PORTAGE BIOTECH INC.
Clarence Thomas Building, P O Box 4649,
Road Town, Tortola, British Virgin Islands

October 8, 2018

To United States Shareholders:

Portage Biotech Inc., a Business Company organized under the laws of The British Virgin Islands (the "**Company**"), became a "passive foreign investment company" for U.S. federal tax purposes (a "**PFIC**") on February 15, 2017 till January 16, 2018. The manner in which the PFIC rules apply depends, in part, on whether a U.S. person who or that is a Company shareholder (a "**U.S. Shareholder**") elects to treat the Company as a qualified electing fund (a "**QEF**") with respect to the shareholder (a "**QEF election**"). This letter and the accompanying "PFIC Annual Information Statement" are intended to provide U.S. Shareholders with information they may use for purposes of making a QEF election and complying with the annual QEF reporting requirements.

**Due to the complexity and potentially adverse effect of the applicable tax rules, U.S. Shareholders are encouraged to consult their own tax advisors regarding the impact of these rules and all of the potential tax consequences of the ownership of Company shares based on their particular circumstances.**

In general, a U.S. Shareholder who makes a QEF election with respect to the Company will be required annually to report on his or her federal income tax return an allocable amount of the Company's ordinary earnings and net capital gain, if any ("**QEF inclusions**").[1] Each U.S. Shareholder who desires to treat the Company as a QEF with respect to the Shareholder must individually make the QEF election in accordance with the applicable tax rules (summarized below). A QEF election must be made for the taxable year of the electing shareholder that includes March 31, 2018, the date on which the Company's latest taxable year ended.[2]

A QEF election must be filed with the Internal Revenue Service (the "**IRS**") by the due date, including extensions, of the electing U.S. Shareholder's federal income tax return for the

1 Special rules apply to a U.S. Shareholder who makes a QEF election and wishes to defer the payment of federal income tax on his or her annual QEF inclusions.

2 If, however, you first became a Company shareholder after that date, the PFIC rules are first relevant to you for the Company's taxable year ending March 31, 2019. In that case, if you are a calendar year taxpayer, you will not have to decide whether to make a QEF election with respect to the Company until you file your 2019 federal income tax return.

shareholder's taxable year for which the election is to apply. A U.S. Shareholder can elect QEF treatment on Department of the Treasury (the "**Treasury")**/IRS Form 8621 (Rev. Dec. 2014) ("**Form 8621**"), which must be properly completed and attached to the shareholder's federal income tax return for the taxable year for which the election is made. Form 8621, and the related Instructions (Rev. Dec. 2014), can be obtained from a local IRS office, by calling the IRS at 1-800-TAX-FORM (1-800-829-3676), or by going to the IRS Website (www.irs.gov).

Enclosed with this letter is the PFIC Annual Information Statement for the Company's taxable year ended March 31, 2018 (the "**Company's Taxable Year**"). This statement sets forth the Company's ordinary earnings and net capital gain for that year and provides certain other information required by Treasury regulations. For U.S. Shareholders who or that plan to make, or that previously have made, a QEF election with respect to the Company, the PFIC Annual Information Statement may be used in connection with preparing Form 8621 and reporting the QEF inclusions. Electing U.S. Shareholders should retain a copy of Form 8621 and the PFIC Annual Information Statement for their records, because the failure of an electing U.S. Shareholder to produce such documentation in connection with an IRS examination may result in invalidation or termination of the shareholder's QEF election.

A QEF election is effective for the taxable year of an electing U.S. Shareholder for which the election is made and for all subsequent taxable years of the shareholder, and the election may not be revoked without IRS consent. Therefore, a U.S. Shareholder who already has made a valid QEF election with respect to the Company need not make another such election with respect thereto. Such a shareholder must, however, file a properly completed Form 8621 with his or her federal income tax return (reporting his or her QEF inclusion on the return).[3]

A U.S. Shareholder who first acquired Company shares after February 15, 2017, and before January 16, 2018, and who files his or her federal income tax return on the basis of a calendar year, may make a QEF election on his or her 2017 federal income tax return. A U.S. Shareholder who first acquired Company shares on or before February 15, 2017, and who has not previously made a QEF election with respect to those shares, also may make the election on his or her 2017 federal income tax return but should consult his or her tax advisor concerning the tax consequences and special rules that apply when a QEF election could have been made with respect to a PFIC for an earlier taxable year.

You should note that the Company's ordinary earnings and net capital gain are generally reported on the PFIC Annual Information Statement on a per share, per day basis[4]. Therefore, to determine the amount of the Company's ordinary earnings and net capital gain (if any) that are properly allocable to you, the amount thereof reported on the PFIC Annual Information Statement must be multiplied, first, by the number of shares you held during the Company's Taxable Year, and second, by the number of days during that year that you held those shares. An individual U.S. Shareholder with a QEF election in effect should report on his or her federal

[3] A non-electing U.S. Shareholder also must file a properly completed Form 8621 with his or her federal income tax return.

[4] The amount shown in the 2018 Annual Report as "Net realized gain (loss) from foreign currency transactions" for the Company's Taxable Year has been allocated between ordinary earnings and net capital gain in accordance with U.S. federal income tax principles.

income tax return his or her allocable amount of the Company's ordinary earnings as dividend income (on Treasury/IRS Form 1040, line 9a, and, if total ordinary dividends exceed $1,500 for the year, Schedule B (Form 1040)). Because the Company is a PFIC, no part of that dividend income qualifies for the 15% and 20% maximum federal income rates on individuals' "qualified dividends" (Treasury/IRS Form 1040, line 9b).

The Company had an ordinary loss and net capital gain for the Company's Taxable Year. Accordingly, unlike previous years, there is no ordinary earnings but net capital gain to be allocated to U.S. Shareholders. The total amount of cash dividends the Company paid during that year was $nil per share.

The actual calculation of reportable income may be affected by the individual circumstances of a particular U.S. Shareholder (such as increases and decreases in share ownership by the shareholder during the year). Accordingly, shareholders should consult their tax advisors regarding the proper reporting of capital gain attributable to their Company shares.

**The discussion above, which is based on current tax law (including Treasury regulations), which is subject to change, is not intended to constitute tax advice. Due to the complexity of the tax rules relating to PFICs, you are strongly urged to consult your own tax advisor concerning (a) the impact of these rules on your investment in Company shares and on your individual situation, (b) whether you should make a QEF election, (c) the proper manner for making a QEF election and reporting the income attributable to your investment in the Company on your tax return, (d) the tax consequences of making a QEF election for a year other than the first year you are eligible to do so under the PFIC rules, and (e) the advantages and disadvantages of making an MTM election.**

Sincerely yours,

Sd: Kam Shah
Hief Financial Officer
Portage Biotech Inc.

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Clarence Thomas Building, P O Box 4649,
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PFIC ANNUAL INFORMATION STATEMENT

1. This statement applies to the taxable year of Portage Biotech Inc.(the "**Company**") that began April 1, 2017, and ended March 31, 2018 (the "**Taxable Year**").

2. (a) The Company's per day, per share ordinary earnings (as defined in section 1293(e) of the Internal Revenue Code of 1986, as amended, and determined in accordance with Treas. Reg. § 1.1293-1(a)(2)(i)(C)) for the Taxable Year were:

$0.00

(b) The Company's per day, per share net capital gain (as defined in Treas. Reg. § 1.1293-1(a)(2)) for the Taxable Year was:

$0.001

3. On January 16, 2018, 6,102,730 shares of Biohaven Pharmaceutical Holding Company Ltd.("Biohaven") held by the Company were distributed as stock dividend on a pro-rata basis among the shareholders of the Company. Under the distribution plan, holders of Portage ordinary shares received one (1) common share of Biohaven as a dividend on each forty-six (46) outstanding ordinary share of Portage owned as of the Record Date, which was January 5, 2018, No fractional shares, or cash in lieu of fractional shares, was distributed. Rather, the number of Portage shares held by a Portage shareholder as of the Record Date were rounded to the nearest 46 share increment to determine the number of whole Biohaven shares such shareholder would receive in the distribution. As a result, one Biohaven share was distributed in respect of 23 to 45 incremental Portage shares held as of the Record Date and no Biohaven share was distributed in respect of fewer than 23 incremental Portage shares held as of the Record Date

4. The Company will permit you to inspect and copy its permanent books of account, records, and other documents it maintains that are necessary to establish that its ordinary earnings and net capital gain enumerated above are computed in accordance with U.S. federal income tax principles and to verify those amounts and your *pro rata* share thereof.

Portage Biotech Inc.

By: /s/ Kam Shah
Title: Chief Financial Officer Date:
October 8, 2018