



PORTOFINO
RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED MAY 31, 2023

PORTOFINO RESOURCES INC.

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FOR THE YEAR FISCAL ENDED MAY 31, 2023

The Management Discussion and Analysis ("MD&A"), prepared on September 26, 2023 should be read in conjunction with the audited consolidated financial statements for fiscal year ended May 31, 2023, 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 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 which has been non-active with no transactions occurring during the fiscal year ended May 31, 2023. 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 May 31, 2023, 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 disclosure of technical information in this MD&A has been approved by Michael Kilbourne, P. Geo. and a Qualified Person ("QP") for the purposes of National Instrument 43-101, Standards of Disclosure for Mineral Projects ("NI 43-101"). Readers are directed to the section entitled "Scientific and Technical Disclosure" included within this MD&A.

Corporate Summary

During the fiscal year ended May 31, 2023, and up to the date of the MDA, the Company's management undertook and accomplished a number of corporate objectives, as follows:

1. **Yergo Project:** September 25, 2023, the Company executed a binding agreement (the "Binding Agreement") with the new Yergo optionor (successor to the original Yergo Optionor) to acquire all rights and title to the Yergo Lithium Project concessions. Pursuant to the Binding Agreement, the Company paid consideration of \$600,000 USD. In accordance with the terms of the Binding Agreement, the Company will acquire 100% of the concession rights associated with the 2,932 hectare Yergo Lithium Project, upon acceptance of the required filing by the Ministry of Energy and Mining in Argentina.
2. August 11, 2023, the Company executed a Binding Letter of Intent to buyout the original Yergo option agreements (Yergo Binding Letter Agreement - February 15, 2019, and the Binding Letter Agreement Addendum - May 12, 2021). The Binding LOI terms include concurrent: (1) removal of the legal injunction granted in the favour of Portofino; (2) transfer of all rights and title to the Yergo concessions to Portofino; and (3) payment of US\$600,000 by Portofino to the concession owner.

For further background, please see the Yergo Lithium Project Exploration Summary below.

3. Arizaro Project: August 2023, the Company submitted detailed proposals through a public tender process in Salta, Argentina, for two contiguous lithium concessions within the highly coveted Arizaro Salar. While the Company's success in the process is not guaranteed, the initial, (official) feedback suggests that the Company's financial proposals are extremely competitive with other major lithium participants. Additional aspects of the tender submissions, including community impact, sustainability and community/regional benefits, are also being assessed by officials and results are anticipated to be announced in October. As at the date of the MD&A the winning bids for the tender process have not yet been announced.

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September to December 2022, Portofino completed significant geological due diligence in collaboration with the state-owned resource company in Salta. Initial surface exploration work on this 8,445-hectare block (REMSa IX, Sub-Area IV) revealed a thick overburden (crust), however, samples at surface still assayed as high as 100 milligrams per litre ("mg/l") lithium, which is consistent with surface results of other groups exploring this mature salar. Additional exploration activity included: (a) 40 +surface brine samples collected and analysed; (b) 35 trenches reaching shallow water tables using excavation equipment; (c) 69,000 metres ("m") of geophysical surveying utilizing Vertical Electric Soundings ("VES") technology revealing aquifer depths up to 1,000m; and (d) Low resistivity horizons being identified and interpreted as brine targets potentially containing large concentrations of lithium. The VES results with the largest thickness in the low resistivity layer are anticipated to be the highest prospective areas of interest and are located in the east and south sections of the concession. The explored area shares geological characteristics with other areas in the same salt flat where brines with high lithium content have been detected at depth. Adjacent properties within the Arizaro salar, have been drilled to depths of more than 500 m, yielding prospective levels of 300 m to 400 m with >500 mg/L lithium.

4. Corporate Activity: September 2023, Portofino closed a non-brokered private placement financing for total gross proceeds of \$965,000. Proceeds are to be used primarily for the Yergo Lithium Project option agreement buy-out, as well as working capital and general corporate activities.

August 2023, as part of the Company's ongoing incentive plan for Directors, Management and Consultants and in accordance with the Company's Share Option Plan, it has granted options to purchase an aggregate of 6,500,000 common shares of the Company to certain directors, officers, employees, and consultants of the Company. Each Option is exercisable into one Common Share at an exercise price of \$0.05. The Options are subject to certain vesting conditions and expire five years from the grant date.

March 2023, as part of the Company's ongoing incentive plan for Directors, Management and Consultants that: (a) in accordance with the Company's Share Option Plan it has granted options to purchase an aggregate of 3,817,000 common shares of the Company, whereby each Option is exercisable into one Common Share at an exercise price of \$0.065. The Options are subject to certain vesting conditions and expire five years from the grant date; and (2) in accordance with the terms of the Company's Equity Incentive Plan, the Company has also granted restricted share units ("RSUs") representing the right to receive up to an aggregate of 2,250,000 Common Shares, subject to the satisfaction of certain vesting conditions.

October/November 2022, Portofino closed a non-brokered private placement financing for total gross proceeds of \$940,000. Proceeds are to be used primarily for exploration activities on Portofino's Argentine lithium and Canadian projects, as well as working capital and general corporate activities.

5. Allison Lake Project: January 2023, Portofino filed an independent National Instrument 43 - 101 ("**43-101**") technical report regarding its Allison Lake North Lithium Project. The 43-101 report has an effective date of December 10, 2022.

September 2022, the geological team re-mobilized to the Allison Lake Property. The objective of the fall 2022 reconnaissance program was to initiate sampling on Portofino's newly acquired claims near the southwestern contact of the Allison Lake Batholith, as well as additional sampling on the main claim group. The new claims are located just west and proximal to the SJ Pegmatite which is described in a 2003 Ontario Geological report as 'economically interesting' rare elements levels. In total, 28 grab samples and 23 select channel samples were collected, many of those in undocumented pegmatites within metasediments. Values of up to 230 ppm Lithium ("Li") were reported within metasediments adjacent to these undocumented dykes, and up to 622 ppm Rubidium ("Rb") within pegmatite. Of significance were a few Magnesium/Lithium ("Mg/Li") ratios in between 1 and 5 which signify highly evolved pegmatites and are good indications that these pegmatites are likely to be lithium bearing. Initial grab and channel samples by Portofino on the Allison Lake Property in 2021 returned up to 398 ppm Li, 90.5 ppm Cesium ("Cs"), 1040 ppm Rb and 135 ppm Tantalum ("Ta") (NR Sept 7, 2021). Follow-up sampling in the fall of 2021 returned values up to 412 ppm Li and 857 ppm Rb (NR Jan 14, 2022).

September 2022, the Company received results of a high-resolution helicopter-borne magnetometer ("mag") geophysical survey completed by Prospectair Geosurveys, on the Allison Lake Property. The objective of the survey was to identify structural weaknesses, geological contacts and possible fractionation directions in the "Allison Batholith" that could potentially contain lithium bearing pegmatites. Results of the airborne survey will be instrumental in guiding upcoming channel and grab sampling programs. The Allison Lake area has attracted a significant number of exploration groups due to its excellent prospects. Portofino is well positioned in the heart of this fully staked, multi-company, critical mineral exploration region.

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Exploration Summary

Yergo Lithium Project, Argentina:

March 2021 Portofino completed a successful geophysical survey and surface geochemical sampling program at the Company's 100% controlled, Yergo Lithium Project (the "Yergo Project"), located in Catamarca Province, Argentina. The geophysical survey work followed up on encouraging Lithium ("Li") and Potassium ("K") analytical results generated by the Company's initial near-surface brine sampling program conducted in 2019.

The geophysical survey identified two large, anomalous sub-basins within the Aparejos Salar at the Yergo Project, which are characterized by very low resistivity (with low to very low resistivity values interpreted as corresponding to brine-bearing zones). The western sub-basin has approximate surface dimensions of 2,300 meters ("m") x 1,000m and a modeled depth of approximately 35m. The eastern sub-basin has an irregular surface expression measuring between 1,800m to 2,500m in length by approximately 700m in width with modeled depths of between 44m and 65m.

Coincident with the geophysical survey, the program included additional surface and near-surface brine sampling. Hand augers were utilized to open shallow holes to obtain the brine samples from surface to a maximum depth of 82 centimeters. Ten samples were collected and returned values of up to 336.97 mg/L Li and 7,159.78 mg/L K. Importantly, mineral impurities contained in the samples (such as magnesium) were very low.

Portofino's technical team has identified an initial 4 priority drill targets and a drilling contract has been finalized for a minimum 300 meters. In addition, Portofino has applied for a drill permit. Drill testing of the Yergo Project will enable initial evaluation of the volume and the lithium content of the brines and sediments within the sub-basin of previously identified zones.

September 22, 2022, the Company announced that it had received a Notice of Termination (the "Notice") from the claim owner and optionor of the Yergo Project in Catamarca, Argentina, regarding the April 2019 Binding Letter Option Agreement and the May 2021 Binding Letter Agreement Addendum (collectively the "Agreements"). The Notice purports to terminate the Agreements. The Company immediately and forcefully responded that claims made in the Notice are completely unsubstantiated, inaccurate, false, and malicious, and the Company rejects the purported termination as baseless and having no merit whatsoever. Portofino has not breached the Agreements and will defend its legal rights vigorously. Portofino has not breached the Agreements with respect to payments required to keep the Agreements in good standing and has further completed all required work on the property to advance the Yergo property from a greenfield project to one that has the potential to deliver significant value to the Province of Catamarca, the claim-owner and Portofino.

October 20, 2022, the Company announced that it had filed an objection to the Notice with the Ministry of Mining in the Province of Catamarca, and, was granted an injunction prohibiting the owner from entering into any alternative transaction.

August 11, 2023, the Company executed a Binding Letter of Intent to buyout the original Yergo option agreements (Yergo Binding Letter Agreement - February 15, 2019, and the Binding Letter Agreement Addendum - May 12, 2021). The Binding LOI terms include concurrent: (1) removal of the legal injunction granted in the favour of Portofino; (2) transfer of all rights and title to the Yergo concessions to Portofino; and (3) payment of US\$600,000 by Portofino to the concession owner. As at the date of the MD&A the option agreement buy-out remains pending.

September 25, 2023, the Company executed a binding agreement with the Yergo Optionor (the "Binding Yergo Agreement") to acquire all rights and title to the Yergo Lithium Project concessions.

Allison Lake North Lithium and Rare Elements Property, Ontario:

Reconnaissance mapping and sampling was completed on the Allison Lake North Lithium and Rare Earth Property (the "Allison Lake Property"), located 100 kilometers east of the town of Red Lake in northwestern Ontario, during the month of July 2021, the first such effort since 2003. Encouraging reconnaissance grab and channel sample results were received in early September 2021 and returned values up to **398 ppm Lithium ("Li")**, **90.5 ppm Cesium ("Cs")**, **1040 ppm Rubidium ("Rb")** and **135 ppm Tantalum ("Ta")**. This represents a two-fold increase in Li and Rb and a ten-fold increase in Ta over sampling results by the Ontario Geological Survey ("OGS") in 2003 which reported up to 190 ppm Li; 90 ppm Cs; 587 ppm Rb and 12.9 ppm Ta.

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September 2022, the geological team re-mobilized to the Allison Lake Property. In addition to expanding on the Company's initial exploration program where encouraging Lithium ("Li") and Tantalum ("Ta") values were discovered, the most recent sampling has also yielded elevated values for Niobium ("Nb") and Rubidium ("Rb").

In late September 2021, 35 channel samples (17 channel samples and 18 select channel samples) and 11 select grab samples were submitted to the lab for chemical and mineral analysis. The program returned values up to **412 ppm Li** and **857 ppm Rb** from select channel samples. Maximum values from both the June and September sampling programs of **143 ppm Ta** correspond to the Ta values reported from the "SJ Pegmatite" located just east of the southern claim group. Values of Ta at the SJ Pegmatite were described as "economically interesting" by author Breaks et al. in the 2003 Ontario Geological Survey ("OGS") report.

On January 3, 2023, the Company announced that it has filed an independent Technical Report (the "Technical Report") pursuant to National Instrument 43-101 ("NI 43-101") regarding its Allison Lake Property. The Technical Report has an effective date of December 10, 2022 and can be viewed either on www.sedar.com or on the Company's website at www.portofinoresources.com.

The following Exploration and Evaluation expenditures have been incurred by the Company as at May 31, 2023:

| LITHIUM PROPERTIES | Canada | | | Argentina | | Total |
|------------------------------|----------------|-----------------|---------------|-----------------------|----------------|------------------|
| | Allison | Greenheart Lake | McNamara Lake | Salta (Due Diligence) | Yergo | |
| Balance, May 31, 2021 | 70,000 | - | - | - | 164,496 | 234,496 |
| Assays | 5,339 | - | - | - | - | 5,339 |
| Consulting | 488 | - | - | - | - | 488 |
| Drilling | - | - | - | - | 28,698 | 28,698 |
| Geological services | 52,610 | 75 | - | 159,375 | - | 212,060 |
| Property payment | 76,000 | 19,400 | 19,400 | - | 1,313 | 116,113 |
| Survey | 22,770 | - | - | - | - | 22,770 |
| Balance, May 31, 2022 | 227,207 | 19,475 | 19,400 | 159,375 | 194,507 | 619,964 |
| Balance, May 31, 2022 | 227,206 | 19,475 | 19,400 | 159,375 | 194,507 | 619,963 |
| Assays | 3,042 | - | - | - | - | 3,042 |
| Field administration | - | - | - | 11,708 | - | 11,708 |
| Geological services | 24,343 | 12,711 | 12,717 | 953,535 | - | 1,003,306 |
| Property payment* | 20,000 | 20,000 | - | - | 91,000 | 131,000 |
| Balance, May 31, 2023 | 274,591 | 52,186 | 32,117 | 1,124,618 | 285,507 | 1,769,019 |

• Subsequent to year end, the Company entered into a binding agreement to buy-out the original Yergo option agreement (the "Binding Agreement"). Pursuant to the Binding Agreement, the concession owner and the Company have agreed to transfer the ownership of the Yergo Lithium Project concessions to the Company (see Note 13b and 13d).

| GOLD PROPERTIES | Canada | | | | | Total |
|------------------------------|----------------|----------------|----------------|----------------|----------------|------------------|
| | Bruce Lake | Gold Creek | Melema | Sapawe | South of Otter | |
| Balance, May 31, 2021 | 116,685 | 497,394 | 84,783 | 48,898 | 272,509 | 1,020,269 |
| Assays | - | 20,523 | 1,607 | - | 428 | 22,558 |
| Consulting | - | 842 | 487 | 488 | 1,400 | 3,217 |
| Geological services | - | 7,700 | 15,344 | 15,000 | 1,334 | 39,378 |
| Property payment | 10,000 | 20,000 | 30,000 | 38,820 | 10,000 | 108,820 |
| Balance, May 31, 2022 | 126,685 | 546,459 | 132,221 | 103,206 | 285,671 | 1,194,242 |
| Balance, May 31, 2022 | 126,685 | 546,460 | 132,221 | 103,206 | 285,671 | 1,194,243 |
| Consulting | - | 1,000 | - | - | - | 1,000 |
| Field administration | 4,800 | 1,200 | - | - | - | 6,000 |
| Geological services | 2,800 | - | - | 4,105 | - | 6,905 |
| Property payment | 14,000 | 30,000 | 15,000 | 25,000 | 12,000 | 96,000 |
| Balance, May 31, 2023 | 148,285 | 578,660 | 147,221 | 132,311 | 297,671 | 1,304,148 |

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Lithium & Critical Metal Properties

Allison Lake North, Birkett and Costello Lake Townships, Northern Ontario, Canada

The Company entered into an agreement with 1544230 Ontario Inc. and Gravel Ridge Resources Ltd. (the "Allison Optionors"), dated March 06, 2021, and was granted an option to acquire a 100% interest in the 1,618 hectare Allison Lake North Lithium and Rare Elements Property located 100 kilometres east of the town of Red Lake, Ontario.

To acquire a 100% interest in the Allison Lake Property, Portofino is to issue 800,000 common shares and make payments over a 3-year period totaling \$78,000, as set out below:

- a) \$12,000 (paid) on signing,
- b) 400,000 (issued) shares following receipt of TSX-V approval of this transaction on April 21, 2021,
- c) \$16,000 (paid) and 400,000 (issued) shares due on the first anniversary of TSX-V approval,
- d) \$20,000 (paid) due on the second anniversary of TSX-V approval, and
- e) \$30,000 due on the third anniversary of TSX-V approval.

The Allison Optionors retain a 1.5% NSR on all mineral production, 0.75% of which can be purchased by Portofino for \$400,000.

September 15, 2021, the claims owned by the Allison Lake Optionors were acquired by Solstice Gold Corp.

April 28, 2022, the Company extended the Allison Lake Property by 670 hectares by entering into an additional mineral claims acquisition agreement with the Allison Optionors for the Allison Lake North Birkett and Costello Lake Property (the "Allison Lake Extension").

To acquire a 100% interest in the Allison Lake Extension, the Company has made the following payments:

- a) \$2,000 (paid) on signing of the Option Agreement,
- b) 200,000 shares (issued) following receipt of TSX-V approval of this transaction on May 11, 2022.

The claims are subject to 1.5% NSR.

Greenheart Property, Northern Ontario, Canada

December 3, 2021, the Company entered into an option agreement with 1544230 Ontario Inc. and Gravel Ridge Resources Ltd. for the Greenheart Lake and McNamara Lake Lithium Properties located in Northwestern, Ontario (the "Greenheart Property").

To acquire a 100% interest in the Greenheart Property, the Company is to make payments and issue common shares over a three-year period, as follows:

- a) \$5,800 (paid) on signing of the Option Agreement,
- b) 300,000 shares (issued) following receipt of TSX-V approval of this transaction on December 14, 2021,
- c) \$12,000 (paid) and 200,000 (issued) shares due on or before one-year anniversary of TSXV Exchange approval,
- d) \$20,000 due on or before two-year anniversary of TSXV Exchange approval, and
- e) \$30,000 due on or before three-year anniversary of TSXV Exchange approval.

The claims are subject to 1.5% NSR.

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Yergo Lithium Brine Project, Catamarca, Argentina

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 had 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 (paid),
- 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.

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 had agreed to extend the payments such that the next payment was 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 14th, 2022- US\$70,000 ^{(1) (2)}
- d) By August 14th, 2023- US\$120,000 ⁽²⁾
- e) By August 14th, 2024- US\$150,000 ⁽²⁾

(1) On September 22, 2022, the Company announced that it had received a notice of termination from the Yergo Optionor to terminate the underlying agreements with respect to the Yergo Lithium Brine Project. October 20, 2022, the Company announced it was granted a formal injunction by the Mining Court of the Province of Catamarca prohibiting the Yergo Optionor from undertaking any form of alternate transaction. A property payment due to the Optionor by October 13, 2022 (which includes a 60-day curative period from the original payment due date of August 14, 2022) was accrued pending dispute resolution.

(2) Subsequent to year end, the Company entered into a binding agreement to buy-out the original Yergo option agreement (the "Binding Agreement"). Pursuant to the Binding Agreement, the concession owner and the Company have agreed to transfer the ownership of the Yergo Lithium Project concessions to the Company (see Note 13b and 13d).

Gold Properties

South of Otter, Red Lake, Northern Ontario, Canada

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 (issued) following receipt of TSX-V approval of this transaction on October 7, 2019,
- c) \$8,000 (paid) due on the first anniversary of TSX-V approval,
- d) \$10,000 (paid) due on the second anniversary of TSX-V approval,
- e) \$12,000 (paid) due on the third anniversary of 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.

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

At year end, certain claims related to the South of Otter property were allowed to expire and subsequently re-acquired, while other claims were placed on hold pending the review of an extension of time request submitted by EMX

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subsequent to year-end. Certain claims have been approved for extension and certain others remain on hold, and subject to final acceptance by the Ministry of Mines of Ontario.

Gold Creek Property, Shebandowan, Northern Ontario, Canada

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 (issued) following receipt of TSX-V approval of this transaction on May 21, 2020,
- c) \$12,000 (paid) and 400,000 shares due (issued) on the first anniversary of TSX-V approval,
- d) \$20,000 (paid) due on the second anniversary of TSX-V approval, and
- e) \$30,000 (paid) due on the third anniversary of 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 two claim owners 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.

On September 15, 2021, the claims owned by Gravel Ridge Resources Ltd. were acquired by Solstice Gold Corp.

Sapawe West Property, Atikokan, Northern Ontario, Canada

The Company entered into an Option agreement with 1544230 Ontario Inc. 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 totaling \$62,000, as set out below:

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

*Payment completed June 5, 2023

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, Northern Ontario, Canada

The Company entered into an agreement with 1544230 Ontario Inc., dated May 22, 2020, and 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 (issued) following receipt of TSX-V approval of this transaction June 16, 2020,
- c) \$10,000 (paid) and 200,000 (issued) shares due on the first anniversary of TSX-V approval,
- d) \$15,000 (paid) on the second anniversary of TSX-V approval, and
- e) \$25,000* due on the third anniversary of TSX-V approval.

* Outstanding as at May 31, 2023

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

Bruce Lake Property, Red Lake, Northern Ontario, Canada

On June 20, 2020, the Company entered into an Option Assignment Agreement with Falcon Gold Corp. ("Falcon") to acquire a 100% interest in the 1,428 hectare Bruce Lake Property in the Red lake, Ontario gold district. Portofino issued 650,000 shares to Falcon. In addition, Portofino assumed 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.

- a) 650,000 shares (issued) 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 (paid) assuming the cash payment due by Falcon Gold to 1544230 Ontario Inc. on or before September 6, 2021,
- d) \$14,000 (paid) 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 Corp.

Subsequent to year-end, the claims comprising the Bruce Lake property expired and a consultant of the Company re-staked the claims on behalf of the Company.

SELECTED ANNUAL FINANCIAL INFORMATION

| | May 31, 2023 | May 31, 2022 | May 31, 2021 | May 31, 2020 |
|-----------------------------------|-----------------|-----------------|-----------------|-----------------|
| Financial results | | | | |
| Net loss for the year | \$ (2,474,804) | \$ (2,391,812) | \$ (2,487,364) | \$ (950,337) |
| Comprehensive loss for the year | (2,474,804) | (2,391,812) | (2,487,364) | (950,337) |
| Basic and diluted loss per share | (0.02) | (0.03) | (0.04) | (0.04) |
| Financial position data | | | | |
| Cash | \$ 65,139 | \$ 155,663 | \$ 274,111 | \$ 301,749 |
| Exploration and evaluation assets | | | | |
| Total assets | 353,905 | 277,011 | 540,434 | 443,544 |
| Shareholders' equity (deficiency) | (402,878) | 127,931 | 480,390 | 253,713 |

**PORTOFINO RESOURCES INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR FISCAL ENDED MAY 31, 2023**

RESULTS OF OPERATION

The following financial data has been derived from the audited financial statements for the fiscal year ended May 31, 2023, and 2022, respectively:

During the fiscal year ended May 31, 2023, the Company had a net loss and comprehensive loss of \$2,474,804 versus \$2,391,812 in the comparative period, being an increase of \$82,992 or 3%. The expenses and related costs that reflect changes in the Company's operations during the fiscal year ended May 31, 2023, includes the following:

- Advertising and promotion (2023: \$1,267, 2022: \$1,195) is related to face-to-face meetings with investors and other stakeholders;
- Consulting fees (2023: \$261,376, 2022: \$519,878) have decreased due to reduced activity on the Yergo Project and Canadian Projects;
- Interest expense (2023: \$360, 2022: \$Nil) is related to credit card interest expenses;
- Investor communications (2023: \$125,736, 2022: \$278,726) decreased during the period to directionally align with reduced activity in the global equity market;
- General exploration expenditures (2023: \$1,258,962, 2022: \$559,441) were incurred primarily for the Company's property exploration efforts in Northwestern Ontario, and project evaluation in Salta (Argentina);
- Management fees (2023: \$150,000, 2022: \$201,200) refers to advisory and services fee paid to two directors of the Company;
- Office expense (2023: \$128,005, 2022: \$153,739) decreased due to ongoing cost containment efforts, where costs incurred included: bank charges, website hosting, computer and internet subscriptions and services, news release dissemination, social media management, courier, postage, telephone expenses, insurance, benefits, and supplies;
- Professional fees (2023: \$227,351, 2022: \$188,169) increased due to the audit fee and legal fees;
- Rent expense (2023: \$16,443, 2022: \$14,686) decreased due to a greater proportion of rent being shared with another company, of which several key management personnel are also key management personnel;
- Share-based compensation (2023: \$213,987, 2022: \$125,000) relates to stock options issued;
- Transfer agent and filing fees (2023: \$43,634, 2022: \$43,359) increased in the normal course of business;
- Travel and promotion (2023: \$72,807, 2022: \$39,352) increased and is related to face-to-face meetings with project optionors, government officials in Argentina, investors, other stakeholders; and
- Allowance for doubtful amounts (2023: (\$61,655), 2022: \$267,067) due to a payment made to the Company from a separate publicly traded company and is related to a cost-sharing arrangement whereby the Company is reimbursed for shared administrative and office expenses. During the year ended May 31, 2022, the Company has recorded an allowance against the receivable of \$267,067 which represents 100% of the amount receivable. During the year ended May 31, 2023, the Company received a payment in the amount of \$116,779 consisting of \$10,000 in cash, \$1,779 filing fee payment and issuance of 3,000,000 Common shares worth \$105,000, and
- Unrealized loss, Marketable Securities (2023: \$30,000, 2022: \$Nil) relates to the 3,000,000 Common shares.

PORTOFINO RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR FISCAL ENDED MAY 31, 2023

SELECTED QUARTERLY FINANCIAL INFORMATION

The following information is derived from and should be read in conjunction with the audited financial statements for each of the past eight quarters which have been prepared in accordance with IFRS applicable to interim financial reporting including IAS 34.

| Financial results | May 31, 2023 | February 28, 2023 | November 30, 2022 | August 31, 2022 |
|-----------------------------------|-----------------|----------------------|----------------------|--------------------|
| Net loss for the period | \$ (1,245,132) | \$ (275,286) | \$ (652,759) | \$ (301,627) |
| Comprehensive loss for the period | (1,245,132) | (275,286) | (652,759) | (301,627) |
| Basic and diluted loss per share | - | - | - | - |
| Balance sheet data | | | | |
| Cash | \$ 65,139 | \$ 125,246 | \$ 188,071 | \$ 41,490 |
| Total assets | 353,905 | 590,885 | 313,776 | 117,518 |
| Shareholders' equity (deficiency) | (402,878) | 389,107 | 59,442 | 173,696 |

| Financial results | May 31, 2022 | February 28, 2022 | November 30, 2021 | August 31, 2021 |
|----------------------------------|-----------------|----------------------|----------------------|--------------------|
| Net loss for the period | \$ (947,352) | \$ (640,806) | \$ (484,788) | \$ (318,866) |
| Comprehensive loss of the period | (947,352) | (640,806) | (484,788) | (318,866) |
| Basic and diluted loss per share | (0.01) | (0.01) | (0.01) | - |
| Balance sheet data | | | | |
| Cash | \$ 155,663 | \$ 369,189 | \$ 796,279 | \$ 33,110 |
| Total assets | 277,011 | 675,566 | 1,069,270 | 276,388 |
| Shareholders' equity | 127,931 | 575,085 | 1,022,042 | 190,524 |

The Company has declared no dividends for any period presented.

LIQUIDITY AND CAPITAL RESOURCES

During the fiscal year ended May 31, 2023, Portofino had a working capital deficiency of \$402,878, which included a cash balance of \$65,139.

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

OFF-BALANCE SHEET ARRANGEMENTS

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

OUTSTANDING SHARE DATA

As of the date of this MD&A, Portofino has 171,142,843 Common shares issued and outstanding; 85,552,815 share purchase warrants; 15,067,000 share options convertible into common shares; and 2,250,000 restricted stock units convertible into common shares.

**PORTOFINO RESOURCES INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR FISCAL ENDED MAY 31, 2023**

TRANSACTIONS WITH RELATED PARTIES

The following is a summary of the Company's related party transactions during the fiscal year ended May 31, 2023:

| Name | Relationship | Purpose | May 31, 2023 | May 31, 2022 |
|--|--|---|---------------------|---------------------|
| Pacific Capital Advisors Inc. | Company controlled by David Tafel, CEO and Director of the Company | Advisory services related to CEO duties | \$150,000 | \$200,000 |
| Euro Sigma Mines Inc. and/or Stephen Wilkinson | Company controlled by Stephen Wilkinson, and Director of the Company | Advisory services | - | \$ 1,200 |
| Seatrend Strategy Inc.* | Company controlled by Jeremy Wright, the CFO of the Company | CFO services | \$60,000 | \$110,000 |

* The CFO Services Agreement was originally entered into between Mr. Wright's sole proprietorship, Seatrend Strategy Group, and the Company, however, the agreement was assumed by Seatrend Strategy Inc. August 1, 2022.

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

| | May 31, 2023 | May 31, 2022 |
|--|-------------------------|-------------------------|
| | \$ | \$ |
| Amounts receivable | 20,808 | - |
| Accounts payable and accrued liabilities | 854 | 7,266 |

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.

Allowance for doubtful amounts receivable relate to amounts due from a public company having common directors with the Company relating to a cost-sharing arrangement whereby the Company is reimbursed for shared administrative and office expenses. During the year ended May 31, 2022, the Company has recorded an allowance against the receivable of \$267,067 which represents 100% of the amounts receivable. During the year ended May 31, 2023, the Company received a payment in the amount of \$116,779 consisting of \$10,000 in cash, \$1,779 filing fee payment and 3,000,000 Common shares with a fair value of \$105,000. Amounts receivable balance at May 31, 2023 is 20,808. (2022: \$Nil).

NEW ACCOUNTING STANDARDS ADOPTED EFFECTIVE JUNE 1, 2021

The Company was not required to and has not adopted any new accounting standards effective June 1, 2021, which would have had a significant impact on the financial statements of the Company.

ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new standards, and amendments to standards and interpretations, are not yet effective during the fiscal year ended May 31, 2023 and have not been early adopted in preparing these financial statements. These new standards, and amendments to standards and interpretations are either not applicable or are not expected to have a significant impact on the Company's financial statements.

PORTOFINO RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR FISCAL ENDED MAY 31, 2023

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 and marketable securities, which are 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 May 31, 2023 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 | 65,139 | - | - | 65,139 |
| Marketable securities | 75,000 | - | - | 75,000 |

Fair value

The fair value of the Company's financial instruments approximates their carrying value as at May 31, 2023, 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:

| | May 31, 2023 | May 31, 2022 |
|---------------------------|-----------------|-----------------|
| | \$ | \$ |
| Cash (i) | 65,139 | 155,663 |
| Marketable securities (i) | 75,000 | - |
| Amounts receivable (i) | 20,808 | - |
| Accounts payable (ii) | 230,454 | 107,080 |
| 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 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*

PORTOFINO RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR FISCAL ENDED MAY 31, 2023

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.

(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. The Company is exposed to credit risk relating to amounts receivable from another publicly listed company.

(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.

Scientific and Technical Disclosure

The company's projects and those in which we have an interest are early stage and do not contain any mineral resource estimates as defined by NI 43-101. Technical Information is based on information contained in news releases (collectively the "Disclosure Documents") available under Portofino's company profile on SEDAR at www.sedar.com. The Disclosure Documents are each intended to be read as a whole, and sections should not be read or relied upon out of context. The Technical Information is subject to the assumptions and qualifications contained in the Disclosure Documents.

Our Disclosure Documents were in part prepared by or under the supervision of an independent Qualified Person ("QP"). Readers are encouraged to review the full text of the Disclosure Documents which qualifies the Technical Information. The disclosure in this MD&A has been made in accordance with Canadian National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101"). The NI 43-101 is a rule developed by the Canadian Securities Administrators that establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects.

Michael Kilbourne, P.Geo. is the Company's QP for the purposes of NI 43-101 and has reviewed and validated the scientific or technical information contained in this MD&A related to the properties. Mr. Kilbourne has consented to the inclusion of the Technical Information in the form and context in which it appears in this MD&A.

SUBSEQUENT EVENTS

Please refer to note 13 of the audited condensed interim consolidated financial statements.