Portage Biotech Inc.

Consolidated Financial Statements

For the Years Ended March 31, 2018 and 2017

(US Dollars)

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For the Years Ended March 31, 2018 and 2017
(US Dollars)

Index

pages

Schwartz Levitsky Feldman llp
CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS
TORONTO • MONTREAL

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Directors of Portage Biotech Inc.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Portage Biotech Inc. (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2018 and March 31, 2017, the consolidated statements of operations and other comprehensive income (loss), changes in shareholders' equity and cash flows for the years ended March 31, 2018, 2017 and 2016, and the related notes, comprising a summary of significant accounting policies and other explanatory information (collectively referred to as the consolidated financial statements).

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at March 31, 2018 and March 31, 2017, and its consolidated financial performance and its consolidated cash flows for the years ended March 31, 2018, 2017 and 2016 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement, whether due to error or fraud. Those standards also require that we comply with ethical requirements, including independence. We are required to be independent with respect to the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. We are a public accounting firm registered with the PCAOB.

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An audit includes performing procedures to assess the risks of material misstatements of the consolidated financial statements, whether due to error or fraud, and performing procedures to respond to those risks. Such procedures included obtaining and examining, on a test basis, audit evidence regarding the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances.

An audit also includes evaluating the appropriateness of accounting policies and principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a reasonable basis for our audit opinion.

We have served as the Company's auditor since 2006.

"SCHWARTZ LEVITSKY FELDMAN LLP"

Toronto, Ontario Chartered Accountants
July 26, 2018 Licensed Public Accountants

Portage Biotech Inc.

Consolidated Statements of Financial Position
(US Dollars)

As at March 31,	Note	**2018**	2017
		in 000$	**in 000$**
Assets			
Current			
Cash		**7,520**	159
Prepaid expenses and other receivable	**4**	**44**	64
Investment, available for sale	**6**	**52**	58,913
		$7,616	$59,136
Long-term assets			
Long term portion of other receivable	**4**	**56**	68
Convertible note receivable	**5**	**950**	-
Investment in associate	**7**	**681**	-
Investment	**9**	**700**	700
Total assets		**$10,003**	$59,904
Liabilities and Shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities		**127**	109
		$127	$109
Non-current liabilities			
Unsecured notes payable	**10**	**233**	181
Warrant liability	**10**	**24**	20
		257	201
Total liabilities		**$384**	$310
Shareholders' Equity			
Capital stock	**11**	**23,654**	18,360
Stock option reserve	**12**	**267**	1,706
Accumulated other comprehensive income		**32**	24,547
Retained earnings (Deficit)		**(14,334)**	14,981
Total equity		**$9,619**	$59,594
Total liabilities and Shareholders' equity		**$10,003**	$59,904
Commitments and Contingent Liabilities (Note 15)			
Related Party Transactions (Note 17)			

On behalf of the Board ”Kam Shah” Director ”Declan Doogan” Director
(signed) (signed)

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

Portage Biotech Inc.

Consolidated Statements of Operations and Other Comprehensive Income
(US Dollars)

Year ended March 31,	**Note**	**2018**	2017	2016
		in 000$	**in 000$**	**in 000$**
Expenses				
Research and development		**561**	32,450	4,577
Consulting fees	**16,17(ii)**	**1,335**	1,923	4,014
Professional fees		**215**	634	501
Other operating costs	**17(i)**	**116**	485	96
Bank charges and interest		**32**	552	7
		2,259	36,044	9,195
Realized gain on sale of investment		**(126,000)**	-	-
Gain on restating retained interest in associate at fair value		**-**	(49,864)	-
Share of losses in associate		**-**	14,461	
Net income (loss)		**$123,741**	$(641)	$(9,195)
Other comprehensive income				
Gain on investment transferred to retained earnings on disposal of investment		**$(24,515)**	**-**	-
Unrealized gain on Investment, available for sale		**-**	$24,547	-
Total comprehensive Income (loss) for year		**$99,226**	$23,906	$(9,195)
Net income (loss) attributable to :				
Owners of the Company		**123,741**	16,299	(5,706)
Non-controlling interest		**-**	(16,940)	(3,489)
		$123,741	$(641)	$(9,195)
Net comprehensive Income (loss) attributable to :				
Owners of the Company		**99,226**	40,846	(5,706)
Non-controlling interest		**-**	(16,940)	(3,489)
		$108,312	$23,906	$(9,195)
Basic and diluted income (loss) per share (Actual)	**14**			
Basic		**$0.46**	$0.06	$(0.02)
Diluted		**$0.46**	$0.06	$(0.02)

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

Portage Biotech Inc.

Consolidated Statements of Changes in Shareholders' Equity
For the Year ended March 31, 2018
(US Dollars)

	Number of Shares	Capital Stock	Stock Option Reserve	Warrants	Accumulated other comprehensive income	Retained earnings (Accumulated Deficit)	Non-controlling interest	Total Equity
	000'	000$	000$	000$	000$	000$	000$	000$
Balance, April 1, 2015	**206,776**	**$ 9,692**	**$ 1,312**	**$ 1,108**	**$ -**	**$ (9,453)**	**$ 1,456**	**$ 4,115**
Issued under private placement	43,489	6,155	-	-	-	-	-	6,155
Private placement finder's fee	-	(308)	-	-	-	-	-	(308)
Finder's fee settled in shares	2,174	308	-	-	-	-	-	308
Value of shares issued as compensation	1,000	100	-	-	-	-	-	100
Shares and warrants issued by Biohaven to acquire intangible assets	-	-	-	2,756	-	-	280	3,036
Options vested	-	-	3,764	-	-	-	-	3,764
Transfer of carrying cost on expiration of warrants	-	1,108	-	(1,108)	-	-	-	-
Shares issued	-	-	-	-	-	541	3,813	4,354
Net loss for year	-	-	-	-	-	(5,706)	(3,489)	(9,195)
Balance, March 31, 2016	**253,439**	**$ 17,055**	**$ 5,076**	**$ 2,756**	**$ -**	**$ (14,618)**	**$ 2,060**	**$ 12,329**

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

Portage Biotech Inc.

Consolidated Statements of Changes in Shareholders' Equity: (Cont'd)
For the Year ended March 31, 2018
(US Dollars)

	Number of Shares	Capital Stock	Stock Option Reserve	Warrants	Accumulated other comprehensive income	Retained earnings (Accumulated Deficit)	Non-controlling interest	Total Equity
	000'	000$	000$	000$	000$	000$	000$	000$
Balance, April 1, 2016	**253,439**	**$ 17,055**	**$ 5,076**	**$ 2,756**	**$ -**	**$ (14,618)**	**$ 2,060**	**$ 12,329**
Options vested	-	-	404	-	-	-	-	404
Value of shares issued as compensation	7,250	1,305	-	-	-	-	-	1,305
Unrealized gain on investment, available for sale	-	-	-	-	24,547	-	-	24,547
Loss of control of subsidiary	-	-	(3,774)	(2,756)	-	13,300	14,880	21,650
Net income (loss) for year	-	-	-	-	-	16,299	(16,940)	(641)
Balance, March 31, 2017	**260,689**	**$ 18,360**	**$ 1,706**	**$ -**	**$ 24,547**	**$ 14,981**	**$ -**	**$ 59,594**
Balance, April 1, 2017	**260,689**	**$ 18,360**	**$ 1,706**	**$ -**	**$ 24,547**	**14,981**	**$ -**	**$ 59,594**
Options vested	-	-	193	-	-	-	-	**193**
Options exercised	18,471	4,358	(1,632)	-	-	-	-	**2,726**
Value of shares issued as compensation	1,560	936	-	-	-	-	-	**936**
Realized gain transferred to income on disposition of Biohaven shares by sale and stock dividend	-	-	-	-	(24,515)	-	-	**(24,515)**
Stock dividend of Biohaven shares	-	-	-	-	-	(153,056)	-	**(153,056)**
Net income for year	-	-	-	-	-	123,741	-	**123,741**
Balance, March 31, 2018	**280,720**	**$ 23,654**	**$ 267**	**$ -**	**$ 32**	**(14,334)**	**$ -**	**$ 9,619**

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

Portage Biotech Inc.

Consolidated Statements of Cash Flows
(US Dollars)

For the year ended March 31,	**2018**	2017	2016
	in 000$	in 000$	in 000$
Cash flows from operating activities			
Net income (loss) for year	**123,741**	(641)	(9,195)
Adjustments for non-cash items:			
Value of shares and options expensed as consulting fee	**1,129**	1,697	3,810
Realised gain on sale of investment, available for sale	**(126,000)**	-	-
Increase in warrant liability charged to interest	**7**	-	-
Gain on investment at date of loss of control of subsidiary	**-**	(49,863)	-
Share of losses in associate	**-**	14,461	-
Value of options expensed as research and development	**-**	12	53
Subsidiary's expenses to date of deconsolidation	**-**	33,064	-
Net change in working capital components	**-**	-	-
Prepaid expenses and other receivable	**32**	140	(186)
Accounts payable and accrued liabilities	**18**	(191)	(321)
	(1,073)	(1,321)	(5,839)
Cash flows into investing activities			
Acquisition of intangible by Biohaven	**-**	-	(1,000)
Disposal of cash on deconsolidation	**-**	(3,409)	-
Proceeds from sale of investment, available for sale	**7,289**	-	-
Investment in associate	**(681)**	-	-
Convertible note receivable	**(950)**	-	(700)
	5,658	(3,409)	(1,700)
Cash flows from financing activities			
Options exercised	**2,726**	-	-
Shares issued under private placement	**-**	-	6,155
Unsecured notes payable	**50**	200	-
Shares issued by a subsidiary	**-**	-	4,355
	2,776	200	10,510
(Decrease) Increase in cash during year	**7,361**	(4,530)	2,971
Cash at beginning of year	**159**	4,689	1,718
Cash at end of year	**7,520**	159	4,689
Supplemental disclosures			
Non-cash investing activities			
Shares and warrants issued by subsidiary towards acquisition of intangible assets	-	-	(3,036)
	-	-	(3,036)
Non-cash financing activities			
Shares issued in settlement of finders' fees			(308)
	-	-	(308)

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

1. NATURE OF OPERATIONS

Portage Biotech Inc. ("the Company") is incorporated in the British Virgin Islands ("BVI") with its registered office located at FH Chambers, P.O. Box 4649, Road Town, Tortola, BVI. Its Toronto agent, Portage Services Ltd., is located at 47 Avenue Road, Suite 200, Toronto, Ontario, M5R 2G3, Canada.

The Company is a reporting issuer with the Ontario Securities Commission and US Securities and Exchange Commission and its shares trade on the OTC Markets under the trading symbol "PTGEF," and are also listed for trading in US currency on the Canadian Securities Exchange under the symbol "PBT.U".

The Company is engaged in researching and developing pharmaceutical and biotech products through to clinical "proof of concept" with an initial focus on unmet clinical needs. Following proof of concept, the Company will look to sell or license the products to large pharmaceutical companies for further development and commercialization.

The Company's subsidiaries are in the pre-clinical stage, and as such no revenue has been generated from their operations.

2. BASIS OF PRESENTATION

(a) Statement of Compliance and Basis of presentation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), and interpretations of the International Financial Reporting Interpretations Committee.

These consolidated financial statements have been prepared on a historical cost basis except for items disclosed herein at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The Company has only one material operating segment.

These consolidated financial statements were approved and authorized for issue by the Audit Committee and Board of Directors on July 26_2018.

b) Consolidation

The consolidated financial statements include the accounts of the Company and,

a. Portage Services Ltd., a wholly owned subsidiary incorporated in Ontario on January 31, 2011.
b. Portage Pharmaceuticals Ltd. ("PPL") a wholly owned subsidiary resulting from a merger on July 23, 2013 and is incorporated under the laws of the British Virgin Islands, as a BVI business company.
c. EyGen Limited, ("EyGen") which is a wholly owned subsidiary of PPL, was incorporated on September 20, 2016 under the laws of the BVI.

All inter-company balances and transactions have been eliminated on consolidation.

2. BASIS OF PRESENTATION (cont'd)

(c) Functional and presentation currency

The Company's functional and presentation currency is US Dollar.

(d) Use of Estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Significant areas where estimation uncertainty and critical judgments are applied include valuation of financial instruments, research and development costs, fair value used for acquisition, assessment of impairment of investments and measurement of share- based compensation, in the current and prior years.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, which have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

Financial instruments

Financial assets

All financial assets are initially recorded at fair value and are designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans and receivables or at fair value through income or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings. The Company's cash is classified as FVTPL.

Financial assets classified as loans and receivables are measured at amortized cost using the effective interest method. The Company's convertible note receivable and other receivables are classified as loans and receivables and investment in a public entity's shares is classified as available for sale.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. The Company's accounts payable and accrued liabilities are classified as other financial liabilities.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial instrument (cont'd)

Warrant liability and note payable

The notes issued by PPL and EyGen have warrants attached to them which are convertible into common shares of PPL and EyGen respectively. Accordingly, at inception the warrant part is treated as an embedded derivative and recorded at fair value as a financial liability and the face value of the Note as a whole less the value of the warrant is recorded as a note payable.

At subsequent balance sheet dates the fair value of the warrant is remeasured with movements in the fair value being recorded in the income statement. The loan element is recorded at amortized cost and is subject to a notional interest charge in each reporting period which is recorded in the income statement.

Impairment of financial assets

The Company assesses at each date of the statement of financial position whether a financial asset is impaired.

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is then reduced by the amount of the impairment. The amount of the loss is recognized in income or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is reversed through income or loss.

Foreign currency translation

The functional and presentation currency of the Company and its subsidiaries (note 2(c)) is the US dollar. Monetary assets and liabilities are translated at exchange rates in effect at the balance sheet date. Non-monetary assets are translated at exchange rates in effect when they were acquired. Revenue and expenses are translated at the approximate average rate of exchange for the period. Foreign currency differences arising on retranslation are recognised in income or loss.

Share-based payments

The Company accounts for share-based payments granted to directors, officers, employees and consultants using the Black-Scholes option-pricing model to determine the fair value of the plan at the grant date. Share-based payments to employees, officers and directors are recorded and reflected as an expense over the vesting period with a corresponding amount reflected in stock option reserve. On exercise, the associated amounts previously recorded in the stock option reserve are transferred to the common share capital.

The quoted market price of the Company's shares on the date of issuance under any share- based plan is considered as fair value of the shares issued.

Share-based payments to non-employees are recognized and measured at the date the services are received based on the fair value of the services received unless if the fair value of the services cannot be reliably measured in which case it is based on the fair value of equity instruments issued using the Black-Scholes option pricing model.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Accounting for equity units

When the Company issues Units under a private placement comprising of common shares and warrants, the Company follows the relative fair value method of accounting for warrants attached to and issued with common shares of the Company. Under this method, the fair value of warrants issued is estimated using a Black-Scholes option pricing model which is added to fair value of the common shares determined using the stock price at the date of issuance and the percentage relative to the fair values determined. The fair value of the common shares and the warrants are proportionately adjusted to the net proceeds received.

Income (Loss) per Share

Basic income (loss) per share is calculated by dividing net income (loss) (the numerator) by the weighted average number of common shares outstanding (the denominator) during the period. Diluted Income (loss) per share reflects the dilution that would occur if outstanding stock options and share purchase warrants were exercised or converted into common shares using the treasury stock method and are calculated by dividing net income (loss) applicable to common shares by the sum of the weighted average number of common shares outstanding and all additional common shares that would have been outstanding if potentially dilutive common shares had been issued.

The inclusion of the Company's stock options and share purchase warrants in the computation of diluted loss per share would have an anti-dilutive effect on loss per share and are therefore excluded from the computation. Consequently, there is no difference between basic loss per share and diluted loss per share.

Investment

The investment is comprised of shares of private companies that have been acquired through a private placement. The investment is initially recorded at fair value. Following acquisition, the Company evaluates whether control or significant influence is exerted by the Company over the affairs of the investee company. Based on the evaluation, the Company accounts for the investment using either the consolidation, equity accounting or fair value method. The Company evaluates the investment each reporting period for evidence of impairment and adjusts the carrying value accordingly.

Investment in associates

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost from the date the investee becomes an associate and adjusted thereafter to recognise the Company's share of the profit or loss and other comprehensive income of the associate. When the Company's share of losses of an associate exceeds the Company's interest in that associate (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

On acquisition of the investment in an associate any excess of the cost of the investment over the Company's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

When necessary, the entire carrying amount of the investment is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Research and Development Expenses

(i) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in income or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically, and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. No development costs have been capitalized to date.

Research and development expenses include all direct and indirect operating expenses supporting the products in development.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in income or loss as incurred.

(iii) Clinical trial expenses:

Clinical trial expenses are a component of the Company's research and development costs. These expenses include fees paid to contract research organizations, clinical sites, and other organizations who conduct development activities on the Company's behalf. The amount of clinical trial expenses recognized in a period related to clinical agreements are based on estimates of the work performed using an accrual basis of accounting. These estimates incorporate factors such as patient enrolment, services provided, contractual terms, and prior experience with similar contracts

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

Contingent liability

A contingent liability is a possible obligation that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the Corporation; or a present obligation that arises from past events (and therefore exists), but is not recognized because it is not probable that a transfer or use of assets, provision of services or any other transfer of economic benefits will be required to settle the obligation; or the amount of the obligation cannot be estimated reliably.

Determination of fair value

A number of the Company's accounting policies and disclosures required the determination of fair value, both for financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The fair value of prepaid expenses and receivable and accounts payable and accruals are equivalent to their carrying amounts due to the short term nature of these items.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Income Tax

The Company is a British Virgin Island corporation. The Government of British Virgin Islands does not, under existing legislation, impose any income, corporate or capital gains tax, estate duty, inheritance tax, gift tax or withholding tax upon the Company or its security holders. The British Virgin Islands is not party to any double taxation treaties.

New standards and interpretations not yet adopted

Standards issued but not yet effective up to the date of issuance of the Company's consolidated financial statements are listed below. This listing is of standards and interpretations issued which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective.

IFRS 9 - *Financial Instruments*

In July 2014, the IASB issued the final version of IFRS 9 – Financial Instruments to replace IAS – Financial Instruments: Recognition and Measurement.

For financial assets, IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value and replaces the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used. For financial liabilities, the approach to the fair value option may require different accounting for changes to the fair value of a financial liability as a result of changes to an entity's own credit risk. The Company does not believe that the above standard will have any impact on its financial statements.

IFRS 9 (2014) is effective for the Company for annual periods beginning on April 1, 2018 but is available for early adoption.

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IFRS 16, Leases

In January 2016, the IASB issued IFRS 16 which requires lessees to recognize assets and liabilities for most leases. Lessees will have a single accounting model for all leases, with certain exemptions. The new standard is effective January 1, 2019, with limited early application permitted. The new standard permits lessees to use either a full retrospective or a modified retrospective approach on transition for leases existing at the date of transition, with options to use certain transition reliefs. The Company does not believe that the above standard will have any impact on its financial statements.

IFRIC 22 foreign currency Transaction and Advance Consideration

On December 8, 2016, the IASB issued IFRIC 22 which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income when an entity has received or paid advance consideration in a foreign currency. The interpretation is applicable to annual periods beginning on or after January 1, 2018. The Company does not believe that the above standard will have any impact on its financial statements.

IFRIC 23 Uncertainty over Income Tax Treatment

The interpretation addresses the determination of taxable income (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. The new standard is effective to annual reporting periods beginning on or after January 1, 2019. The Company does not believe that the above standard will have any impact on its financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)
New standards and interpretations not yet adopted

Prepayment Features with Negative Compensation (Amendments to IFRS 9)

Amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The amendment is effective to annual reporting periods beginning on or after January 1, 2019. The Company does not believe that the above standard will have any impact on its financial statements.

Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)

Clarifies that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The amendment is effective to annual reporting periods beginning on or after January 1, 2019. The Company has yet to assess the full impact of this amendment.

4. PREPAID EXPENSES AND OTHER RECEIVABLE

Year ended March 31,	**2018**	2017
	in 000'$	**in 000'$**
Prepaid expenses	**16**	48
Other receivable (i)	**28**	16
	$ 44	$ 64

(i) The Company's wholly-owned subsidiary, PPL agreed to a settlement on October 19, 2016 with a supplier in respect of a claim made by PPL against the said supplier. As per the terms of this agreement, supplier agreed to pay a total of $ 120,000 to PPL, of which $52,500 was received up to the year ended March 31, 2018 and balance payable in six annual instalments of $11,250 starting from January 3, 2018.

Accordingly, $11,250 was classified as prepaid expenses and other receivable under current assets and the balance of $56,250 classified as long-term assets. ($67,500 at March 31, 2017)

5. CONVERTIBLE NOTE RECEIVABLE

On March 7, 2018, the Company invested $950,000 in a convertible note issued by IOX Therapeutics Ltd. ("IOX"), a United Kingdom based immune-oncology company. The Note carries interest at 7% accruing daily and matures within twelve months of its issuance. The Company can convert the note and accrued interest into ordinary shares of IOX at any time before maturity at £120 per share. There is an automatic conversion on a qualifying event, being IOX raising $2 million. Conversion price will be the price at which the money was raised discounted by 25%. IOX has right to repay the convertible note together with accrued interest at any time. The Note is classified as long term receivable since it is less likely to be settled or converted within the twelve months period.

IOX was founded in February 2015 in order to develop a series of iNKT agonists that have been shown to inhibit the growth of tumors in several preclinical models of cancer. IOX has a clinical trial sponsorship agreement with Oxford University to conduct and fund (or arrange funding for) the first in human Phase I/II clinical trial for IOX's lead compound, both alone and in combination with anti-PD1 antibodies. IOX's second program, IMM65 (a nanoparticle formulation of IMM60 plus an NY-ESO-1 vaccine), is being developed with funding from the European Union's Horizon 2020 grant program (the PRECIOUS GRANT). Both compounds are potent approaches to priming and boosting an immune response in solid tumors with multiple Phase 1 and 2 trials funded by third party agreements.

As at March 31, 2018, the Company has determined that there was no evidence of any impairment in the value of this investment and as a result no adjustment was considered necessary in its carrying value.

6. INVESTMENT, AVAILABLE FOR SALE

The following are the movements in the number of the shares in Biohaven held by the Company as investment, available for sale:

(i) The Company accounted for its investment in Biohaven as a financial asset classified as "available-for-sale" effective February 15, 2017 and stated at a fair value. Biohaven was listed and began trading on New York Stock Exchange effective May 4, 2017 and therefore fair value as at March 31, 2018 was based on quoted market price. (Fair value as at March 31, 2017 was based on the price of the last available third-party financing by Biohaven in absence of any quoted market price).

(ii) On January 16, 2018, 6,102,730 shares of 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. This distribution was accounted for in accordance with IFRIC 17.

(iii) Between January 3, 2018 and February 1, 2018, the Company sold net 236,770 of the Biohaven shares in the open market for an average price of $30.79 per share for total proceeds of $7,289,337.

7. INVESTMENT IN ASSOCIATE

The following are the details of investment in an associate:

As at March 31,	**2018** **in 000'$**	2017 **in 000'$**
Stimunity S.A.S.	**681**	-
Principal activity	**Biotechnology**	-
Place of incorporation and principal place of business	**Paris, France**	-
Proportion of voting rights held	**27%**	-

On February 28, 2018, the Company made an initial investment of €500,850 ($680,662) by subscribing to 3,780 new Class A shares at a price of €132.50 per share of Stimunity SAS ("Stimunity"), a French simplified joint stock company located and operating in Paris, France. The investment gave Portage 27% equity in Stimunity. One of the three directors on the Board of Directors is represented by Portage. The management of Stimunity is controlled by the two other founding shareholders of Stimunity. Management has evaluated the Company's investment and concluded that Portage has significant influence and therefore its investment in Stimunity should therefore be accounted for on an equity basis.

Portage has also committed to a second investment in the amount of €1,502,820 ($1,857,786) on successful completion of agreed milestones to be satisfied by Stimunity by subscribing to 4,140 new ordinary shares at a price of €363 per share. No milestones were completed as at March 31, 2018.

Under the shareholders agreement, Portage has a right to maintain its equity interest in Stimunity in the event of a capital increase and issuance of new securities by Stimunity except for issuance of stock options and issuance under a merger plan or for acquisition.

Stimunity is an early-stage research and development company focused on the development of STING agonists in cancer. The technology, licensed from Institut Curie, Inserm, and the University of Oxford, is based on a unique biologic approach which encapsulates endogenous STING-activating molecules in a Virus-Like Particle (VLP).

7. INVESTMENT IN ASSOCIATE - (cont'd)

Stimunity's drug has the potential to be best-in-class, activating the innate immune system and enhancing T-cell response against tumor cells with low immunogenicity.
Recently, US Patent Office has granted Stimunity its main patent, US2016/074507, entitled "Method for preparing viral particles with cyclic dinucleotide and use of said particles for inducing immune response." This rapid grant of a patent in the US indicates the novelty with Stimunity's approach to promoting tumor immunity.

As at March 31, 2018, the Company has determined that there was no evidence of any impairment in the value of this investment and as a result no adjustment was considered necessary in its carrying value.

8. INVESTMENT IN PGL

On January 31, 2018, the Company's wholly-owned subsidiary, PPL, acquired 650 ordinary shares of Portage Glasgow Ltd. (PGL), a newly incorporated company in Glasgow, Scotland at £0.01 per share for a total consideration of £6.50 ($9.11). PPL's ownership comprised 65% of the issued ordinary shares in PGL. PPL's CEO is also the chairman of the board of directors of PGL which currently consists of two persons.

Portage Glasgow Limited ("PGL") was formed to develop more effectively-targeted drugs to treat chronic conditions including cancer. The University of Glasgow is providing therapeutic peptides developed through the research of one of their professors and access to a therapeutic peptide discovery platform. PGL will focus on the commercialisation of new therapies aimed at disrupting protein-protein interactions (PPI) in disease pathways which give therapeutic benefit. Candidate peptides and PPI targets have already been identified from existing research at the University.

The Shareholder's Agreement has not yet been finalized as of March 31, 2018, as conditions precedent have not yet been met. As PGL operations have not yet begun, there is no effect on the consolidated financial statements for the year ended March 31, 2018.

As per the terms of a Convertible Loan Agreement dated January 31, 2018 signed with PGL, PPL has committed to provide PGL with an unsecured convertible loan facility up to £1 million ($1.4 million) with a minimum drawdown of £50,000 ($70,075) and maximum drawdown of £250,000 ($350,375) during any three-month period. Interest will be at 7% accruing on a monthly basis and the facility is repayable within nine years from the date of the agreement. The outstanding loan with accrued interest can be converted into ordinary shares to be priced at between £9,000 per share and £5,000 per share depending on the conversion date being within one year to eight years. However, completion of an eligible fundraising by PGL, being £5 million ($7 million) at a pre-money valuation of minimum £10 million ($14 million), will require the loan to be mandatorily converted as per the terms of conversion described above. As at March 31, 2018, there was no drawdown against this facility.

PPL is also committed to providing a contribution of £33,419 ($46,837) payable in instalments of £11,140 ($15,606) per year for tuition expenses with the university of Glasgow.

9. INVESTMENT

In August 2015, the Company acquired 210,210 Series A preferred stock in Sentien Biotechnologies Inc., a Medford, MA based private company ("Sentien") for $700,000 in cash. The preferred stock is fully convertible into equal number of common shares. The Company's holdings represent 5.06% (as at March 31, 2017: 6.9%) of the equity of Sentien on a fully diluted basis. The Company has determined that it has no significant control or influence over the affairs of Sentien and has therefore accounted for this investment at cost since these shares do not have a quoted price in an active market and the fair value cannot be reliably measured.

Sentien raised $15 million up to January 2018 and commenced its Phase 1/2 clinical trial in June 2017 of its lead product SBI-101, a cell-containing dialysis device for the treatment of Acute Kidney Injury and have so far enrolled seven patients, passing the mid-point of the low dose cohort enrolment. The data safety monitoring board concluded that there were no safety issues and recommended continuation of enrolment. In February 2018, Sentien had a pre-IND meeting with the FDA to use SBI-101 for another indication – proposed acute liver failure. Sentien plans to file another IND in the second half of 2018.

As at March 31, 2018, the Company has determined that there was no evidence of any impairment in the value of this investment and as a result no adjustment was considered necessary in its carrying value.

10. UNSECURED NOTES PAYABLE

During fiscal 2017, the Company's subsidiaries, PPL and Eygen, began raising debt financing through private placement of unsecured notes. Aggregate principal amount raised up to March 31, 2018 was $250,000 (Up to March 31, 2017: $200,000).

The notes bear interest at 7% per annum, payable annually on each anniversary date (the date issued). The notes are not redeemable by the Company prior to maturity. The notes holders were granted a warrant to subscribe for $7,500 new ordinary shares for every $10,000 of note held, provided that certain qualifying event occurs within the three anniversary years of issuance. The exercise price of the warrant will be based on the price of equity shares determined by the qualifying event and the year in which it takes place. Given that there was an obligation to issue a variable number of shares, the warrant was classified as a financial liability.

Accordingly, $233,203 (March 31, 2017: $180,815) of the face value was ascribed to the note payable component and $24,438 (March 31, 2017: $19,550) fair value was ascribed to the warrant. The value of note payable component was increased by $7,276 (March 31, 2017: by $365) as at March 31, 2018 representing the difference between the notional interest at 11% and actual interest at 7% being charged to interest expense.

Fair value was determined by reference to market transactions and similar debt instruments without warrants. The Company did not incur financing costs in connection with this placement of notes.

11. CAPITAL STOCK

(a) Authorized**:** Unlimited number of common shares

(b) Issued

Year ended March 31,	**2018**		2017	
	Common Shares in 000'	**Amount in '000$**	Common Shares in 000'	Amount in '000$
Balance, beginning of year	**260,689**	**$ 18,360**	253,439	$ 17,055
Options exercised (i)	**18,471**	**4,358**	-	-
Shares issued as compensation (ii) and (iii)	**1,560**	**936**	7,250	1,305
Balance, end of year	**280,720**	**$ 23,654**	260,689	$ 18,360

(i) During the year ended March 31, 2018, 18,471,026 options were exercised to convert into equal number of common shares at an average exercise price of $0.15 per share for gross proceeds of $2,725,654. In addition, $1,631,734 being the value of options exercised was transferred from option reserve to capital stock. Options exercised included 13,414,789 options exercised by the directors.

(ii) During the year ended March 31, 2018, 1,560,000 shares were issued under 2011 Consultant Stock Compensation Plan to six consultants including 1,390,000 to five directors, for services provided. The shares were valued at $936,000 based on the market price of the Company's common shares prevailing on the date of their issuance.

(iii) On March 21, 2017, four of the directors were issued 7,250,000 shares under the 2017 Consultants Stock Compensation Plan in lieu of cash fee for services provided. The shares were valued at $1,305,000 based on the market price of the Company's common shares prevailing on the dates of their issuance. Since the shares were issued without any conditions of forfeiture or cancellation, the entire value was expensed during the year ended March 31, 2017 as consulting fee (note 13).

11. CAPITAL STOCK – (b) - continued

(c) As at March 31, 2018, the Company had the following active Consultant Stock Compensation Plan*:

	Date of registration*	Registered shares under Plan	Issued to March 31, 2017	As at April 1, 2017	issued	Cancelled	Balance at March 31, 2018
2011 Plan	11-Apr-11	6,000,000	(4,438,333)	1,561,667	(1,560,000)	(1,667)	-

* Registered with the Securities and Exchange Commission of the United States of America (SEC) as required under the Securities Act of 1933.

As at March 31, 2017, the Company had the following active Consultant Stock Compensation Plan:

	Date of registration*	Registered shares under Plan	Issued to March 31, 2016	As at April 1, 2016	Issued	Cancelled	Balance at March 31, 2017
2011 Plan	11-Apr-11	6,000,000	(4,438,333)	1,561,667	-	-	1,561,667
2017 Plan	21-Mar-17	7,250,000	-	7,250,000	(7,250,000)	-	-
		13,250,000	(4,438,333)	8,811,667	(7,250,000)	-	1,561,667

12. STOCK OPTION RESERVE

(a) The movements during the year were:

Year ended March 31,	**2018**	2017
	in 000'$	in 000'$
Balance, beginning of year	**1,706**	5,075
Vested ((i) to (iii))	**193**	392
Exercised (Note 11(b)(i))	**(1,632)**	-
Options to acquire equity in PPL granted to PPL management and vested	**-**	12
Options granted by former subsidiary reversed on loss of control	**-**	(3,773)
Balance, end of year	**$ 267**	$ 1,706

(i) On October 11, 2016, The Board of Directors of the Company approved and issued total of 1,267,194 options to the two independent directors as joining bonus under the 2013 Option Plan. These options are valid for five years and are convertible into equal number of common shares of the Company at an exercise price of $0.15 per common share. These Options will vest in four equal annual instalments starting from October 11, 2017.

The fair value of these options has been estimated using a Black-Scholes option pricing model with the following assumptions:

Risk free interest rate	1%
Expected dividend	Nil
Expected volatility	65.83%
Expected life	1825 days
Market price	US$0.13

The fair value of the options as per the Black-Scholes option pricing model amounted to $85,183. None of the options was vested on March 31, 2017. Options valued at $51,168 were vested as at March 31, 2018 and included options valued at $11,536 which were originally vesting on October 11, 2018 but were accelerated to December 22, 2017 by a Board resolution of December 22, 2017 to match the services

12. STOCK OPTION RESERVE - Continued

provided by an optionee. The value of the remaining options will be accounted upon vesting of the related options as per the accounting policy.

(ii) On December 19, 2016, The Board of Directors of the Company approved and issued total of 2,300,000 options to five consultants including 350,000 Options to the two independent directors for services provided under the 2013 Option Plan. These options are valid for five years and are convertible into equal number of common shares of the Company at an exercise price of $0.15 per common share. These Options vested in equal monthly instalments over the two years starting from January 1, 2017.

The fair value of these options has been estimated using a Black-Scholes option pricing model with the following assumptions:

Risk free interest rate	1%
Expected dividend	Nil
Expected volatility	67.42%
Expected life	1826 days
Market price	US$0.14

The fair value of the options as per the Black-Scholes option pricing model amounted to $175,352. The value of the options vested during the year ended March 31, 2018 of $96,774 was expensed and charged to the stock option reserve. (March 31, 2017 of $62,988)

(iii) The fair value of 7.05 million options granted on March 17, 2015 and vested during the year ended March 31, 2018 of $45,312 (during the year ended March 31, 2017 of $276,779) was expensed and charged to the stock option reserve.

No new options were granted during the year ended March 31, 2018

(b). The following is a summary of all active Stock Option Plans:

As at March 31,	**2018**	2017
Plan	**2013 Option Plan**	2013 Option Plan
Date of Registration	**Dec 19, 2013 and 'March 17, 2015**	Dec 19, 2013 and 'March 17, 2016
	in 000'	in 000'
Registered *	**26,069**	26,069
Issued to date	**20,317**	16,750
Outstanding, beginning of period	**20,317**	16,750
Issued	**-**	3,567
Exercised (Note 11(b)(i))	**(18,471)**	-
Outstanding, end of period	**1,846**	20,317
Options fully vested	**287**	14,490
Options not yet vested	**1,559**	5,827
	1,846	**20,317**

* Registered with the Securities and Exchange Commission of the United States of America (SEC) as required under the Securities Act of 1933. On March 17, 2015, the Company filed form S-8 with SEC registering an additional 15,717,579 options under 2013 Stock Option Plan.

(c) The weighted average exercise price of the outstanding stock options was US$0.15 as at March 31, 2018 and 2017 and weighted average remaining contractual life was approximately 3.63 years as at March 31, 2018.(approximately 3.25 years as at March 31, 2017).

The options can be exercised at any time after vesting within the exercise period in accordance with the applicable option agreement. The exercise price was more than the market price on the date of the grants for all options outstanding as at March 31, 2018 and March 31, 2017.

13. WARRANTS

(i) The movements during the year were as follows:

Year ended March 31,	2018			2017		
	# of warrants	Weighted average exercise price	Fair value	# of warrants	Weighted average exercise price	Fair value
	in 000'	in 000'$	in 000'$	in 000'	in 000'$	in 000'$
Issued and outstanding, beginning of year	-	$ -	$ -	1	$ 2.80	$ 2,756
Reversed on loss of control of subsidiary	-	$ -	-	(1)	$ (2.80)	(2,756)
Issued and outstanding, end of year	-	$ -	$ -	-	$ -	$ -

14. EARNINGS (LOSS) PER SHARE

Year ended March 31,	2018	2017	2016
	in 000'$	in 000'$	in 000'$
Numerator			
Net income(loss) attributable to owners of the Company	**$123,741**	$16,299	(5,706)
Denominator	**in 000'**	in 000'	in 000'
Weighted average number of shares - Basic	**267,796**	254,043	239,745
Diluted effect of average number of options	**1,846**	18,150	-
Weighted average number of shares - Diluted	**269,642**	272,193	239,745
Basic earnings (loss) per share (Actual)	**$0.46**	$0.06	(0.02)
Diluted earnings (loss) per share (Actual)	**$0.46**	$0.06	(0.02)

Inclusion of the options in the computation of diluted loss per share for the year ended March 31, 2016 would have an anti-dilutive effect on the loss per share and are therefore excluded from the computation. Consequently, there is no difference between loss per share and diluted loss per share for the year ended March 31, 2016.

15. COMMITMENTS AND CONTINGENT LIABILITIES

(a) Under the terms of the License Agreement dated January 25, 2013, PPL is required to reimburse to the Licensor, Trojan Technologies Limited, 50% of all maintenance costs of the US Patent #7,968,512 and to pay royalties of 3% on Net Receipts from sales of the Licensed Product and 5% on Net Receipts from third parties in respect of development or other exploitation of Licensed Intellectual Property and/or Licensed Products up to a maximum of $30 million.

(b) As explained in Note 7, the Company is committed to invest approximately €1.5 million ($1.85 million) in Stimunity on Stimunity's achievement of certain agreed milestones.

(c) As explained in Note 8, PPL is committed to provide loan facility to PGL of up to £1 million ($1.4 million) and studentship grant to the University of Glasgow of £22,279 ($31, 224) in equal instalments over the next two years.

(d) Under a consulting contract dated November 11, 2017, Dr. Marcoux, the CEO and CSO of PPL is entitled to an additional option to acquire up to 2% equity in PPL for $50,000. The options have not yet been finalized and issued. None will vest in the year ended March 31, 2018.

16. CONSULTING FEES

Year ended March 31,	2018	2017	2016
	in 000'$	**in 000'$**	in 000'$
Cash fee to management and others	**$ 206**	$ 226	$ 204
Shares and vested Options issued to key management and directors	**941**	1,572	466
Shares and vested Options issued to others	**188**	125	88
Biohaven options granted to the Company's directors	**-**	-	1,019
Biohaven options granted to Biohaven consultants and management	**-**	-	2,237
	$ 1,335	**$ 1,923**	$ 4,014

17. RELATED PARTY TRANSACTIONS

All related party transactions occurred with key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Board of Directors, Chairman, Chief Executive Officer and Chief Financial Officer are key management personnel.

Related party transactions have been listed below, unless they have been disclosed elsewhere in the consolidated financial statements.

(i) Business expenses of $2,291 (2017: $3,491, 2016: 2,701) were reimbursed to directors of the Company.

(ii) Consulting fees include cash fee paid to key management for services of $ 180,000 (2017: $180,000, 2016: $180,000). Refer to notes 11(ii), 12 and 16 for shares and options issued to key management and directors in lieu of fees.

(iii) PPL terminated its consulting agreement with its CEO, Dr. Bruce Littman and on October 1, 2017, entered into a new consulting agreement with Dr. Littman's company as an independent consultant for a period up to December 31, 2019. Dr. Littman will be paid at the rate of $300 per hour for the actual services rendered. There were no charges for the period ended March 31, 2018.

(iv) PPL replaced its consulting agreement with its Chief Scientific Officer (CSO), Dr. Frank Marcoux with a new one on November 11, 2017 valid for one year. The new agreement appoints Dr. Marcoux as a CEO and CSO for a total annual fee of $168,000. Dr. Marcoux is also entitled to an additional option to acquire up to 2% equity in PPL for $50,000. The options have not yet been finalized and issued. None will vest in the year ended March 31, 2018.

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments recognized in the balance sheet consist of the following:

Fair value estimates are made at a specific point in time, based on relevant market information and information about financial instruments. These estimates are subject to and involve uncertainties and matters of significant judgment, therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Year ended March 31,	**2018**		2017	
	Carrying value in 000'$	**Fair value in 000'$**	Carrying value **in 000'$**	Fair value **in 000'$**
Financial assets				
Cash (level 1)	**7,520**	**7,520**	159	159
Other receivable (level 2)	**100**	**100**	132	132
Investment, investment in associate and convertible note receivable (level 3)	**2,331**	**2,331**	700	700
Investment, available for sale (level 1)	**19**	**52**	35,366	58,913
Financial liabilities				
Accounts payable and accrued liabilities (level 3)	**127**	**127**	109	109
Unsecured notes payable (level 3)	**250**	**250**	181	181
Warrant liability (Level 3)	**24**	**24**	20	20

A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

a) Fair value of financial instruments

The Company's financial assets and liabilities are comprised of cash, receivable and investments in equities and private entities, accounts payable and accrued liabilities, warrant liability and unsecured notes payable.

The Company classifies the fair value of these transactions according to the following fair value hierarchy based on the amount of observable inputs used to value the instrument:

- Level 1 – Values are based on unadjusted quoted prices available in active markets for identical assets or liabilities as of the reporting date.
- Level 2 – Values are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace. Prices in Level 2 are either directly or indirectly observable as of the reporting date.
- Level 3 – Values are based on prices or valuation techniques that are not based on observable market data. Investment is classified as level 3 financial instrument.

Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy.

The Company's financial instruments are exposed to certain financial risks: credit risk and liquidity risk.

b) Credit risk

Credit risk is the risk of loss associated with a counter-party's inability to fulfill its payment obligations. The credit risk is attributable to various financial instruments, as noted below. The credit risk is limited to the carrying value amount carried on the statement of financial position.

a. Cash– Cash is held with major international financial institutions in Canada and therefore the risk of loss is minimal.
b. Other receivable – The Company is exposed to credit risk attributable to customers since a significant portion of this amount represents the amount agreed on a settlement of a claim by PPL (Note 4) payable over the next six years. The debtor has so far been diligent in paying the amounts on due dates and PPL management will be monitoring the account on a regular basis.

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT: (continued.)

c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation. The Company holds sufficient cash to satisfy obligations under accounts payable and accruals.

The Company monitors its liquidity position regularly to assess whether it has the funds necessary to take care of its operating needs and needs for investing in new projects. The Company believes that it has sufficient funding to finance the committed drug development work apart from meeting its operational needs for the foreseeable future.

However, as a biotech company at an early stage of development and without significant internally generated cash flows, there are inherent liquidity risks, including the possibility that additional financing may not be available to the Company, or that actual drug development expenditures may exceed those planned. The current uncertainty in global markets could have an impact on the Company's future ability to access capital on terms that are acceptable to the Company. There can be no assurance that required financing will be available to the Company.

19. CAPITAL DISCLOSURES

The Company considers the items included in Shareholders' Equity as capital. The Company had payables of approximately $ 0.1 million as at March 31, 2018 (approximately $ 0.1 million as at March 31, 2017) and current assets, mostly in cash, of approximately $8.6 million (approximately $59.1 million as at March 31, 2017). The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue new business opportunities and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

As at March 31, 2018, the shareholders' equity was approximately $ 9.6 million (approximately $ 59.6 million as at March 31, 2017), $7.5 million ($ 0.2 million as at March 31, 2017) of it was held in the form of cash.

The Company is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital. There have been no changes to the Company's approach to capital management during the years ended March 31, 2018 and March 31, 2017.