Portage Resources Inc.
Form 10-Q
October 15, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended August 31, 2012

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from __________ to __________

000-52791
Commission File Number

PORTAGE RESOURCES INC.
(Exact name of registrant as specified in its charter)

Nevada	**75-3244927**
(State or other jurisdiction of	*(I.R.S. Employer Identification No.)*
incorporation or organization)	
Av. Benavides 441 Apto 101B	**N/A**
Miraflores, Lima 18, Peru	
(Address of principal executive offices)	*(Zip Code)*

011-511-733-5100
(Registrant s telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. **Yes [X]** No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). **Yes [X]** No [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer	[ ]	Accelerated filer	[ ]
Non-accelerated filer *(Do not check if a smaller reporting company)*	[ ]	**Smaller reporting company**	**[X]**

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [ ] **No [X]**

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY

PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes [ ] No [ ]

APPLICABLE ONLY TO CORPORATE ISSUERS

456,759,900 shares of common stock issued and outstanding as of August 31, 2012

(Indicate the number of shares outstanding of each of the issuer s classes of

common stock, as of the latest practicable date.)

PORTAGE RESOURCES INC.

TABLE OF CONTENTS

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Reference is made in particular to the description of our plans and objectives for future operations, assumptions underlying such plans and objectives, and other forward-looking statements included in this report. Such statements may be identified by the use of forward-looking terminology such as may, will, expect, believe, estimate, anticipate, intend, continue, or similar terms, v such terms, or the negative of such terms. Such statements are based on management s current expectations and are subject to a number of factors and uncertainties, which could cause actual results to differ materially from those described in the forward-looking statements. Such statements address future events and conditions concerning, among others, capital expenditures, earnings, litigation, regulatory matters, liquidity and capital resources, and accounting matters. Actual results in each case could differ materially from those anticipated in such statements by reason of factors such as future economic conditions, changes in consumer demand, legislative, regulatory and competitive developments in markets in which we operate, results of litigation, and other circumstances affecting anticipated revenues and costs.

In this Quarterly Report on Form 10-Q, references to dollars and $ are to United States dollars and references to we, us, Company, our and Portage mean Portage Resources Inc., unless otherwise indicated.

YOU SHOULD NOT PLACE UNDUE RELIANCE ON THESE FORWARD LOOKING STATEMENTS

The forward-looking statements made in this Quarterly Report on Form 10-Q relate only to events or information as of the date on which the statements are made in this Quarterly Report on Form 10-Q. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events, or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. You should read this report and the documents that we reference in this report, including documents referenced by incorporation, completely and with the understanding that our actual future results may be materially different from what we expect or hope.

PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions for Form 10-Q and Article 210 8-03 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. All such adjustments are of a normal recurring nature. Operating results for the three (3) month period ended August 31, 2012, are not necessarily indicative of the results that may be expected for the fiscal year ending May 31, 2013. For further information refer to the financial statements and footnotes thereto included in the Company s Annual Report on Form 10-K for the fiscal year ended May 31, 2012.

PORTAGE RESOURCES INC.

(AN EXPLORATION STAGE COMPANY)

CONTENTS

PORTAGE RESOURCES INC. AND SUBSIDIARIES

(Pre-exploration Stage Company)

CONSOLIDATED BALANCE SHEETS

	August 31, 2012	May 31, 2012
ASSETS		
CURRENT ASSETS		
Cash	$ 546	$ 571
Total Assets	546	571
LIABILITIES AND STOCKHOLDERS DEFICIENCY		
CURRENT LIABILITIES		
Accounts payable	$ 126,251	$ 107,947
Advances payable	108,404	108,404
Short-term loans	26,010	25,520
Total Current Liabilities	260,665	241,841
STOCKHOLDERS DEFICIENCY		
Common stock: 5,000,000,000 shares authorized, at $0.001 par value		
456,759,900 shares and 445,700,000 issued and outstanding respectively.	456,760	445,700
Capital in excess of par value	4,567,180	2,099,250
Common Stock to be issued	-	2,478,990
Deficit accumulated during the pre-exploration stage	(5,284,059)	(5,265,240)
Total Stockholders' Deficiency	(260,119)	(241,300)
Total Liabilities and Stockholders Deficiency	$ 546	$ 571

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

PORTAGE RESOURCES INC.

(Pre-exploration Stage Company)

CONSOLIDATED STATEMENTS OF OPERATIONS

For the three months ended August 31, 2012 and 2011 and

for the period from July 20, 2006 (date of the inception) to August 31, 2012

	Three Months Ended August 31,		Date of Inception to August 31, 2012
	2012	2011	
REVENUES	$ -	$ -	$ -
EXPENSES:			
Exploration expenses	-	-	45,923
General and administrative fees	3,519	43,895	200,218
Impairment of mineral claim acquisition costs	-	2,470,000	4,935,000
Professional	13,800	7,151	82,763
Legal	1,500	2,500	19,555
	18,819	2,523,546	5,284,059
NET LOSS FROM OPERATIONS	$ (18,819)	$ (2,523,546)	$ (5,284,059)
Basic and diluted earnings (loss) per common share	$ (0.00)	$ (0.01)	
Weighted average number of common shares outstanding basic and diluted	455,076,872	4,338,739,130	

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

PORTAGE RESOURCES INC.

(Pre-exploration Stage Company)

CONSOLIDATED STATEMENTS SHAREHOLDERS' EQUITY

For the period from July 20, 2006 (date of the inception) to August 31, 2012

Shareholders Equity (USD $)	**Common Shares**	**Par Value of Common Shares**	**Additional Paid-In Capital**	**Deficit**	**Common Stock to Be Issued**	**Total Shareholders Equity**
Beginning balance, at July 19, 2006	-	-	-	-	-	-
Common stock issued for cash, February	250,000,000	250,000	(248,800)	-	-	1,200
Common stock issued for cash	157,200,000	157,200	(137,550)	-	-	19,650
Net Loss	-	-	-	(24,806)	-	(24,806)
Ending balance, at May, 31, 2007	407,200,000	407,200	(378,438)	(24,806)	-	(3,956)
Net Loss	-	-	-	(64,586)	-	(64,586)
Ending balance, at May, 31, 2008	407,200,000	407,200	(249,226)	(89,392)	-	(68,542)
Net Loss	-	-	-	(30,604)	-	(30,604)
Ending balance, at May, 31, 2009	407,200,000	407,200	(188,058)	(119,996)	-	(99,146)
Contributed capital, expenses	-	-	5,200		-	5,200
Net Loss	-	-	-	(25,264)	-	(25,264)
Ending balance, at May, 31, 2010	407,200,000	407,200	(142,730)	(145,260)	-	(119,210)
Contributed capital, expenses	-	-	3,900	-	-	3,900
Net Loss	-	-		(21,591)	-	(21,591)
Ending balance, at May 31, 2011	407,200,000	407,200	(377,250)	(166,851)	-	(136,901)
Common Stock issued	38,500,000	38,500	2,476,500	-	-	2,515,000
Common Stock to be issued	-	-	-	-	2,478,990	2,478,990
Net Loss	-	-	-	(5,098,389)	-	(5,098,389)
Ending balance, at May 31, 2012	445,700,000	445,700	2,099,250	(5,265,240)	2,478,990	(241,300)
Common Stock to be issued	-	-	-	-	(2,478,990)	(2,478,990)
Common Stock issued	11,059,900	11,060	2,467,930	-		2,478,990

Net Loss	-	-	-	(18,819)	-	(18,819)
Ending balance, at August 31, 2012	456,759,900	456,760	4,567,180	(5,284,059)	-	(260,119)

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

PORTAGE RESOURCES INC.

(Pre-exploration Stage Company)

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three months ended August 31, 2012 and 2011

and for the period from July 20, 2006 (date of the inception) to August 31, 2012

	Three Months Ended August 31, 2012	Three Months Ended August 31, 2011	Period From July 20, 2006 (Inception) to August 31, 2012
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	$(18,819)	$(2,523,546)	$(5,284,059)
Adjustment to reconcile net loss to net cash provided by operating activities:			
Capital contributions noncash expenses	-	-	14,100
Impairment of mineral claim acquisitions	-	2,470,000	4,930,000
Changes in Accounts payable	44,314	22,934	152,261
Short-term loans acquired	(25,520)	-	-
Net cash used in operations	(25)	(30,612)	(187,698)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase Mineral Property claims	-	(10,000)	(20,000)
Net Cash used in investing activities	-	(10,000)	(20,000)
CASH FLOWS FROM FINANCING ACTIVITES:			
Proceeds from advances	-	40	108,404
Proceeds from issuance of common stock	-	-	99,840
Investor deposits	-	41,274	-
Cash Flows Provided By Financing Activities	-	41,314	208,244
Net (Decrease) In Cash	(25)	702	546
Cash at Beginning of Period	571	-	-
CASH AT END OF PERIOD	$ 546	$ 702	$ 546
SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCING ACTIVITIES			
Shares issued to acquire mineral concessions	$ -	$ 2,470,000	$ 4,930,000

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

PORTAGE RESOURCES INC.

(Pre-exploration Stage Company)

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2012

1. ORGANIZATION AND BASIS OF PRESENTATION

Portage Resources Inc. (the Company) was incorporated under the laws of the State of Nevada on July 20, 2006 with authorized common stock of 5,000,000,000 shares at $0.001 par value.

The Company was organized for the purpose of acquiring and developing mineral properties. The Company has not reached the exploration stage and is considered to be in the pre-exploration stage.

On June 22, 2011, the Company incorporated two subsidiaries to undertake mineral acquisition and exploration activities in Peru known as Portage Resources Peru S.A. and Portage Minerals Peru Sociedad Anonima. Under Peruvian regulation each Company must have one Peruvian shareholder to be validly incorporated; therefore, the Company has incorporated each entity with 99 shares held by the Company and 1 share held by a Peruvian resident.

The unaudited interim condensed consolidated financial statements included herein have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission. The interim financial statements reflect all adjustments that are, in the opinion of management, necessary for a fair statement of such information. All such adjustments are of a normal recurring nature. Certain information and footnote disclosures, including a description of significant accounting policies normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America, have been condensed or omitted pursuant to such rules and regulations. The year-end balance sheet data was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America. These interim financial statements should be read in conjunction with the financial statements and the notes thereto included in the Company s Annual Report on Form 10-K for the fiscal year ended May 31, 2012, which was filed with the United States Securities and Exchange Commission on September 19, 2012. The results of operations for the three months ended August 31, 2012 are not necessarily indicative of the results for any subsequent periods or the entire fiscal year ending May 31, 2013.

These interim financial statements have been prepared on a going concern basis, which implies the Company will continue to realize its assets and discharge its liabilities in the normal course of business. Management cannot provide assurance that the Company will ultimately achieve profitable operations or become cash flow positive, or raise additional debt and/or equity capital. If the Company is unable to raise additional capital in the near future, due to the Company s liquidity problems, management expects that the Company will need to liquidate assets, seek additional capital on less favorable terms and/or pursue other remedial measures. These financial statements do not include any adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Dividend Policy

The Company has not yet adopted a policy regarding payment of dividends.

Basic and Diluted Net Income (loss) Per Share

Basic net incomes (loss) per share amounts are computed based on the weighted average number of shares actually outstanding. Diluted net income (loss) per share amounts are computed using the weighted average number of common and common equivalent shares outstanding as if shares had been issued on the exercise of the common share rights unless the exercise becomes antidilutive and then the basic and diluted per share amounts are the same.

Income Taxes

Income taxes are determined using assets and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the enactment date. In addition, a valuation allowance is established to reduce any deferred tax asset for which it is determined that it is more likely than not that some portion of the deferred tax asset will not be realized.

Potential benefits of income tax losses are not recognized in the accounts until realization is more likely than not. The Company has adopted FASB ASC 740 as of its inception. Pursuant to FASB ASC 740 the Company is required to compute tax asset benefits for net operating losses carried forward. Potential benefits of net operating losses have not been recognized in these financial statements because the Company cannot be assured it is more likely than not it will utilize the net operating losses carried forward in future periods; and accordingly is offset by a valuation allowance. FIN No. 48 prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of tax positions taken in tax returns.

To the extent interest and penalties may be assessed by taxing authorities on any underpayment of income tax, such amounts would be accrued and classified as a component of income tax in our Consolidated Statements of Operations and Comprehensive Loss. The Company elected this accounting policy, which is a continuation of our historical policy, in connection with our adoption FIN 48.

Section 382 of the U.S. Internal Revenue Code imposes an annual limitation on the availability of NOL carry forwards to offset taxable income when an ownership change occurs. Due to the May 30, 2011 sale of stock from Messrs. Caron and James to Mr. Belfiore, some of the NOL s may be limited.

Foreign Currency Translations

The functional currency of the Company and its subsidiaries is the US Dollar. Accordingly, monetary assets and liabilities denominated in a foreign currency are translated at the exchange rate in effect at the balance sheet date while non- monetary assets and liabilities denominated in a foreign currency are translated at historical rates. Revenue and expense items denominated in a foreign currency are translated at exchange rates prevailing when such items are recognized in the statement of operations.

Exchange gains or losses arising on translation of foreign currency items are included in the statement of operations.

Revenue Recognition

Revenue is recognized on the sale and delivery of a product or the completion of a service provided.

Advertising and Market Development

The company expenses advertising and market development costs as incurred.

Financial Instruments

The carrying amounts of financial instruments are considered by management to be their fair value due to their short term maturities.

Fair Value Measurements

Fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is estimated by applying the following hierarchy, which prioritize the inputs used to measure fair value into three levels and bases the categorization with the hierarchy upon the lowest level of input that is available and significant to the fair value measurement.

The fair value hierarchy consists of three broad levels, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 - Inputs, other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability (e.g. interest rates); and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs that are both significant to the fair value measurement and unobservable.

The Company s cash and cash equivalents and short-term investments are classified within Level 1of the fair value hierarchy because they are valued using quoted market prices. The carrying amounts of accounts payable, advances payable and short-term loans approximate their fair value due to short term maturities.

Impairment of Long-lived Assets

The Company reviews and evaluates long-lived assets for impairment when events or changes in circumstances indicate that the related carrying amounts may not be recoverable. The assets are subject to impairment consideration under ASC 360-10-35-17 if events or circumstances indicate that their carrying amounts might not be recoverable. When the Company determines that an impairment analysis should be done, the analysis will be performed using rules of ASC 930-360-35, Asset Impairment, and 360-10-15-3 through 15-5, Impairment or Disposal of Long-Lived Assets.

Mineral Property Acquisition Costs

Mineral property acquisition costs are initially capitalized when incurred. These costs are then assessed for impairment when factors are present to indicate the carrying costs may not be recoverable.

Although the Company has taken steps to verify title to mineral properties in which it has an interest in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company s title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

Exploration Costs

Exploration costs, which include maintenance, development and exploration of mineral claims, are expensed as incurred. When it is determined that a mineral deposit can be economically developed as a result of establishing proven and probable reserves, the costs incurred after such determination will be capitalized and amortized over their useful lives. To date, the Company has not established the commercial feasibility of its exploration prospects; therefore, all exploration costs are being expensed.

Comprehensive Income

FASB ASC220 *Reporting Comprehensive Income* establishes standards for the reporting and display of comprehensive income and its components in the financial statements.

Estimates and Assumptions

Management uses estimates and assumptions in preparing financial statements in accordance with general accepted accounting principles. Those estimates and assumptions affect the reported amounts of the assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing these financial statements.

Statement of Cash Flows

For the purposes of the statement of cash flows, the Company considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Environmental Requirements

At the report date environmental requirements related to the mineral claim acquired are unknown and therefore any estimate of any future cost cannot be made.

Principles of Consolidation

These financial statements include the accounts of the Company and its two subsidiaries (Portage Resources Peru S.A. and Portage Minerals Peru Sociedad Anomina) on a consolidated basis. All inter-company accounts have been eliminated.

Recently Adopted Accounting Pronouncements

i)ASU 2011-06

In January 2010, the FASB issued guidance regarding fair value: 1) adding new requirements for disclosures about transfers into and out of Levels 1 and 2 measurements and separate disclosures about purchases, sales, issuances and settlements relating to Level 3 measurements, and 2) clarifying existing fair value disclosures about the level of disaggregation and about inputs and valuation techniques used to measure fair value.

The guidance also required that disclosures about postretirement benefit plan assets be provided by classes of assets instead of by major categories of assets. The guidance is effective for the first reporting period beginning after December 15, 2009, except for the requirement to provide Level 3 activity, which was effective for fiscal years beginning after December 15, 2010. The Company has adopted this guidance, which did not have any effect on its results of operations, financial position and cash flows.

ii)ASU 2011-04

In May 2011, the FASB issued ASU 2011-04, Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs. The new guidance does not extend the use of fair value accounting, but provides guidance on how it should be applied where its use is already required or permitted by other standards within GAAP or International Financial Reporting Standards (IFRSs). The new guidance also changes the working used to describe many requirements in GAAP for measuring fair value and for disclosing information about fair value measurements and it clarifies the FASB s intent about the application of existing fair value measurements. The new guidance applies prospectively and is effective for interim and annual periods beginning after December 15, 2011. Adoption of the new provisions did not have a material impact on our financial condition or results of operations.

iii)ASU 2011-05

In June 2011, the FASB issued Accounting Standards Update No. 2011-05, Comprehensive Income (Topic 220): Presentation of Comprehensive Income (ASU 2011-05). The objective of this amendment is to increase the prominence of other comprehensive income in the financial statements. The amendments require entities to report components of net income and the components of other comprehensive income either in a continuous statement of comprehensive income or in two separate but consecutive statements. Additionally, the amendments in ASU 2011-05 require an entity to present on the face of the financial statements reclassification adjustments for items that are reclassified from other comprehensive income to net income in the statements where the components of net income and the components of other comprehensive income are presented. In December 2011, the FASB issued Accounting Standards Update No. 2011-12, which deferred the specific requirements related to the presentation of reclassification adjustments. This amendment is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. Adoption of this ASU only affected financial statement presentation.

iv)ASU 2011-08

In September 2011, FASB issued Accounting Standards Update No. 2011-08, Testing Goodwill for Impairment (ASU 2011-08), which amends the guidance in ASC 350-20. The amendments in ASU 2011-08 provide entities with the option of performing a qualitative assessment before performing the first step of the two-step impairment test. If entities determine, on the basis of qualitative factors, it is not more likely than not that the fair value of the reporting unit is less than the carrying amount, then performing the two-step impairment test would be unnecessary. However, if an entity concludes otherwise, then it is required to perform the first step of the two-step impairment test by calculating the fair value of the reporting unit and comparing the fair value with the carrying amount of the reporting unit. If the carrying amount of a reporting unit exceeds its fair value, then the entity is required to perform the second step of the goodwill impairment test to measure the amount of the impairment loss, if any. ASU 2011-08 also provides entities with the option to bypass the qualitative assessment for any reporting unit in any period and proceed directly to the first step of the two-step impairment test.

ASU 2011-08 is effective for interim and annual periods beginning after December 15, 2011 but early adoption is permitted. Adoption of the new provisions did not have a material impact on our financial condition or results of operations.

3. ADVANCES PAYABLE

During the fiscal year ended May 31, 2011, a director of the Company made advances of $12,381 to the Company for operations, and paid expenses on behalf of the Company of $3,900 ($5,200 in 2009). These advances are non-interest bearing and payable on demand. On May 30, 2011 the Director resigned from the Board of Directors of the Company, and as at May 31, 2011 the entire amount advanced by this former Director, totaling $108,364, was reclassified as advances payable. On June 22 2011, the former director made an additional advance of $40 to the Company. As at August 31, 2012, the balance due to this former director totaled $108,404. This amount is unsecured, bears no interest and has no specific terms of repayment.

4. SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

During fiscal 2012, Portage Resource Inc. has paid $6,740 to Mr. Paul Luna Belfiore, a director and officer of the Company for consulting services. There were no significant transactions with related parties for the three months ended August 31, 2012.

5. COMMON STOCK

COMMON STOCK TO BE ISSUED

On July 27, 2011, the Board of Directors unanimously approved a dividend whereby the shareholders of the Company will receive a dividend payable as a ten for one (10:1) forward split of the issued and outstanding shares of Common Stock of the Company pursuant to Section 78.215 of the Nevada Revised Statutes. Further, as part of this approved action of the Board of Directors, the Company s Executive Officer, and Mr. Paul Luna Belfiore agreed to return a total of 230,000,000 restricted shares to treasury for cancellation prior to the Effective Date. As at October 31, 2011 the Company had not yet received FINRA approval for the above-noted transaction and withdrew the dividend. Concurrent with this action, the Board of directors agreed to re-issue 230,000,000 restricted shares to Mr. Belfiore. As at the date of this report, the 230,000,000 shares remain unissued.

On August 10th, 2011, the Company entered into a share purchase agreement with Nilam Resources S.A. Peru (Nilam), whereby subscribed for a total of 195,400 shares of common stock of the Company at $0.10 per common share for proceeds of $19,540. The funds have been received from Nilam; however the shares have not yet been issued. During the year ended May 31, 2012 the Company received further advances from Nilam totaling $9,450 under another share purchase agreement for a total of 315,000 shares of common stock at a price of $0.03 per share. All these shares were issued on June 14, 2012.

On September 26th 2011, Portage Minerals Peru S.A. (entered into a sales and purchase agreement with Nilam Resources Inc. (Nilam) to acquire 55% of the mining concession called Rocas#1. Under the terms of the Agreement, Nilam is to receive 7,000,000 shares of the common stock of Portage Resources Inc. These shares were valued at $0.20 based on the closing price of the Company s common stock on September 26, 2011 (Note 3). All these shares were issued on June 14, 2012.

On September 30th 2011, Portage Minerals Peru S.A. entered into a sales and purchase agreement with Nilam Resources Inc. (Nilam) to acquire 55% of the mining concession called Rocas#2. Under the terms of the Agreement, Nilam is to receive 3,500,000 shares of the common stock of Portage Resources Inc. These shares were valued at $0.30 based on the closing price of the Company s common stock on September 26, 2011 (Note 3). All these shares were issued on June 14, 2012.

7. SHORT-TERM LOANS

On November 30, 2011, the Company requested a loan from Nilam Resources Inc. of $5,520 due on demand. The loan bears no interest for six months whereby non-payment after six months should incur a $100 per month non-compounded interest charge. The loan became on-demand on May 31, 2012.. During the three months ended August 31, 2012, interest accrual of $300 was added to the original loan payable.

On January 4, 2012, the Company requested a loan from BTL Media Corp. of $20,000 on demand. The loan bears no interest for six months whereby non-payment after six months should incur a $100 per month non-compounded interest charge. The loan became on-demand on July 3, 2012. During the three months ended August 31, 2012, interest accrual of $190 was added to the original loan payable.

8. SUBSEQUENT EVENTS

There were no subsequent events as at the report date.

ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

The following discussion should be read in conjunction with our financial statements and the notes to our financial statements in Part I of this quarterly report. Forward-looking statements are statements not based on historical information and which relate to future operations, strategies, financial results, or other developments. Forward-looking statements are based upon estimates, forecasts, and assumptions that are inherently subject to significant business, economic, and competitive uncertainties and contingencies, many of which are beyond our control and many of which, with respect to future business decisions, are subject to change. These uncertainties and contingencies can affect actual results and could cause actual results to differ materially from those expressed in any forward-looking statements made by us, or on our behalf. We disclaim any obligation to update forward-looking statements.

The financial statements mentioned above have been prepared in conformity with accounting principles generally accepted in the United States of America and are stated in United States dollars.

Overview

Portage Resources Inc. (the Company, we, us, or our) incorporated under the laws of the State of Nevada on July 2 2006. Our corporate office is located at Av. Benavides 441, Apto 101B, Miraflores, Lima 18, Peru. Our telephone number is 011-511-733-5100, and the company s website address is www.portageresourcesinc.com. The contact telephone number is 011-511-733-5100, and our e-mail address is info@portageresourcesinc.com.

On April 30, 2008, the board of directors approved a resolution to forward split the common shares of the Company on the basis of thirty-nine (39) new shares for each one (1) share of common stock then held (the Forward Split). As a result of the Forward Split, every one outstanding share of common stock was increased to forty shares of common stock.

On May 1, 2008, the Secretary of State of Nevada accepted an amendment to the Articles of Incorporation filed by the Company increasing the total number of authorized shares of common stock to 500,000,000 shares of common stock with a par value of $0.001 per share.

On February 4, 2011, our Board of Directors approved a ten for one (10:1) forward split of the issued and authorized shares of the Company. The Record Date of the Forward Split was February 27, 2011 for shareholders of record to receive the forward split shares. The Company s authorized common stock increased from 500,000,000 shares of common stock with a par value of $0.001 to 5,000,000,000 shares of common stock with a par value of $0.001.

On May 30, 2011, Paul Luna Belfiore acquired control of four hundred eighty million (480,000,000) shares of the Company s issued and outstanding common stock, representing approximately 75.33% of the Company s total issued and outstanding common stock, thus, effecting a change in control of the Company.

On July 27, 2011, our Board of Directors unanimously approved a dividend whereby the shareholders of the Company were to receive a dividend payable as a ten for one (10:1) forward split of the issued and outstanding shares of Common Stock of the Company pursuant to Section 78.215 of the Nevada Revised Statutes. Mr. Paul Luna Belfiore agreed to return a total of 230,000,000 restricted shares to treasury for cancellation prior to the Effective Date. As of October 31, 2011 the Company had not yet received FINRA approval for the above-noted transaction and withdrew the dividend. Concurrent with this action, the Board of directors agreed to re-issue 230,000,000 restricted shares to Mr. Belfiore.

Our Current Business

We were organized for the purpose of acquiring, exploring and developing mineral properties.

The Company has not established the existence of a commercially mineable ore deposit and as at the date of this report has not reached the exploration stage and is considered to be in the pre-exploration stage.

In late 2006, the Company had the ROK 1-20 claims staked and ownership put into its own name. In December 2009, the Company allowed its mineral claims to lapse without any work being performed on them.

On June 22, 2011, we incorporated two subsidiaries to undertake mineral acquisition and exploration activities in Peru known as Portage Resources Peru S.A. and Portage Minerals Peru Sociedad Anonima.

On June 25, 2011, Portage Resources Peru S.A. (Portage Peru) entered into an assignment agreement with Airon Peru S.A.C. (Airon) whereby Airon assigned all rights and interest in a joint venture to the mining concession Wuakakuy to Portage Peru. Under the terms of the assignment agreement Portage Peru agreed to explore the concession pursuant to the terms of the joint venture. We have agreed to spend a minimum of $150,000 on drilling and /or exploration costs and to drill a minimum of 1000 meters within 18 months from the date of the agreement. Should the Company fail to meet its obligations under the agreement then the property will revert back to Airon.

On June 27, 2011, Portage Minerals Peru S.A. (Portage Minerals) acquired all rights, title and interest to the Linderos 4 mining concession in Tabaconas District, San Ignacio Province, Department of Cajamarca, Peru from Nilam Resources Inc. (Nilam).

On July 4, 2011, Portage Minerals acquired all rights, title and interest to the Linderos 5 mining concession in Tabaconas District, San Ignacio Province, Department of Cajamarca, Peru from Nilam.

On July 22, 2011, Portage Peru entered into agreements to acquire certain mineral concessions known as A.Cordillera Negra located approximately 13 kms from the great Antamina Mine. Portage Minerals entered into a purchase agreement with Claver Albert Huerta Morales to acquire the concessions, consisting of two properties with a total of 1,200 hectares. The CORDILLERA NEGRA EC property is 1,000 hectares, and the adjacent CORDILLERA NEGRA 2 EC property is 200 hectares. As Per the agreement between the parties, Portage made a payment of $10,000 on signing of the agreement, and a further $10,000 on September 15, 2011, leaving total additional outstanding payments of US $1,535,000 over the next 42 months. Following the initial payments, the Company will pay $35,000 to obtain a 43-101 geological report within five months of receiving the public deed, and thereafter, if the report is determined to be favorable, the Company will remit payments as follows:

· US $ 250,000 after thirty (30) months of receipt of the public deed.

· US $ 250,000 after thirty six (36) months of receipt of the public deed.

· US $ 1,000,000 after forty two (42) months of receipt of the public deed.

On September 26th 2011, Portage Minerals entered into a sales and purchase agreement with Nilam to acquire 55% of the mining concession called Rocas#1, Reco 7 with Code 01046810, with 400 hectares, located in Chiquian district, Department of Ancash. The terms of the acquisition include a minimum investment of $100,000 USD or 800 meters of drilling within 24 months of all permits and registry of the 55% ownership of the project with Nilam retaining 45% of the project. Furthermore, the remaining 45% of the project can be acquired from Nilam by Portage at any time by the payment of $0.675 per each ounce of silver on the total silver resources. Under the terms of the Agreement, Nilam is to receive 7,000,000 shares of the common stock of Portage Resources Inc.

On September 30th 2011, Portage Minerals entered into a sales and purchase agreement with Nilam to acquire 55% of the mining concession called Rocas#2, Ruth PB code 010516107, with 200 hectares, located in Chiquian district, Department of Ancash. The terms of the acquisition include a minimum investment of $50,000 USD or 200 meters of drilling within 24 months of all permits and registry of the 55% ownership of the project with Nilam retaining 45% of the project. Furthermore, the remaining 45% of the project can be acquired from Nilam at any time by the payment of $0.675 per each ounce of silver on the total silver resources.

Under the terms of the Agreement, Nilam is to receive 3,500,000 shares of the common stock of Portage Resources Inc.

We have commenced initial exploration work on the properties, and this will continue to be our principal activity, until and if our minerals of interest are discovered in commercially viable quantities, which would then become our principal products.

Our exploration programs will be exploratory in nature and there is no assurance that a commercially viable mineral deposit exists on the properties until further exploration, particularly drilling, is undertaken and a comprehensive evaluation concludes economic and legal feasibility. We have not yet generated or realized any revenues from our business operations.

To meet our ongoing need for cash, to finance our continuing operations, we must raise additional capital through a private placement or public offering of shares of our common stock, or through loans from our officers and directors. If we are unable to raise the additional cash we need to continue operations, we will have no alternative but to cease operations and go out of business which could result in the loss of your entire investment in our common stock.

If the Company is successful in raising sufficient funds in order to conduct our exploration programs, the full extent and cost of which is not presently known beyond that required by our mandatory work programs noted below. Such exploration programs may or may not result in an indication that production is economically feasible. Then at that point in time, we would make a determination as to the best and most viable approach for the extraction of the minerals from the respective property. On October 12, 2011, the Company entered into a draw-down equity line of credit with Groupo Industrial Canamex for up to $3,000,000 dollars. This funding will provide sufficient working capital for the Company to be able to meet its ongoing funding commitments. However, the terms of the draw-down agreement may be substantively dilutive to the current shareholders dependent on the pricing at the time of the draw-down.

Results of Operations

The following discussion of the financial condition, results of operations, cash flows, and changes in our financial position should be read in conjunction with our audited financial statements and notes included in our Annual Report on Form 10-K for the fiscal year ended May 31, 2012.

We have suffered recurring losses from operations. The continuation of our Company is dependent upon us attaining and maintaining profitable operations and raising additional capital as needed. In this regard, we have raised additional capital through equity offerings and loan transactions in the past. We presently believe we will be able to do so in the future. However, we can offer no assurance of this outcome as no specific arrangements are in place.

Comparison of three (3) period ended August 31, 2012 and three (3) period August 31, 2011

Our revenues since inception on July 20, 2006 to date have been $nil. For the three months ended August 31, 2012, our loss from operations was ($18,819) as compared to a loss of (2,523,546) for the three months ended August 31, 2011.

The decrease in losses were caused by operations we undertook in our business plan whereby we expended $0 on exploration expenses, $13,800 for professional, $3,519 for general and administrative, and $1,500 for legal fees for the three months ended August 31, 2012 as compared to $0 for Exploration expenses, $7,151 for professional, $2,500 for legal fees and $43,895 for general and administrative expenses, for the three months ended August 31, 2011.

The company had a large decrease in loss because the company did not have a large impairment of mineral acquisition cost for the three months ended August 31, 2012. In the three months ended August 31, 2011, the company had a ($2,470,000) impairment of mineral acquisition cost. The General and Administrative expenses were also decreased from $43,895 to $3,519.

Period from inception, July 20, 2006 to August 31, 2012

Our revenues since inception to date have been $nil. Since inception, we have an accumulated deficit during the pre-exploration stage of $5,284,059. We expect to continue to incur losses as a result of continued exploration of our Peruvian mineral properties and as a result of expenditures for general and administrative activities while we remain in the pre-exploration stage.

Liquidity & Capital Resources

As a pre-exploration stage Company, we have had no revenues for the period from July 20, 2006 (date of inception), through August 31, 2012. We expect to incur substantial costs while we commence exploration work on our properties in addition to meeting our ongoing corporate obligations and debt servicing. As of August 31, 2012, our cash balance was $546 which is consistent with our cash balance of $571 on May 31, 2012. On October 12, 2011, we executed a draw-down line of credit agreement to fund the Company up to an amount of $3,000,000. This equity line of credit is expected to provide the Company with sufficient working capital to meet its current liabilities which total $260,665 as of August 31, 2012 ($241,871 as at May 31, 2012). Accordingly, we believe but we cannot guarantee that we will also have sufficient funds to implement our exploration and development programs on our properties, and to meet our other pending obligations, including general and administrative costs and contractual property payments. Management believes that it will require a minimum of $1,200,000 during the next twelve months to meet its planned commitments.

For the twelve month period ended August 31, 2012 we anticipate that based on meeting our known obligations for general operations, required property payments and for planned exploration activities, we will be required to raise the following funds:

		Amount
General operating costs	$	100,000
Payment of existing liabilities		180,000
Professional Fees		150,000
Consulting Fees		200,000
Property Acquisition Costs - Airon		24,000
Property Acquisition Costs - Cordillera Negra		35,000

Estimated Exploration Costs			500,000
	Total	$	1,189,000

If we are to acquire additional properties, or undertake additional operational activities, we would be required to raise additional capital.

For two of our property acquisitions, no funds are required to be expended on those properties in the upcoming 12 months. If we did determine to undertake exploration activities on the properties, we will be required to allocate $150,000 for drilling on both of these properties. This amount is not included in our budget above. We cannot accurately state at this time whether we will be required to purchase any plant or equipment or have any significant changes in the number of employees, as at this time these requirements would ensue from positive outcomes of the exploration programs on our mineral properties. We however do not anticipate making any such purchases or hiring any employees until such time as we have undertaken the required exploration programs and results indicate the need to do so.

We expect to continue to incur losses for the foreseeable future, and there can be no assurance that we will achieve or maintain revenues or profitability, or establish or sustain future growth.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to stockholders.

Critical Accounting Policies and Estimates

The preparation of our financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an on-going basis, management evaluates its estimates and judgments which are based on historical experience and on various other factors that are believed to be reasonable under the circumstances. The results of their evaluation form the basis for making judgments about the carrying values of assets and liabilities. Actual results may differ from these estimates under different assumptions and circumstances. Our significant accounting policies are more fully discussed in the Notes to our Financial Statements contained in our Annual Report on Form 10-K for the year ended May 31, 2012.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

The Company is a smaller reporting company and is not required to provide this information.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We conducted an evaluation, under the supervision and with the participation of our management, including Paul Luna Belfiore, our Principal Executive Officer who is also our Principal Financial Officer, of the effectiveness of the design of our disclosure controls and procedures (as defined by Exchange Act Rules 13a-15(e) or 15d-15(e)) as of August 31, 2012 pursuant to Exchange Act Rule 13a-15. Based upon that evaluation, our Principal Executive Officer who is also our Principal Financial Officer concluded that our disclosure controls and procedures are not effective as of August 31, 2012 in ensuring that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission s rules and forms. This conclusion is based on findings that constituted material weaknesses. A material weakness is a deficiency, or a combination of control deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the Company s interim financial statements will not be prevented or detected on a timely basis.

In performing the above-referenced assessment, our management identified the following material weaknesses:

Portage did not have an audit committee which complies with the requirements of an audit committee since it did not have an independent financial expert on the committee. Even though it has a Code of Ethics it does not emphasize fraud and methods to avoid it. Due to the small size of Portage a whistleblower policy is not necessary.

Due to a significant number and magnitude of out-of-period adjustments identified during the quarterly closing process, management has concluded that the controls over the quarter-end financial reporting process were not operating effectively. A material weakness in the quarter-end financial reporting process could result in Portage not been able to meet its regulatory filing deadlines and, if not remedied, has the potential to cause a material misstatement or to miss a filing deadline in the future. Management override of existing controls is possible given the small size of the organization and lack of personnel.

There is no system in place to review and monitor internal control over financial reporting. This is due to Portage maintaining an insufficient complement of personal to carry out ongoing monitoring responsibilities and ensure effective internal control over financial reporting.

We continue to review our disclosure controls and procedures related to these material weaknesses and expect to implement changes in the near term, including identifying specific areas within our governance, accounting and financial reporting processes to add adequate resources and personnel to potentially mitigate these material weaknesses. Our present management will continue to monitor and evaluate the effectiveness of our internal controls and procedures and our internal controls over financial reporting on an ongoing basis and are committed to taking further action and implementing additional enhancements or improvements, as necessary and as funds allow.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal controls over financial reporting that occurred during the three months ended August 31, 2012 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

We believe that a control system, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the control system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within any company have been detected.

PART 11 OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

There are no legal proceedings to which Portage is a party nor to the best of management s knowledge are any material legal proceedings contemplated.

The Deposit Trust Clearing Corporation (DTCC) has placed a temporary stock restriction on the stock while it is reviewing a few transactions. However, at this time, there are no legal proceedings, and the Company is working expeditiously to resolve the temporary restriction with the DTCC.

ITEM 1A. RISK FACTORS

A smaller reporting company is not required to provide the information required by this Item.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

On August 10th, 2011, the Company entered into a share purchase agreement with Nilam Resources S.A. Peru (Nilam), whereby subscribed for a total of 1,954,000 shares of common stock of the Company at $0.10 per common share for proceeds of $19,540. The funds have been received from Nilam, however the shares have not yet been issued.

The Company relied upon the Regulation S exemption for the sale of shares to Peru as the shares were sold in compliance with the exemption from the registration requirements found in Rules 901 through 903 of Regulation S promulgated by the Securities and Exchange Commission under the Securities Act of 1933. These shares were issued in offshore transactions since the offerees were not in the United States and the purchasers were outside the United States at the time of the purchase. Each offshore subscriber certified that he or it is not a U.S. person and is not acquiring the securities for the account or benefit of any U.S. person and agreed to resell such securities only in accordance with the provisions of Regulation S, pursuant to registration under the Act or pursuant to an available exemption from registration.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. (REMOVED AND RESERVED)

ITEM 5 OTHER INFORMATION

The Company is a mining operation, and the company has had not environmental or safety issues.

ITEM 6. EXHIBITS

31.

Certification of Mr. Paul Luna Belfiore, Chief Executive Officer and Acting Chief Financial officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.

Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes Oxley Act of 2002.

24

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	PORTAGE RESOURCES INC.
	(Registrant)
	/s/ Paul Luna Belfiore
Date: October 15, 2012	PAUL LUNA BELFIORE
	Chief Executive Officer, Chief Financial Officer, President, Secretary, Treasurer and Director