	28,650	63,513	77,593
Rent		9,638	5,534	36,767	5,534
Share-based compensation		-	-	160,000	-
Transfer agent and filing fees		14,336	2,710	56,740	6,950
Travel and promotion		1,601	2,755	4,636	2,755
LOSS BEFORE OTHER ITEM		(360,279)	(104,699)	(1,848,501)	(317,410)
OTHER ITEM:					
Interest income		-	7,961	-	23,883
Other income		118,473	20,000	118,473	20,000
NET LOSS AND COMPREHENSIVE LOSS		(241,806)	(96,915)	(1,730,028)	(273,527)
LOSS PER SHARE – Basic and diluted		-	-	(0.03)	(0.01)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		71,122,497	24,496,190	61,381,729	24,165,198

The accompanying notes are an integral part of these financial statements.

PORTOFINO RESOURCES INC.
STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIOD ENDED FEBRUARY 28, 2021 AND 2020
(Expressed in Canadian dollars)
(Unaudited)

	Common Shares				
	Number of Shares	**Amount**	**Contributed Surplus**	**Deficit**	**Total**
		$	$	$	$
Balance, May 31, 2019	24,001,684	3,757,407	739,791	(4,205,640)	291,558
Shares issued for mineral property	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
Balance, May 31, 2020	47,765,969	4,615,312	794,378	(5,155,977)	253,713
Shares issued for cash	27,660,274	2,046,573	162,252	-	2,208,825
Shares issued for mineral property	1,275,000	107,750	-	-	107,750
Share issuance costs	-	(40,375)	-	-	(40,375)
Net loss and comprehensive loss	-	-	-	(1,730,028)	(1,730,028)
Balance, February 28, 2021	**76,701,243**	**6,729,260**	**956,630**	**(6,886,005)**	**799,885**

The accompanying notes are an integral part of these financial statements.

PORTOFINO RESOURCES INC.
STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED FEBRUARY 28, 2021 AND 2020
(Expressed in Canadian Dollars)
(Unaudited)

	February 28, 2021	**February 29, 2020**
	$	$
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net loss for the period	(1,730,028)	(273,527)
Adjusted for items not affecting cash:		
Amortization	-	210
Accrued interest	-	(23,883)
Market Securities	(31,000)	-
Shares issued for general exploration expenditures	107,750	-
Contributed surplus	162,252	-
	(1,491,026)	(297,200)
Changes in non-cash working capital balances:		
Amounts receivable	(60,289)	19,221
Taxes receivable	(18,036)	8,104
Prepaid expenses	19,544	46,334
Accounts payable and accrued liabilities	(139,407)	16,024
Cash used in operating activities	(1,689,214)	(60,517)
INVESTING ACTIVITIES		
Receipt of promissory note	-	50,000
Equipment	-	168
Cash used in investing activities	-	50,168
FINANCING ACTIVITIES		
Shares issued for cash	2,046,573	-
Shares issued for property	-	15,000
Share issuance costs	(40,375)	-
Cash provided by financing activities	2,006,198	15,000
CHANGE IN CASH	316,984	4,651
CASH, BEGINNING OF YEAR	301,749	1,987
CASH, END OF THE PERIOD	618,733	6,638
NON-CASH INVESTING AND FINANCING TRANSACTIONS:		
Fair value of shares issued for general exploration expenditures	107,750	-
Fair value of finder’s warrants exercised	50,911	-

The accompanying notes are an integral part of these financial statements.

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 is a non-active subsidiary with no transactions occurring during the nine-month period ended February 28, 2021. 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 28, 2021, the Company had not yet determined whether the Company's mineral property assets contain 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 $6,886,005 as at February 28, 2021 (2020: $4,479,167), 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. CHANGE IN ACCOUNTING POLICY

Effective June 1, 2019, as permitted under IFRS 6, Exploration for and Evaluation of Mineral Resources, the Company voluntarily changed its accounting policy for its exploration and evaluation ("E&E") expenditures, to expense exploration and evaluation costs in the Statement of Comprehensive Loss in the period in which they were incurred whereas previously all of the E&E expenditures had been capitalized on the Statement of Financial Position.

The Company has determined that this change in accounting policy enhances the reliability of the financial statements because of the difficulty associated with demonstrating that these costs meet the definition of an asset. The Company has also determined that reflecting its E&E expenditures in the Statement of Comprehensive Loss and categorizing them as part of its operating activities in the Statement of Cash Flows better reflects the economic substance of its operations during the fiscal periods presented. This change in accounting policy has been applied retrospectively.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Statement of compliance (Continued)

These unaudited condensed interim consolidated financial statements were authorized for issue in accordance with a resolution from the Board of Directors on April 29, 2021.

b) Basis of presentation

The financial statements have been prepared on the historical cost basis, with the exception of financial instruments which are measured at fair value, as explained in the accounting policies set out below. In addition, these unaudited condensed interim consolidated 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 consolidated financial statements.

c) Equipment

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

d) Exploration and evaluation assets

During the prior year the Company 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 as incurred. Refer to Note 2 for the impact of the retrospective restatement of the change in accounting policy resulting from the application of the change in policy.

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 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 amounts in excess of the estimated recoverable amounts are written off from 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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).

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 rates 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Decommissioning, restoration and similar liabilities (Continued)

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.

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) Income taxes

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred income taxes are recorded using the liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is not recognized for temporary differences, which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) Financial instruments

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:

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

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 and are measured at amortized cost using the effective interest 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 IFRS 9:

	Classification
Financial assets	
Cash	FVTPL
Amounts receivable	Amortized cost
Promissory notes	Amortized cost
Financial liabilities	
Accounts payable	Amortized cost

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IFRS 9 uses an expected credit loss model impairment model. 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.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these 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 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 determination of the net realizable value related to write-down of the mineral property;

ii. the determination of fair values of share-based payments and finder's warrants; and

iii. the measurement of deferred income tax assets and liabilities.

Significant accounting judgments

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

ii. the assessment of indications of impairment of the mineral property; and

iii. the assessment of the collectability of the promissory notes.

5. NEW ACCOUNTING STANDARDS ADOPTED EFFECTIVE JUNE 1, 2019

The Company has adopted the following accounting standards effective June 1, 2019, which had no significant impact on the financial statements of the Company:
- IFRS 16 *Leases*
- IFRIC 23 *Uncertainty Over Income Tax Treatments*

6. EQUIPMENT

The net book value as at February 28, 2021 was $NIL (2020: $NIL).

(Expressed in Canadian dollars) (Unaudited)

7. EXPLORATION AND EVALUATION ASSET

The following Exploration and Evaluation expenditures were incurred by the Company:

	Gold Creek	Melema	Sapawe	Bruce Lake	South of Otter	Yergo	Total
							$
Property payment	-	-	-	-	30,000	-	30,000
During the nine-month period ended February 29, 2020	**-**	**-**	**-**	**-**	**30,000**	**-**	**30,000**
Assays	13,511	7,544	2,275	7,739	11,333	-	42,402
Geological services	124,117	31,726	21,756	26,197	77,479	14,056	295,331
Property payment	42,100	27,500	-	63,250	8,400	8,620	149,870
Survey	50,700	-	-	-	86,508	41,656	178,864
During the nine-month period ended February 28, 2021	**230,428**	**66,770**	**24,031**	**97,186**	**183,720**	**64,332**	**666,467**

Canada, Ontario

South of Otter, Red lake

Pursuant to an option agreement dated September 6, 2019 with 1544230 Ontario Inc. (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, the Company 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 (paid) 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.

*On July 07, 2020 the claims owned by 1544230 Ontario Inc. were acquired by EMX Royalty Corporation.

8. EXPLORATION AND EVALUATION ASSET (CONTINUED)

Canada, Ontario

Gold Creek Property, Atikokan

On May 11, 2020, the Company signed an Option agreement with Gravel Ridge Resources Ltd., that allows Portofino to earn a 100% interest in mining exploration claims held by Gravel Ridge, and located primarily in Duckworth Township, Ontario (Gold Creek Property).

To acquire a 100% interest in the project, the Company has agreed to issue 800,000 common shares of the Company to Gravel Ridge Resources and make cash payments of $70,600, as set out below:

a) $8,600 (paid) on signing,

b) 400,000 shares (paid) following receipt of TSX-V approval of this transaction on May 21, 2020,

c) $12,000 and 400,000 shares due on the first anniversary of TSX-V approval,

d) $20,000 due on the second anniversary of TSX-V approval, and

e) $30,000 due on the third anniversary TSX-V approval.

On August 10, 2020, the Company entered into an Option Agreement Amendment with respect to the Gold Creek property whereby the Company and its partner each directly staked additional contiguous mining claims (3 mining claims/50 mining cells) and added these claims to the original Agreement.

On August 21, 2020, the Company entered into an agreement with Mr. Philip Escher and Mr. Michael Tremblay ("Owner") to purchase 100% interest in 2 Claims located in Duckworth Township, Ontario, contiguous to the Company's Gold Creek property. Consideration paid was $10,000 and 125,000 shares as approved by the TSXV on September 4, 2020.

7. EXPLORATION AND EVALUATION ASSET (CONTINUED)

Sapawe West Property, Atikokan

The Company entered into an Option agreement with 1544230 Ontario Inc. ("Owner"), dated May 22, 2020, to acquire a 100% interest in the Sapawe West Property Claims located in Schwenger and McCaul Townships, Ontario.

To acquire a 100% interest in the property, Portofino has agreed to issue 700,000 common shares and make payments over a 3-year period to the Owner totaling $62,000, as set out below:

a) $12,000 (paid) on signing,
b) 500,000 shares (paid) following receipt of TSX-V approval of this transaction on May 28, 2020,
c) $10,000 and 200,000 shares due on the first anniversary of TSX-V approval,
d) $15,000 due on the second anniversary of TSX-V approval, and
e) $25,000 due on the third anniversary TSX-V approval.

1544230 Ontario Inc. retains 1.5% NSR on all mineral production, 0.75% of which can be purchased by Portofino for $500,000.

Melema West Property, Atikokan

The Company entered into an agreement with 1544230 Ontario Inc. ("Owner"), dated May 22, 2020, the Company was granted an option to acquire a 100% interest in Melema West Property located in Hutchinson, Bellmore Lake and Ramsay Wrights Townships, Ontario.

To acquire a 100% interest in the property, Portofino is to issue 700,000 common shares and make payments over a 3-year period to the Owner totaling $62,000, as set out below:

a) $12,000 (paid) on signing,
b) 500,000 shares (paid) following receipt of TSX-V approval of this transaction June 16, 2020,
c) $10,000 and 200,000 shares due on the first anniversary of TSX-V approval,
d) $15,000 due on the second anniversary of TSX-V approval, and
e) $25,000 due on the third anniversary TSX-V approval.

1544230 Ontario Inc. retains 1.5% NSR on all mineral production, 0.75% of which can be purchased by Portofino for $500,000.

Bruce Lake Property, Red Lake

On June 23, 2020, the Company entered into an Option Assignment Agreement with Falcon Gold Corp. ("Falcon") to acquire a 100% interest in the 1,428 hectares Bruce lake Property in the Red lake, Ontario gold district. Portofino issued 650,000 shares to Falcon. In addition, Portofino will assume the underlying claim holder payments which total $52,000 over a 4-year option period. The Claims are subject to a 1.5% Net Smelter Return ("NSR") royalty pursuant to the Underlying Agreement. In addition, Portofino has agreed to grant Falcon a 0.5% NSR. The transaction received TSXV exchange approval on July 8, 2020.

7. EXPLORATION AND EVALUATION ASSET (CONTINUED)

Bruce Lake Property, Red Lake (Continued)

a) 650,000 shares (paid) following receipt of TSX-V approval of this transaction July 8, 2020,
b) $8,000 (paid) assuming the cash payment due by Falcon Gold to 1544230 Ontario Inc on or before September 6, 2020,
c) $10,000 assuming the cash payment due by Falcon Gold to 1544230 Ontario Inc. on or before September 6, 2021,
d) $14,000 assuming the cash payment due by Falcon Gold to 1544230 Ontario Inc. on or before September 6, 2022,
e) $20,000 assuming the cash payment due by Falcon Gold to 1544230 Ontario Inc. on or before September 6, 2023.

*On July 07, 2020 the claims owned by 1544230 Ontario Inc. were acquired by EMX Royalty Corporation.

Catamarca, Argentina

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.

On August 14, 2020 the Company reached an agreement with the Yergo lithium project claim owner to amend the terms of its option agreement that enables Portofino to earn 100% interest in the project. The original Agreement required Portofino to make escalating payments totaling US$370,000 over a 48-month period with the next payment of US$70,000 due by February 2021. The Claim owner has agreed to extend the payments such that the next payment is not required until August 14, 2022. The amended total payments to the Claim owner remain US$370,000 and are detailed as follows:

a) US$10,000 on signing agreement-(paid February 2019)
b) By August 30, 2020- US$20,000 (paid)
c) By August 14^{th}, 2022- US$70,000
d) By August 14^{th}, 2023- US$120,000, and
e) By August 14^{th}, 2024- US$150,000

7. EXPLORATION AND EVALUATION ASSET (CONTINUED)

Prior Property Agreements

Hombre Muerto West Lithium Brine Project, Catamarca, Argentina

On September 24, 2020 the Company completed the assignment of 100% of Portofino's rights and obligations related to the Hombre Muerto West Lithium Brine Project to Galan Lithium Limited (“Galan”). As consideration, Portofino received $100,000 in cash and 650,000 fully paid common shares of Galan.

On September 6, 2018 the Company had entered into an option agreement 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 was 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 had agreed to make annual escalating payments to the Hombre Muerto Optionor over a four-year period totaling 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.

Rio Grande Sur Lithium Brine Project, Catamarca, Argentina

On December 27, 2018 the option agreement between the Company and the Rio Grande Sur Optionor was terminated.

On September 6, 2018 the Company had entered into an option agreement with a private Argentine concession owner (the “Rio Grande Sur Optionor”), the Company was granted an option to acquire a 100% undivided interest in the Rio Grande Sur lithium brine project in Catamarca, Argentina. The Rio Grande Sur project was comprised of 3 claim blocks totaling 8,500 hectares located within the province of Catamarca.

To acquire a 100% interest in the properties, the Company had agreed to make annual escalating payments to the Rio Grande Sur Optionor over a four-year period totaling US$780,000 and 210,000 common shares as follows:

i) An initial US$14,000 (paid)
ii) Within 14 days of execution of the agreement – US$26,000
iii) Upon TSX-V Exchange approval – issue 30,000 shares
iv) By the first anniversary of TSX-V Exchange approval – issue 40,000 shares and pay US$80,000
v) By the second anniversary of TSX-V Exchange approval – issue 40,000 shares and pay US$120,000
vi) By the third anniversary of TSX-V Exchange approval – issue 100,000 shares and pay US$240,000
vii) By the fourth anniversary of TSX-V Exchange approval – pay US$300,000

(Expressed in Canadian dollars) (Unaudited)

7. EXPLORATION AND EVALUATION ASSET (CONTINUED)

Iron Horse-Bolivar Mineral Property, British Columbia, Canada

On April 26, 2019 Rich River and the Company agreed to terminate the Iron Horse-Bolivar mineral property option agreement, as a result the previously capitalized acquisition costs have been written off to $NIL.

On February 28, 2012; amended September 15, 2017; the Company had entered into an option agreement 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") originally comprised of seven mineral claims located in the Peachland region of British Columbia. During the year three claim blocks were allowed to lapse, reducing the Property from 2,247 Ha to 1,812 Ha, as the 435 Ha had previously returned limited results and would not be subject to further exploration activity by the Company.

To earn the 100% interest, the Company had agreed to issue 275,000 common shares (pre-consolidation) 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 (paid and issued)	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 were to retain a 3% Net Smelter Returns royalty on the Property. The first 2% of the royalty could have been purchased by the Company at $500,000 for each 1%. The purchase of the remaining 1% would have been negotiable after commercial production commences.

8. 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 28, 2021 and 2020.

c) Issued and Outstanding as at February 28, 2021: 76,701,243 common shares

<u>During the nine-month period ended February 28, 2021:</u>

i) The Company issued 500,000 common shares on June 16, 2020 upon receipt of TSX-V approval pursuant to an option agreement dated May 22, 2020 regarding the Melema West Property.

ii) The Company issued 650,000 common shares on July 13, 2020 upon receipt of TSX-V approval on July 8, 2020 pursuant to a property assignment agreement dated June 23, 2020 regarding the Bruce Lake Property.

iii) The Company issued 125,000 common shares upon receipt of TSX-V approval on September 4, 2020 pursuant to a property agreement dated August 21, 2020 regarding the Gold Creek Property.

iv) The Company issued 21,355,274 common shares for gross proceeds of $1,416,072 from the exercise of purchase warrants. A total fair value of $50,911 was transferred from contributed surplus to common shares.

v) The Company issued 6,305,000 units for gross proceeds of $630,500 on November 10, 2020. Each unit is comprised of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one common share at $0.15 for two years. The Company issued 318,400 finder's warrants with a fair value of $47,760. Each finder's fee warrant entitles the holder to purchase one common share of the Company at $0.15 per share for two years. The Company also paid $32,640 in cash as finder's fees and incurred other costs of $5,492.

<u>During the nine-month period February 29, 2020:</u>

i) The Company issued 500,000 common shares on December 1, 2019 upon receipt of TSX-V approval pursuant to an option agreement dated September 6, 2019 regarding the South of Otter, Red Lake Property.

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 options was $74,054.

On July 14, 2020, the Company granted 2,000,000 stock options to certain officers, directors and consultants of the Company. Options vested on grant date, with exercise price of $0.12 per share until July 13, 2025. The fair value of the options was $160,000.

(Expressed in Canadian dollars) (Unaudited)

8. SHARE CAPITAL (CONTINUED)

d) Stock Options (Continued):

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

	February 28, 2021	**May 31, 2020**	**May 31, 2019**
Share price	$0.12	-	$0.065
Risk free interest rate		-	1.83%
Expected life	5 years	-	5 years
Expected volatility		-	108%
Expected dividend	NIL	-	NIL

During the nine-month period ended February 28, 2021, the Company has the following options outstanding:

	Number of Options	Weighted Average $
Outstanding and exercisable, May 31, 2020 and 2019	2,233,750	0.20
Granted	2,000,000	0.12
Outstanding and exercisable, February 28, 2021	4,233,750	0.16

The following options were outstanding and exercisable at February 28, 2021:

Number of Options	Weighted Average Exercise Price $	Expiry Date	Remaining Life (in years)
358,500	0.40	January 12, 2022	0.87
375,000	0.48	December 29, 2022	1.83
1,500,000	0.08	February 27, 2024	3.00
2,000,000	0.12	July 13, 2025	4.37
4,233,750	0.16		2.52

(Expressed in Canadian dollars) (Unaudited)

8. SHARE CAPITAL (CONTINUED)

e) Warrants

During the nine-month period ended February 28, 2021, the following is the summary of changes in warrants:

	Number of Warrants	Weighted Average Exercise Price $
Outstanding, May 31, 2019	14,099,799	0.16
Issuance of private placements warrants	22,364,285	0.05
Issuance of finder's warrants	1,285,509	0.05
Expiration of warrants	(2,289,500)	0.60
Outstanding and exercisable, May 31, 2020	35,460,093	0.06
Issuance of private placements warrants	6,305,000	0.15
Issuance of finder's warrants	318,400	0.15
Exercise of warrants	(20,510,984)	0.07
Exercise of finder's warrants	(844,290)	0.08
Expired	(200,000)	0.08
Outstanding and exercisable, February 28, 2021	20,528,219	0.08

The details of warrants outstanding and exercisable at February 28, 2021:

Number of warrants	Exercise price	Expiry date	Remaining contractual life (in years)
9,133,819	$0.05	April 27, 2022	1.16
4,771,000	$0.05	May 5, 2022	1.18
6,623,400	$0.15	November 9, 2022	1.70
20,528,219	$0.08		1.35

(Expressed in Canadian dollars) (Unaudited)

9. RELATED PARTY BALANCES AND TRANSACTIONS

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

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

	February 28, 2021	**February 29, 2020**
	$	$
Amounts receivable	69,517	38,988
Accounts payable and accrued liabilities	2,500	95,081
Promissory notes	-	249,797

During the year ended May 31, 2018, the Company issued US$127,206 in promissory notes to a company with a common officer. The notes are unsecured, bear interest at 1.5% per month until December 31, 2018. Interest rises to 2.5% per month on any unpaid balances after December 31, 2018. During the year ended May 31, 2019 the Company made additional advances of $Nil (2019: $10,000) under the same terms. As at May 31, 2020, the principal and accrued interest outstanding was $292,110 (2019: $283,875) which was written-down to $Nil. During the period-ended February 28, 2021 the remaining balance is $Nil.

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:

	February 28, 2021	**February 29, 2020**
	$	$
Share based payments	28,000	-
Professional fees	45,000	45,000
	73,000	45,000

Professional fees have been paid to a company controlled by the chief financial officer 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:

	February 28, 2021	**February 29, 2020**
	$	$
Share based payments	84,000	-
Management fees	108,300	67,500
	192,300	67,500

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.

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 28, 2021 are as follows:

	Fair Value Measurements Using			
	Quoted Prices in Active Markets For Identical Instruments (Level 1) $	Significant Other Observable Inputs (Level 2) $	Significant Unobservable Inputs (Level 3) $	Total $
Cash	618,733	-	-	618,733

Fair value

The fair value of the Company's financial instruments approximates their carrying value as at February 28, 2021 because of the demand nature or short-term maturity of these instruments.

11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (CONTINUED)

Fair Value of Financial Instruments (Continued)

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

	February 28, 2021	**February 29, 2020**
	$	$
Cash(i)	618,733	6,638
Amounts receivable (ii)	99,277	38,988
Promissory notes (ii)	-	257,758
Accounts payable (ii)	29,424	251,221

(i) FVTPL
(ii) Amortized cost

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 Argentine 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.

11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (CONTINUED)

Financial risk management objectives and policies (Continued)

(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.

12. COMMITMENT

Pursuant to the initial and amended letters 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 will pay a total of $75,000 (paid) and issue up to 125,000 common shares of the Company upon the approval of the mining transaction by TSX-V.

During the period-ended February 28, 2021 the Parties mutually agreed to terminate the agreement and the remaining consideration agreed to by the Parties shall not be due from the Company to Centurion.

13. SUBSEQUENT EVENTS

a) On March 24, 2021, the Company announced it had closed a private placement of $140,000 priced at $0.10/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 $0.15. Proceeds from this financing shall be used by the Company for project exploration activities, and general corporate purposes.

b) Subsequent to February 28, 2021, the Company issued 965,000 common shares from the exercise of common share purchase warrants for gross proceeds of $58,250.

c) On April 20, 2021 the company announced that it had entered into an option agreement to acquire 100% of the Allison Lake North Lithium and Rare Elements Property (the "Property"). The Company has the right to acquire a 100% interest in the Property by making payments to the Optionors over the next three years totalling $78,000 in cash and issuing 800,000 Portofino common shares. The Optionors will retain a 1.5% net smelter returns royalty on the Property.