Portage Biotech Inc.

Consolidated Financial Statements

For the Years Ended March 31, 2015 and 2014

(US Dollars)

Portage Biotech Inc.

Consolidated Financial Statements
For the Years Ended March 31, 2015 and 2014
(US Dollars)

Index

Independent Auditor's Report of Registered Public Accounting Firm	2-3
Consolidated Statements of Financial Position	4
Consolidated Statements of Operations and Comprehensive Loss	5
Consolidated Statements of Changes in Shareholders' Equity	6
Consolidated Statements of Cash Flows	7
Notes to Consolidated Financial Statements	8-29

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

INDEPENDENT AUDITOR'S REPORT OF REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders of Portage Biotech Inc.

We have audited the accompanying consolidated financial statements of Portage Biotech Inc., which comprise the consolidated statements of financial position as at March 31, 2015 and March 31, 2014, and the consolidated statements of operations and comprehensive loss, changes in shareholders' equity and cash flows for the years ended March 31, 2015, 2014 and 2013 and a summary of significant accounting policies and other explanatory information.

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). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

2300 Yonge Street, Suite 1500, Box 2434
Toronto, Ontario M4P 1E4
Tel: 416 785 5353
Fax: 416 785 5663

SLF

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies 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 basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Portage Biotech Inc. as at March 31, 2015 and March 31, 2014, and its financial performance and its cash flows for the years ended March 31, 2015, 2014 and 2013 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 to the consolidated financial statements which indicates that the Company has accumulated losses totaling $9,452,864 and negative cash flows from operating activities of $2,613,769. These conditions, along with other matters as set forth in Note 1 indicate the existence of material uncertainties that raise substantial doubt about the Company's ability to continue as a going concern.

"SCHWARTZ LEVITSKY FELDMAN LLP"

July 28, 2015 — Chartered Accountants
Toronto, Ontario — Licensed Public Accountants

Portage Biotech Inc.

Consolidated Statements of Financial Position
(US Dollars)

As at March 31,	Note	2015	2014
Assets			
Current			
Cash	4	$ 1,718,289	$ 2,032,058
Advances and other receivable		17,575	227,233
		$ 1,735,864	$ 2,259,291
Long-term assets			
Goodwill	5	3,000,000	3,000,000
Office equipment and furniture		-	4,122
Total assets		$ 4,735,864	$ 5,263,413
Liabilities and Shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities		620,560	191,972
		$ 620,560	$ 191,972
Shareholders' Equity			
Capital stock	6	9,691,715	7,256,715
Stock option reserve	7(a)	1,312,519	362,440
Warrants	8(i)	1,108,402	1,108,402
Deficit		(9,452,864)	(6,334,433)
Total Shareholders' equity		$ 2,659,772	$ 2,393,124
Non-controlling interests		$ 1,455,532	$ 2,678,317
Total equity		4,115,304	5,071,441
Total liabilities and Shareholders' equity		$ 4,735,864	$ 5,263,413
Commitments and Contingent Liabilities (Note 10)			
Related Party Transactions (Note 12)			

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 Comprehensive Loss
(US Dollars)

Years ended	**Note**	**2015**	2014	May 23, 2012 to March 31, 2013 *
Expenses				
Acquisition related costs		**$ -**	$ 3,839,398	
Research and development		**2,928,639**	1,135,779	26,976
Consulting fees	**11 and 12(ii)**	**1,072,700**	1,162,362	
Professional fees		**224,033**	335,692	
Other operating costs	**12(i)**	**91,686**	148,884	2,470
Bank charges and interest	**6(i)**	**20,036**	3,351	40
Amortization of office furniture and equipment		**-**	1,164	
Write off of office furniture and equipment		**4,122**	-	
		$4,341,216	$6,626,630	$29,486
Net loss and comprehensive loss for year		**$(4,341,216)**	$ (6,626,630)	$ (29,486)
Net loss and comprehensive loss attributable to :				
Owners of the Company		**(3,118,431)**	(6,304,947)	(29,486)
Non-controlling interest		**(1,222,785)**	(321,683)	
		$(4,341,216)	$ (6,626,630)	$ (29,486)
Basic and diluted loss per share				
Net Loss per share	**9**	**$ (0.02)**	**$ (0.04)**	**$ (0.00)**

* Comparatives for fiscal period 2013 are for Portage Pharma Ltd (accounting acquirer) which was incorporated on May 23, 2012

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, 2015
(US Dollars)

	Number of Shares	Capital Stock	Stock Option Reserve	Warrants	Accumulated Deficit	Non-controlling interest	Total Equity
Balance, May 23, 2012	**81,759,076**	**503,495**					**$ 503,495**
Net loss for period					(29,486)		(29,486)
Balance, March 31, 201:	**81,759,076**	**$ 503,495**	**$ -**	**$ -**	**(29,486)**	**$ -**	**$ 474,009**
Issued on reverse acquisition	81,759,076	1,761,413		1,108,402			2,869,815
Issued for financial advisory services relating to the acquisition transaction	9,811,091	3,826,325					3,826,325
Exercise of w arrants	1,450,000	175,000					175,000
Exercise of options	1,996,547	299,482					299,482
Value of shares issued as compensation	4,000,000	691,000					691,000
Value of options issued			362,440				362,440
Acquisition of Biohaven						3,000,000	3,000,000
Net loss for year					(6,304,947)	(321,683)	(6,626,630)
Balance, March 31, 2014	**180,775,790**	**$ 7,256,715**	**$ 362,440**	**$ 1,108,402**	**$ (6,334,433)**	**$ 2,678,317**	**$ 5,071,441**
Options vested			238,221				238,221
Options of subsidiaries vested			711,858			-	711,858
Conversion of debts and coupons	3,500,001	315,000					315,000
Issued under private placement	20,000,000	2,000,000					2,000,000
commitment fee settled in shares	1,000,000	100,000					100,000
private placement underw riting costs		(100,000)					(100,000)
Value of shares issued as compensation	1,500,000	120,000					120,000
Net loss for year					(3,118,431)	(1,222,785)	(4,341,216)
Balance, March 31, 2015	**206,775,791**	**$ 9,691,715**	**$ 1,312,519**	**$ 1,108,402**	**$ (9,452,864)**	**$ 1,455,532**	**$ 4,115,304**

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

Portage Biotech Inc.

Consolidated Statements of Cash Flows
(US Dollars)

Year ended March 31,	2015	2014	May 23, 2012 to March 31, 2013
Cash flows from operating activities			
Net loss for year	$ (4,341,216)	(6,626,630)	(29,486)
Adjustments for non-cash items:			
Amortization of office equipment and furniture	-	1,164	
Write off of office furniture and equipment	4,122	-	
Value of shares and options expensed as consulting fee (Note 11)	876,221	1,053,440	
Value of options expensed as research and development	136,632	-	
Interest settled in shares	15,000		
Acquisition related costs	-	3,826,325	
Net change in working capital components			
Other receivables	209,658	(73,270)	
Accounts payable and accrued liabilities	485,814	(116,447)	12,392
	$ (2,613,769)	$ (1,935,418)	$ (17,094)
Cash flows from financing activities			
Cash received on reverse acquisition	-	3,006,593	
Options and warrants excercised	-	474,482	
Capital contribution (Note 6 (i) and (ii))	2,300,000	295,441	208,054
	$ 2,300,000	$ 3,776,516	$ 208,054
Increase (decrease) in cash during year	(313,769)	1,841,098	190,960
Cash at beginning of year	2,032,058	190,960	-
Cash at end of year	$ 1,718,289	$ 2,032,058	$ 190,960
Supplemental disclosures			
Non-cash investing activities			
Value of shares and warrants issued on acquisition	-	(2,869,815)	

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Portage Biotech Inc. ("the Company") was operating as an Ontario, Canada incorporated company, Bontan Corporation Inc. ("Bontan"), until July 5, 2013. On July 5, 2013 Bontan changed its name to the current name and was issued a certificate of Continuance by the Registrar of Corporate Affairs of the British Virgin Islands ("BVI").

The Company now continues as a BVI incorporated company with its registered office located at FH Chambers, P.O. Box 4649, Road Town, Tortola, BVI. Its Toronto agent 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 is in the pre-clinical stage, and as such no revenue has been generated from its operations. The Company has accumulated losses of approximately $9 million and has negative cash flows from operating activities of approximately $2.6 million during the year ended March 31, 2015.

Management has secured sufficient equity financing which it believes will enable it to complete its pre-clinical work and other commitments. However, it will require additional resources to continue into clinical trials and/or for additional acquisitions The Company continues to obtain financing, although there are no assurances that the management's plan will be realized. These conditions indicate the existence of a material uncertainty that raises substantial doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments related to the recoverability and classification of recorded asset amounts, or the amounts and classification of liabilities, which might be necessary should the Company be unable to continue its 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 stock based compensation and warrants which are measured at fair value as detailed in Notes 7 and 8 to these financial statements. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The Company has no requirement to report on segments as it operates as only one segment.

These consolidated financial statements were approved and authorized for issue by the Audit Committee and Board of Directors on July 28, 2015.

2. BASIS OF PRESENTATION (cont'd)

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. 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. Biohaven Pharmaceutical Holding Company Limited ("Biohaven"), a private corporation incorporated in BVI on September 25, 2013. The Company acquired approximately 54% equity in Biohaven on January 6, 2014.

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

(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 in goodwill and other intangible assets and measurement of share- based compensation.

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 profit 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial instrument (cont'd)

Financial assets classified as loans and receivables are measured at amortized cost using the effective interest method. The Company's advances and other receivables are classified as loans and receivables.

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 trade and other payables 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.

Impairment of financial assets

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

Assets carried at amortized cost

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 profit 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 profit 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, except that amortization is translated at the rates used to translate related assets. Foreign currency differences arising on retranslation are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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. The fair value is then related to the total of the net proceeds received on issuance of the common shares.

Loss per Share

Basic loss per share is calculated by dividing net loss (the numerator) by the weighted average number of common shares outstanding (the denominator) during the period. Diluted 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 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.

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 profit 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 profit 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

Intangible assets

Intangible assets that are acquired separately and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses. Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which it relates.

Costs incurred in obtaining a patent are capitalized and amortized on a straight-line basis over the legal life of the respective patent, ranging from five to twenty years, or its economic life, if shorter. Costs incurred in obtaining a trademark are capitalized and amortized on a straight-line basis over the legal life of the respective trademark, being ten years, or its economic life, if shorter. Costs incurred in obtaining a customer list are capitalized and amortized on a straight-line basis over its estimated economic life of approximately ten years.

Costs incurred in successfully obtaining a patent, trademark or customer list are measured at cost less accumulated amortization and accumulated impairment losses. The cost of servicing the Company's patents and trademarks are expensed as incurred.

At each year end, the Company reviews the carrying amounts of the intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Goodwill

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses which are not reversed. Goodwill is allocated to the cash generating unit expected to benefit from the business combination in which the goodwill arose, for the purpose of impairment testing.

Business Combinations

The Company applies the acquisition method to account for all acquired businesses, whereby the identifiable assets acquired and the liabilities assumed are measured at their acquisition-date fair values (with few exceptions as required by IFRS 3 *Business Combinations*).

The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Company.

Acquisition-related costs (e.g. finder's fees, consulting fees, administrative costs, etc.) are recognized as expenses in the periods in which the costs are incurred and the services are received.

On acquisition date, goodwill is measured as the excess of the aggregate of consideration transferred, any non-controlling interests in the acquiree, and acquisition-date fair value of the Company's previously held equity interest in the acquiree (if business combination achieved in stages) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after appropriate reassessment, the amount as calculated above is negative, it is recognized immediately in profit or loss as a bargain purchase gain.

At acquisition date, non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership instruments' proportionate share in the recognized amounts of the acquiree's identifiable net assets. This choice of measurement is made separately for each business combination. Other components of non-controlling interests are measured at their acquisition-date fair values, unless otherwise required by IFRS.

The acquisition-date fair value of any contingent consideration is recognized as part of the consideration transferred by the Company in exchange for the acquiree. Changes in the fair value of contingent consideration that result from additional information obtained during the measurement period (maximum one year from the acquisition date) about facts and circumstances that existed at the acquisition date are adjusted retrospectively against goodwill.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

a) The fair value of advances and receivable and accounts payable and accruals is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

b) The fair value of stock options is measured using a Black Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behavior), expected dividends, and the risk-free interest rate (based on government bonds).

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.

Notwithstanding the above, the Company complies with IAS 12 which provides for the following

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Income Tax (cont'd)

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

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

No deferred tax asset has been recognized for losses incurred as the entities in which the losses arose are in the British Virgin Islands.

There were no significant tax liabilities or assets nor any interest and penalties at March 31, 2015 and 2014. The Company is currently not aware of any issues under review that could result in significant payments, accruals or material deviation from its position.

Changes in Accounting Policies Adopted

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

Effective for annual periods beginning on or after April 1, 2014, on a retrospective basis. The adoption of this standard did not have a material impact on the financial position and results of the Corporation.

Recoverable Amount Disclosures for Non-Financial Assets: Amendments to IAS 36

The IASB has published Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36). These narrow-scope amendments to IAS 36, Impairment of Assets, address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

The amendments are to be applied retrospectively for annual periods beginning on or after April 1, 2014. The adoption of this standard did not have an impact on the disclosures presented in these consolidated financial statements.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

IFRS 9 - *Financial Instruments*

The IASB intends to replace IAS 39, Financial Instruments: Recognition and Measurements, with IFRS 9, Financial Instruments. IFRS 9 will be published in six phases, of which the first phase has been published.

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.

IFRS 9 (2014) is effective for the Company for annual periods beginning on April 1, 2018, but is available for early adoption. The Company has yet to assess the full impact of IFRS 9.

4. CASH

Cash includes $ 1,201,509(2014: $899,064) held in trust by a US lawyer, pending opening of a bank account by Biohaven. There are no restrictions on use of cash.

5. GOODWILL

On January 6, 2014, the Company acquired approximately 54% equity in Biohaven. The initial accounting for the business combination was incomplete by the end of the reporting period in which the combination occurred and as a result the Company had reported provisional amounts for the items during the measurement period (which cannot exceed one year from January 6, 2014) and which may result in additional assets or liabilities, including income taxes, being recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

The intangible asset comprised a license from Yale University to use the patents for the development of a new drug. As the development of the new drug was at a pre-clinical stage and the precise nature of drug candidates to test commercially was not identifiable at that stage, the Company decided on the measurement date to assign the entire amount to goodwill.

The Company assesses the recoverability of the carrying value of goodwill on an annual basis as of March 31, and whenever events occur or when circumstances change that would, more likely than not, indicate that the fair value of our reporting unit (Biohaven) is below its carrying value.

5. GOODWILL (cont'd)

For the purpose of impairment testing, goodwill is attributable to Biohaven, which is considered a CGU.

The recoverable amount of Biohaven was estimated based on a value in use calculation, which involved discounting the future cash flows expected to be generated from the continuing operations of the CGU.

The discounted cash flow model is based on projections through 2029, which is the year of expiry of the patents relating to the drug under current development. The projections assume that the current drug development efforts will result in a commercially marketable drug by 2020. No terminal growth was recognized at this stage. Projected cash flows included in the calculation were based upon Biohaven's approved financial forecasts and strategic plan, which incorporate Biohaven's current drug candidate as well as management's expectations regarding future business activity. The discount rate used as key assumption in the estimation of the value in use was 30%

The discount rate was determined based on Biohaven's internal weighted average cost of capital, adjusted for the marginal return a market participant would expect to earn on an investment in the entity. It represents a nominal figure. The rate is consistent with forecast economic growth rates observed in the market.

Other key assumptions include price forecasts and perpetual cash flows relating to the current drug candidate. Prices of similar products applied in the calculation were based on approved internal price forecasts, which reflect management's experience and industry expertise. These prices are consistent with expected long-term prices observed in the market.

The Company has validated the results of the value in use calculation by performing sensitivity tests on its key assumptions.

As a result of these tests, the Company believes that any reasonably possible changes in the key assumptions would not result in Biohaven's carrying amount exceeding its recoverable amount.

6. CAPITAL STOCK

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

(b) Issued

	As at March 31,			
	2015		2014	
	Common Shares	Amount	Common Shares	Amount
Balance, beginning of year	**180,775,790**	**$ 7,256,715**	81,759,076	$ 503,495
Issued on acquisition of PPL	**-**	**-**	81,759,076	1,761,413
Issued for financial advisory services in connection with the acquisition of PPL	**-**	**-**	9,811,091	3,826,325
Conversion of debts and coupons (i)	**3,500,001**	**315,000**		
Issued under private placement (ii)	**20,000,000**	**2,000,000**		
Commitment fee settled in shares (ii)	**1,000,000**	**100,000**		
Underwriting costs		**(100,000)**		
Exercise of warrants	**-**	**-**	1,450,000	175,000
Exercise of options	**-**	**-**	1,996,547	299,482
Shares issued as compensation (iii)	**1,500,000**	**120,000**	4,000,000	691,000
Balance , end of year	**206,775,791**	**$ 9,691,715**	180,775,790	$ 7,256,715

(i) On July 24, 2014, The Company raised $ 300,000 through issuance of convertible promissory notes to three lenders, each advancing $ 100,000. Two of the lenders are the directors of the Company. The note was for one year, carried a 5% coupon, payable in shares, to be valued at 10% discount to the next financing, due on maturity at the time of conversion or repayment. The amount repayable under the notes was convertible at the lender's' option into common shares of the Company at the time of the next financing to be priced at the price set for the next financing discounted by 10%. On September 29, 2014, all notes and related coupons were settled through issuance of 3,500,001 restricted common shares at the option of the note holders. The common shares were valued at $ 0.09 being the price of $ 0.10 per common share of a recent private placement (see (ii) below) discounted by 10% as per the conversion terms. $ 15,000 being the value of the coupons was expensed as interest cost.

(ii) On October 15, 2014, the Company completed a private placement comprising non-brokered offering of 20 million restricted common shares at a price of US$ 0.10 per share for gross proceeds of $ 2 million to accredited investors .Two directors of the Company who agreed to provide standby commitments in respect of the Private Placement by subscribing for that portion of the Private Placement not otherwise subscribed for by outside investors, up to a maximum of US$ 1 million each, received a standby commitment fee of $50,000 each, settled in one million restricted common shares of the Company. These two directors subscribed for 11.4 million shares for $1,140,000.

6. CAPITAL STOCK (cont'd)

(iii) On March 4, 2015, the Chairman was issued one and a half million shares under the 2011 Consultants Compensation Plan in lieu of cash fee for services provided. The shares were valued at $120,000 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, 2015 as consulting fee (note 11).

On December 12, 2013, the Chairman and CEO were issued one and a half million shares each, as restricted shares and on December 16, 2013, the CFO was issued one million shares under the 2011 Consultants Compensation Plan in lieu of cash fee for services provided and to be provided. The shares were valued at $691,000 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, 2014 as consulting fee (Note 11).

(iv) As at March 31, 2015, the Company had the following active Consultant Stock Compensation Plan:

	Date of registration *	Registered shares under Plan	Issued to March 31, 2014	As at April 1, 2014	(see (iii) above)	Cancelled (i)	Balance at March 31, 2015
2011 Plan	11-Apr-11	6,000,000	(1,938,333)	4,061,667	(1,500,000)	-	2,561,667

* 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, 2014, the Company had the following active Consultant Stock Compensation Plan:

	Date of registration *	Registered shares under Plan	Issued to March 31, 2012	As at April 1, 2013		Cancelled (i)	Balance at March 31, 2014
2011 Plan	11-Apr-11	6,000,000	(938,333)	5,061,667	(1,000,000)	-	4,061,667

(v) As required under listing requirements by Canadian Securities Exchange, the Company signed, on October 25, 2013, an escrow agreement with TMX Equity Transfer Services to escrow 88,444,293 of its common shares and 68,724,447 of its warrants issued to four insiders. The escrowed shares and warrants will be released in agreed tranches over the period of three years. As at March 31, 2015, 53,066,580 common shares (as at March 31, 2014: 79,599,866 common shares) and 41,234,670 warrants (As at March 31, 2014: 61,852,002 warrants) are still under escrow.

7. STOCK OPTION PLANS

(a) The movements during the year were:

	Year ended March 31,	
	2015	2014
Balance, beginning of year	**$ 362,440**	$ -
Options issued on December 17, 2013 and vested	**238,221**	362,440
2014 Options to acquire equity in PPL granted to PPl management and vested (ii.a)	**188,282**	-
Revaluation of 2014 PPL options due to extension of maturity period (ii.b)	**5,576**	
Options to acquire equity in Biohaven granted to Biohaven consultants and directors (iv)	**518,000**	
Balance, end of year	**$ 1,312,519**	$ 362,440

(i) On February 25, 2015 the Board of Directors of the Company approved and on March 17, 2015, issued total of 5,300,00 options to 6 consultants including 4.4 million options to the four directors under 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 $0.10 per common share. The Options were registered with the US Securities and Exchange Commission on March 17, 2015 and will vest in 24 equal instalments over the next two years

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	137.86%
Expected life	1847 days
Market price	US$0.07

The fair value of the options as per the Black-Scholes option pricing model amounted to $318,829. None of the options was vested on March 31, 2015. The value of the options will be accounted upon vesting of the related options as per the accounting policy.

On December 17, 2013, the Company issued total of 4,450,000 options to 10 consultants including 2.9 million options to the four directors under 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 $0.20 per common share. The Options were registered with the US Securities and Exchange Commission on December 19, 2013 and will vest as follows:

- 3,850,000 options will vest in equal monthly instalments over the year ending December 31, 2014
- 300,000 options were vested on the date of their issuance and
- 300,000 options will vest on October 17, 2014

7. STOCK OPTION PLANS (cont'd)

(a) (i) (cont'd)

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	105.27%
Expected life	1826 days
Market price	US$0.18

The fair value of the options as per the Black-Scholes option pricing model amounted to $604,055, of which options valued at $362,440 vested as at March 31, 2014 were accounted for as option reserve and expensed as consulting fee. The balance was expensed during the fiscal year 2015.

ii.a On November 13, 2013, PPL granted options to its CEO and CSO to acquire 7% equity interest in PPL for an exercise price of $ 36,896 vesting over two years in monthly instalments. The Option Agreements were revised for CEO on March 1, 2015 and for CSO on April 1, 2015. Under the revised agreements, all options were vested as at March 31, 2015 and the expiry date of all options was extended by two years.

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	89.98%
Expected life	1826 days
Fair price*	US$6.27
Exercise price	US$1.10

- Fair value was based on the value offered to PPL for its shares under the reverse takeover transaction as of June 4, 2013.

The fair value of the options as per the Black-Scholes option pricing model amounted to $188,282.

ii.b The fair value of the two-year extension granted to the above options was estimated using a Black-Scholes option pricing model and same assumptions as above, amounted to $5,576 which were accounted for as option reserve and expensed as research and development costs as at March 31, 2015.

iii. On March 1, 2015 and April 1, 2015, PPL granted options to its CEO and CSO respectively, to acquire additional 3% equity interest in PPL for an exercise price of $74,996 vesting over two years in equal quarterly instalments and expiring in five years under new Option Agreements dated the dates of the grants.

The fair value of the options as per the Black-Scholes option pricing model amounted to $64,941. This amount has not been accounted for since none of the options was vested as at March 31, 2015. The value of the options will be accounted upon vesting of the related options as per the accounting policy.

7. STOCK OPTION PLANS (cont'd)

(a) (ii) (cont'd)

iv. On November 26, 2014, Biohaven granted to its consultants and directors 4,000 options to acquire equal number of common shares in Biohaven at an exercise price of $ 304.24 per common share. The options are to be vested 25% on grant, 25% each anniversary of grant date provided that if before all of the options are vested if, a change of control occurs at Biohaven, 100% of the unvested options shall vest immediately. All options will expire on November 26, 2024. Three of the Company's directors who are on Board of Biohaven received 1,350 options. Options expire in ten years.

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	82.78%
Expected life	3653 days
Fair price*	US$304.24
Exercise price	US$304.24

- Fair value was based on the value offered to Biohaven by the Company to acquire its common shares on January 6, 2014.

The fair value of the options as per the Black-Scholes option pricing model amounted to $996,256, of which options valued at $518,000 vested as at March 31, 2015. $ 518,000 was expensed as consulting fee.

7. STOCK OPTION PLANS (cont'd)

(b) The following is a summary of all active Stock Option Plans as at March 31, 2015:

Stock Option Plan			Total
Plan	2005 Stock Option Plan	2013 Option Plan	
Date of Registration	Dec. 5, 2005	Dec 19, 2013 and 'March 17, 2015	Total
Registered *	1,000,000	20,167,579	21,167,579
Issued	1,000,000	4,450,000	5,450,000
Outstanding, April 1, 2014	560,000	4,450,000	5,010,000
Issued		5,300,000	5,300,000
Exercised			-
Expired		(50,000)	(50,000)
Outstanding, March 31, 2015	**560,000**	**9,700,000**	**10,260,000**
Options fully vested - March 31, 2015	560,000	4,400,000	4,960,000
Options not yet vested as at March 31, 2015	-	5,300,000	5,300,000

* 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 15,717,379 options under 2013 Stock Option Plan.

(c) The following is a summary of all active Stock Option Plans of the Company as at March 31, 2014:

Plan	1999 Stock Option Plan	2003 Stock Option Plan	Robinson Plan	2005 Stock Option Plan	2013 Option Plan	
Date of Registration	April 30, 2003	July 22, 2004	Dec. 5, 2005	Dec. 5, 2005	Dec 19, 2013	Total
			number of options			
Registered *	3,000,000	2,500,000	1,100,000	1,000,000	4,450,000	12,050,000
Issued	3,000,000	2,500,000	1,100,000	1,000,000	4,450,000	12,050,000
Outstanding, April 1, 2013	1,730,000	1,945,000	1,100,000	610,000	-	5,385,000
Issued					4,450,000	4,450,000
Exercised	(482,100)	(1,514,447)				(1,996,547)
Expired	(1,247,900)	(430,553)	(1,100,000)	(50,000)		(2,828,453)
Outstanding, March 31, 2014	**-**	**-**	**-**	**560,000**	**4,450,000**	**5,010,000**
Options fully vested - March 31, 2014				560,000	1,262,490	1,822,490
Options not yet vested as at March 31, 2014				-	3,187,510	3,187,510
				560,000	**4,450,000**	**5,010,000**

(d) The weighted average exercise price of the outstanding stock options was US$0.16 as at March 31, 2015 (US$0.22 as at March 31, 2014) and weighted average remaining contractual life was approximately 4.18 years (approximately 4.33 years as at March 31, 2014).

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, 2015 and March 31, 2014.

8. WARRANTS

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

	Year ended March 31,					
	2015			2014		
	# of warrants	Weighted average exercise price	Fair value	# of warrants	Weighted average exercise price	Fair value
Issued and outstanding, beginning of year	**114,281,420**	**$ 0.31**	**$ 1,108,402**	66,071,420	$ 0.29	
Issued on acquisition (i)	-	-	-	71,456,420	0.29	1,108,402
Exercised	-	-		(1,450,000)	(0.12)	
Expired	**(26,375,000)**	**$ (0.35)**		(21,796,420)	(0.19)	
Issued and outstanding, March 31, 2014	**87,906,420**	**$ 0.30**	**$ 1,108,402**	114,281,420	$ 0.31	$ 1,108,402

(i) The Company issued 71.4 million warrants to nine shareholders of PPL in fiscal 2013 as per the terms of the Share Exchange Agreement. These warrants are convertible into equal number of common shares at an exercise price of $0.29 per warrant and expire within two years of their issuance.

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

Risk free interest rate	1%
Expected dividend	Nil
Expected volatility	137.71%
Expected life	730 days
Market price	US$0.39

Using the relative fair value method, an amount of $1,108,402 for warrants issued has been accounted for as the value of warrants.

(ii) Details of weighted average remaining life of the warrants granted and outstanding are as follows:

March 31,	**2015**		2014	
	Warrants outstanding & exercisable		Warrants outstanding & exercisable	
Exercise price in US$	**Number**	**Weighted average remaining contractual life (years)**	Number	Weighted average remaining contractual life (years)
0.29	**71,456,420**	**0.18**	71,456,420	1.18
0.35	**16,450,000**	**0.06**	42,825,000	0.92
	87,906,420	**0.16**	114,281,420	1.08

9. LOSS PER SHARE

Loss per share is calculated on the weighted average number of common shares outstanding during the year, which was 193,442,457 (2014: 161,977,171).

The Company had approximately 88 million warrants (2014: 114 million) and 10 million options (2014: 5 million) which were not exercised as at March 31, 2015. Inclusion of these warrants and options in the computation of diluted loss per share 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.

10. 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. Total amount that may be payable in future under the terms of the Agreement cannot be reasonably estimated at this time.

(b) PPL has extended consulting contracts with its Chief Executive Officer and Chief Scientific Officer expiring in or around March 2017 and carrying a total monthly commitment of $22,683.Early termination without cause would require a lump sum compensation of $ 75,000 to be paid to the two consultants.

(c) Biohaven has signed a Master Service Agreement on January 31, 2014, as subsequently amended in April 2014, with Biohaven Pharmaceuticals Inc., a private Delaware incorporated research and development company ("BPI"). BPI is owned by non-controlling shareholders of Biohaven and is engaged by Biohaven to conduct, on behalf of Biohaven, research and development services relating to identification and development of clinical stage neuroscience compounds targeting the glutamatergic system. The agreement expires on December 31, 2018 and will automatically renew on a year to year basis. Either party can terminate the agreement upon ninety days prior notice. Agreed fee for the period up to June 30, 2015 is $ 3 million payable in quarterly instalment commencing from March 1, 2014.

(d) On March 3, 2014, Biohaven signed a contract with an independent manufacturing organization to investigate technical feasibility of developing a new formulation for Biohaven using nanosuspension and emulsion formulation approaches. The contract is approximately for fifty five weeks involving several agreed milestones for a total price of approximately $ 345,000, which is payable by BPI as agent out of the fees payable to BVI as detailed in note 10(c) above.

(e) Under the terms of the License Agreement dated September 16, 2013 signed with Yale University, Biohaven is required to pay to the Licensor a milestone royalty of $ 2 million within six months of receiving approval of an NDA (New Drug Application) and pay earned royalty at 3% on worldwide annual net sales of the licensed products, subject to minimum royalty payment of $ 300,000 in the year one, $ 600,000 in year two, $ 750,000 in year three and $ 1 million from year four onwards subject to reduction ranging from 33% to 95% depending on sales of generic exceeding an agreed market share on a country by country basis and further reduction by 50% is licensee is required to pay third party royalties. Total amount that may be payable in future under the terms of the Agreement cannot be reasonably estimated at this time. The Licensor also has a right to purchase in cash up to 10% of any securities offered in future financing.

11. CONSULTING FEE

		Year ended March 31,		May 23, 2012 to March 31,
	Notes	**2015**	2014	2013
Cash fee		**$ 196,479**	$ 108,921	-
Shares issued to key management	6 (iii)	**120,000**	691,000	-
Options issued to key management	7 (a) (i)	**157,226**	231,838	-
Options issued to others	7 (a) (i)	**80,995**	130,603	-
Biohaven options granted to the Company's directors	7 (a)(iv)	**174,825**		-
Biohaven options granted to Biohaven consultants and management	7 (a) (iv)	**343,175**		-
		$ 1,072,700	$ 1,162,362	$ -

12. RELATED PARTY TRANSACTIONS

Transactions with related parties are incurred in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to between the related parties. Related party transactions and balances have been listed below, unless they have been disclosed elsewhere in the consolidated financial statements.

(i) Business expenses of $6,145 (2014: $12,786, May 23, 2012 to March 31, 2013: $nil) were reimbursed to directors of the Company.

(ii) Consulting fees include cash fee paid to key management for services of $ 180,000(2014: $102,458, May 23, 2012 to March 31, 2013: $nil).

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

	March 31, 2015		March 31, 2014	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Cash	$ 1,718,289	$ 1,718,289	$ 2,032,058	$ 2,032,058
Advances and other receivable	$ 17,575	$ 17,575	$ 227,233	$ 227,233
Financial liabilities				
Accounts payable and accrued liabilities	$ 620,560	$ 620,560	$ 191,972	$ 191,972

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.

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, advances and receivable and, accounts payable and accrued liabilities.
.
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.

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, liquidity risk, other price risk and market risk.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd)

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 a major law firm in the USA and therefore the risk of loss is minimal.
b. Other receivable – The Company is not exposed to major credit risk attributable to customers. A significant portion of this amount is a prepayment of Directors & Officers insurance premiums.

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 its existing cash will allow it to finance the drug development work apart from meeting its operational needs for at least another six months. However, the exact need for additional cash cannot be reasonably ascertained at this stage Should the Company require further funding, it intends to secure it through further rounds of equity financing.

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.

14. CAPITAL DISCLOSURES

The Company considers the items included in Shareholders' Equity as capital. The Company had payables of approximately $ 0.6 million as at March 31, 2015 (approximately $ 0.2 million as at March 31, 2014) and current assets, mostly in cash, of approximately $1.7 million (approximately $2.3 million as at March 31, 2014). 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. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash.

14. CAPITAL DISCLOSURES (cont'd)

As at March 31, 2015, the shareholders' equity was approximately $ 2.7 million (approximately $ 2.4 million as at March 31, 2014), $1.7 million ($ 2 million as at March 31, 2014) 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, 2015 and March 31, 2014.

15. PRIOR YEAR COMPARATIVES

Certain prior year figures have been restated to conform to current year's presentation.

16. SUBSEQUENT EVENT

The Company raised approximately $ 5.2 million through a private placement completed on June 24, 2015 by issuing approximately 36.8 million restricted common shares at a price of $0.14 per share. The Company issued additional approximately 1.8 million restricted common shares to MediqVentures Ltd., owned by two of the directors of the Company as finder's fee at the rate of 5% of the common shares issued under the private placement, as per the consulting agreement.