Portage Biotech Inc.

Consolidated Interim Financial Statements

For the three and six months ended September 30, 2015

Unaudited – Prepared by Management

(US Dollars)

Portage Biotech Inc.

Consolidated Unaudited Interim Financial Statements
For the Three and Six Months Ended September 30, 2015

(US Dollars)

Index

NOTICE TO READER OF CONSOLIDATED UNAUDITED INTERIM FINANCIAL STATEMENTS

The consolidated unaudited interim financial statements for Portage Biotech Inc. comprised of the consolidated interim statements of financial position as at September 30, 2015 and for the year ended March 31, 2015, and the consolidated interim statement of operations, statement of changes in equity and cash flows for the six-month period ended September 30, 2015 and are the responsibility of the Company's management.

The consolidated interim financial statements have been prepared by management and include the selection of appropriate accounting principles, judgments and estimates necessary to prepare these consolidated interim financial statements in accordance with International Financial Reporting Standards.

The consolidated interim financial statements have not been reviewed by the Company's independent external auditors, Schwartz Levitsky Feldman LLP.

"signed"
Kam Shah CPA,C.A., Director

"signed"
Declan Doogan MD, Director

November 24, 2015

Portage Biotech Inc.

Consolidated Interim Statements of Financial Position
(US Dollars)
(Unaudited – see Notice to Reader dated November 24, 2015)

As at ,	Note	September 30, 2015	March 31, 2015 (audited)
Assets			
Current			
Cash	**4**	**$ 3,565,644**	$ 1,718,289
Advances and other receivable		**432,833**	17,575
		$ 3,998,477	$ 1,735,864
Long-term assets			
Investment	**5**	**700,000**	-
Intangible assets	**6**	**1,280,000**	
Goodwill	**7**	**3,000,000**	3,000,000
Total assets		**$ 8,978,477**	$ 4,735,864
Liabilities and Shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities		**175,893**	620,560
		$ 175,893	$ 620,560
Shareholders' Equity			
Capital stock	**8**	**14,846,796**	9,691,715
Stock option reserve	**9**	**1,533,929**	1,312,519
Warrants	**10(i)**	**1,108,402**	1,108,402
Deficit		**(11,259,063)**	(9,452,864)
Total Shareholders' equity		**$ 6,230,064**	$ 2,659,772
Non-controlling interests		**$ 2,572,520**	$ 1,455,532
Total equity		**8,802,584**	4,115,304
Total liabilities and Shareholders' equity		**$ 8,978,477**	$ 4,735,864
Commitments and Contingent Liabilities (Note 12)			
Related Party Transactions (Note 14)			

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

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

Portage Biotech Inc.

Consolidated Interim Statements of Operations and Comprehensive Loss
(US Dollars)
(Unaudited – see Notice to Reader dated November 24, 2015)

		Three months ended September 30,		Six months ended September 30,	
	Note	**2015**	**2014**	**2015**	2014
Expenses					
Research and development	**12**	**1,297,747**	757,192	**2,083,907**	1,528,711
Consulting fees	**13 & 14(ii)**	**119,380**	121,604	**287,658**	306,521
Professional fees		**94,938**	61,337	**143,078**	103,244
Other oprating costs	**14(i)**	**20,130**	17,599	**50,964**	51,645
Bank charges and interest		**2,278**	15,828	**4,404**	16,812
Amortization		**-**	242	**-**	484
		$1,534,473	$973,802	**$2,570,011**	$2,007,417
Net loss and comprehensive loss for period		**$ (1,534,473)**	**$ (973,802)**	**$ (2,570,011)**	$ (2,007,417)
Net loss and comprehensive loss attributable to :					
Owners of the Company		**(1,015,296)**	(728,714)	**(1,806,199)**	(1,514,353)
Non-controlling interest		**(519,177)**	(245,088)	**(763,812)**	(493,064)
		$ (1,534,473)	$ (973,802)	**$ (2,570,011)**	$ (2,007,417)
Basic and diluted loss per share					
Net Loss per share	**11**	**$ (0.00)**	**$ (0.00)**	**$ (0.01)**	$ (0.01)

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

Portage Biotech Inc.

Consolidated Interim Statements of Changes in Shareholders' Equity
For the Six Months ended September 30, 2015
(US Dollars)
(Unaudited – see Notice to Reader dated November 24, 2015)

	Number of Shares	Capital Stock	Stock Option Reserve	Warrants	Accumulated Deficit	Non-controlling interest	Total Equity
Balance, April 1, 2014	**180,775,790**	**$ 7,256,715**	**$ 362,440**	**$ 1,108,402**	**$ (6,334,433)**	**$ 2,678,317**	**$ 5,071,441**
Options vested			216,042				216,042
Conversion of debts and coupons	3,500,001	315,000					315,000
subscription received		205,000					205,000
Net loss for year					(1,514,353)	(493,064)	(2,007,417)
Balance, September 30, 2014	**184,275,791**	**$ 7,776,715**	**$ 578,482**	**$ 1,108,402**	**$ (7,848,786)**	**$ 2,185,253**	**$ 3,800,066**
Balance, April 1, 2015	**206,775,791**	**$ 9,691,715**	**$ 1,312,519**	**$ 1,108,402**	**$ (9,452,864)**	**$ 1,455,532**	**$ 4,115,304**
Issued under private placement	36,822,003	$ 5,155,080				$ 1,600,800	6,755,880
Private placement finders fee		$ (257,754)					(257,754)
Finders fee settled in shares	1,841,100	$ 257,755					257,755
shares issued by Biohaven to acquire intangible assets						280,000	280,000
Options vested			221,410				221,410
Net loss for period					(1,806,199)	(763,812)	(2,570,011)
Balance, September 30, 2015	**245,438,894**	**$ 14,846,796**	**$ 1,533,929**	**$ 1,108,402**	**(11,259,063)**	**$ 2,572,520**	**$ 8,802,584**

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

Portage Biotech Inc.

Consolidated Interim Statements of Cash Flows
(US Dollars)
(Unaudited – see Notice to Reader dated November 24, 2015)

For the six months ended September 30,		**2015**	2014
Cash flows from operating activities			
Net loss for period		**$ (2,570,011)**	$ (2,007,417)
Adjustments for non-cash items:			
Amortization of office equipment and furniture		**-**	484
Value of shares and options expensed as consulting fee		**185,402**	216,042
Debt coupons settled in shares and expensed as interest		**-**	15,000
Value of options expensed as research and development		**36,008**	67,528
Net change in working capital components			
Other receivables		**(415,258)**	218,049
Accounts payable and accrued liabilities		**(444,666)**	323,409
		$ (3,208,525)	$ (1,166,905)
Cash flows into investing activities			
Acquisition of intangible by Biohaven		**$ (1,000,000)**	
Investment		**(700,000)**	-
		$ (1,700,000)	$ -
Cash flows from financing activities			
Shares issued under private placement		**$ 5,155,080**	$ 505,000
Third party capital contribution at subsidiary		**1,600,800**	-
		$ 6,755,880	$ 505,000
(Decrease) Increase in cash during period		**1,847,355**	(661,905)
Cash at beginning of period		**1,718,289**	2,032,058
Cash at end of period		**$ 3,565,644**	$ 1,370,153
Supplemental disclosures			
Non-cash investing activities			
Shares issued by Biohaven towards acquisition of intangible assets		**(280,000)**	-
		(280,000)	-
Non-cash financing activities			
Shares issued in settlement of finders fee		**(257,754)**	-
		(257,754)	-

The accompanying notes are an integral part of these consolidated interim 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 clinical stage, and as such no revenue has been generated from its operations. The Company has accumulated losses of approximately $11 million and has negative cash flows from operating activities of approximately $3 million during the six months ended September 30, 2015.

Management has secured sufficient equity financing which it believes will enable it to complete the first phase of its clinical work and other commitments. However, it will require additional resources to continue into clinical trials and 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 Interim financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), IAS 34 *Interim Financial Reporting* and interpretations of the International Financial Reporting Interpretations Committee. These consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the audited consolidated financial statements of the Company for the year ended March 31, 2015.

These consolidated interim financial statements have been prepared on a historical cost basis except for stock based compensation, goodwill and intangible assets which are measured at fair value as detailed in Notes 6,7 and 8 to these financial statements. In addition, these consolidated interim 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 interim financial statements were approved and authorized for issue by the Audit Committee and Board of Directors on November 24, 2015

(b) Consolidation

The consolidated interim 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 incorporated on April 5, 2013 under the laws of the BVI, 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 interim 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 and measurement of share- based compensation and investment.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies are set out in Note 3 to the fiscal 2015 audited consolidated financial statements. These policies have been applied consistently to all periods presented in these consolidated interim financial statements. Following accounting policy has been adopted effective July 1, 2015:

Investment

The investment is comprised of shares of a private company that have been acquired through a private placement. The investment is initially recorded at fair value and is subsequently carried at cost. 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 cost method. The Company evaluates the investment each reporting period for evidence of impairment and adjusts the carrying value accordingly.

New standards and interpretations not yet adopted

Standards issued but not yet effective up to the date of issuance of the Company's interim 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.

IAS 1- *Presentation of Financial Statements*

The IASB amended IAS 1 in December 2014 to clarify the existing presentation and disclosure requirements and provide guidance to assist in determining what to disclose and how that information should be presented in the financial statements. The amendments are effective for annual periods beginning on or after April 1, 2016.

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 $ 1,696,694 (As at March 31, 2015: 1,201,509) held in trust by a US lawyer, pending opening of a bank account by Biohaven. There are no restrictions on use of cash.

5. 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 less than 20% of the equity of Sentien. 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. Sentien is planning Phase 1 study of its lead product, a cell-containing dialysis device for the treatment of Acute Kidney Injury.

As at September 30, 2015, 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. INTANGIBLE ASSETS

In August 2015, Biohaven acquired worldwide intellectual property rights to a portfolio of over 300 prodrugs, classified as New Molecular Entities, including IP rights to all future therapeutic indications. Biohaven paid cash of $ 1,000,000 plus issued 100 shares valued at $ 2,800 per share. Total purchase price of $1,280,000 has been capitalised as intangible assets since it fulfilled the criteria set out under IAS 38.22.

The intangible assets will be amortised over five years

7. 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.

As at September 30, 2015, no new information was available which would indicate that the fair value of goodwill is below its carrying value.

8. CAPITAL STOCK

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

(b) Issued

	As at September 30, 2015		As at March 31, 2015	
	Common Shares	**Amount**	Common Shares	Amount
Balance , beginning of period	**206,775,791**	**$ 9,691,715**	180,775,790	$ 7,256,715
Conversion of debts and coupons	-	-	3,500,001	315,000
Issued under private placement (i)	**36,822,003**	**5,155,081**	20,000,000	2,000,000
finders fee/Commitment fee settled in shares (i) (ii)	**1,841,100**	**257,754**	1,000,000	100,000
finders fee/Underwriting costs	**-**	**(257,754)**		(100,000)
Shares issued as compensation	**-**	**-**	1,500,000	120,000
Balance, end of period	**245,438,894**	**$ 14,846,796**	206,775,791	$ 9,691,715

i. On June 24, 2015, the Company completed a private placement comprising non-brokered offering of 36,822,003 restricted common shares at a price of US$0.14 per share for gross proceeds of $5,155,080 to accredited investors. Two directors subscribed approximately 11.4 million shares at a total cost of $ 1.6 million. The private placement was done in two tranches. First tranche closed on June 15, 2015 and second one closed on June 24, 2015. MediqVentures Ltd., a private corporation owned by two of the directors of the Company and/or its nominees received 5% of the gross proceeds or $257,754 as finder's fee as per the terms of the consulting agreement with them. The fee was settled by issuance of 1,841,100 restricted common shares valued at US$ 0.14 per common shares (see ii below).

ii. Common shares issuable as finder's fee under the private placement referred to in I above were issued in July 2015.

(c) As at September 30, 2015, the Company had the following active Consultant Stock Compensation Plan:

	Date of registration *	**Registered shares under Plan**	**Issued to March 31, 2015**	**As at April 1, 2015**	**issued**	**Cancelled**	**Balance at September 30, 2015**
2011 Plan	11-Apr-11	6,000,000	(3,438,333)	2,561,667	-	-	2,561,667

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**	**issued**	**Cancelled**	**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.

(c) 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 September 30, 2015, 48,644,356 (As at March 31, 2015, 53,066,580) common shares and nil (As at March 31, 2015: 41,234,670) warrants are still under escrow. All warrants in escrow expired in June 2015.

(d) In August 2015, Biohaven raised approximately $4.1 million through a private placement of 1,465 Biohaven's common shares at a price of US$2,800 per share. The Company invested $2.5 million and balance of $1.6 million was invested by third parties. The additional investment enables the Company to maintain its equity holding in Biohaven at 54%.

9. STOCK OPTION PLANS

	September 30, 2015	**Year ended March 31, 2015**
		(Audited)
Balance, beginning of period	**$ 1,312,519**	**$ 362,440**
Options issued on December 17, 2013 and vested		**238,221**
Options issued on February 25, 2015 and vested	**185,402**	
2015 Options to acquire equity in PPL granted to PPl management and vested	**36,008**	**-**
2014 Options to acquire equity in PPL granted to PPl management and vested	**-**	**188,282**
Revaluation of 2014 PPL options due to extension of maturity period	**-**	**5,576**
Options to acquire equity in Biohaven granted to Biohaven consultants and directors	**-**	**518,000**
Balance, end of period	**$ 1,533,929**	**$ 1,312,519**

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

Stock Option Plan	2005		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	9,700,000	10,700,000
Outstanding, April 1, 2015	560,000	9,700,000	10,260,000
Issued	-	-	-
Exercised	-	-	-
Expired	(560,000)		(560,000)
Outstanding, September 30, 2015	**-**	**9,700,000**	**9,700,000**
Options fully vested - September 30, 2015	-	5,724,998	5,724,998
Options not yet vested as at September 30 30, 2015	-	3,975,002	3,975,002
	-	**9,700,000**	**9,700,000**
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
	560,000	**9,700,000**	**10,260,000**

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

(b) The weighted average exercise price of the outstanding stock options was US$0.15 as at September 30, 2015 and US$0.16 as at March 31, 2015 and weighted average remaining contractual life was approximately 3.89 years (4.18 years as at March 31, 2015).

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 September 30, 2015 and March 31, 2015.

(c) PPL granted options to its CEO and CSO to acquire up to 10% equity interest in PPL for total exercise price of $111,892 during the fiscal years 2014 and 2015. All options expire in 2020. Total fair value of these options was computed to be approximately $258,799, of which $229,866 attributable to the vested options was expensed up to September 30, 2015.

(d) 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.

10. WARRANTS

(i) Movements during the period were as follows:

	September 30, 2015 (Unaudited)			March 31, 2015 (Audited)		
	# of warrants	Weighted average exercise price	Fair value	# of warrants	Weighted average exercise price	Fair value
Issued and outstanding, beginning of period	**87,906,420**	**$ 0.30**	**$ 1,108,402**	114,281,420	$ 0.31	1108402
Exercised	-	-		-	-	
Expired	**(87,906,420)**	**$ (0.30)**		(26,375,000)	(0.35)	
Issued and outstanding, end of period	-	**$ -**	**$ 1,108,402**	87,906,420	$ 0.30	$ 1,108,402

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

	As at September 30, 2015 Warrants outstanding & exercisable		As at March 31, 2015 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
0.35	**-**	**-**	16,450,000	0.06
	-	**-**	87,906,420	0.16

11. LOSS PER SHARE

Loss per share is calculated on the weighted average number of common shares outstanding during the three and six months ended September 30, 2015, which was 245,438,894 and 232,551,193 respectively. (181,942,457 and 181,359,124 respectively for the three and six months ended September 30, 2014).

The Company had nil warrants (September 30, 2014: 114 million) and 9.7 million options (September 30, 2014: 5 million) which were not exercised as at September 30, 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.

12. 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 signed 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 was $ 3 million, payable in quarterly instalment commencing from March 1, 2014. Fees for the period subsequent to June 30, 2015 have not yet been determined. The Company provided for a fee of $ 500,000 for the quarter ended September 30, 2015.

(d) Under the terms of the License Agreement dated September 16, 2013 signed with Yale University, Biohaven provides an initial payment and also provides for milestone payments upon approval of new drug applications for patented product in the USA and royalty payments including earned royalties and third party royalties. Total amount that may be payable in future under the terms of the Agreement cannot be reasonably estimated at this time. Licensor also has right to purchase in cash up to 10% of any securities offered in future financing.

(e) In August 2015, Biohaven signed an agreement with ALS Biopharma LLC, a non-related company, to acquire world-wide intellectual property(IP) rights to a portfolio of over 300 prodrugs, classified as New Molecular Entities including IP rights to all future therapeutic indications. The Agreement provides for milestone payments upon approval of new drug applications for patent product in the USA and royalty payments including earned royalties and third party royalties. Total amount that may be payable in future under the terms of the Agreement cannot be reasonably estimated at this time. Biohaven also agreed to pay towards research work to be carried out by ALS Biopharma LLC in agreed installments.

(f) In September of 2014, Biohaven signed a license agreement with Massachusetts General Hospital ("MGH") for exclusive, worldwide rights to intellectual property in a pending patent application. The Agreement provides for initial payment and also provides for milestone payments upon approval of new drug applications for patent product in the USA and royalty payments including earned royalties and third party royalties. Total amount that may be payable in future under the terms of the Agreement cannot be reasonably estimated at this time.

(g) In 2014, Biohaven signed an exclusive world-wide license agreement with Catalent Pharma Solutions to provide Catalent's Zydis® Orally Disintegrating Tablet (ODT) technology for Biohaven's lead drug development candidate, BHV-0223. The Agreement provides for initial payment and also provides for milestone payments upon approval of new drug applications for patent product in the USA and royalty payments including earned royalties and third party royalties. Total amount that may be payable in future under the terms of the Agreement cannot be reasonably estimated at this time.

13. CONSULTING FEE

	Three months ended September 30,		six months ended September 30	
	2015	2014	**2,015**	**2,014**
Cash fee	**$ 51,256**	45,000	**102,256**	90,479
Options issued to key management	**56,556**	49,928	**153,919**	140,797
Options issued to others	**11,568**	26,676	**31,483**	75,245
	$ 119,380	$ 121,604	**$ 287,658**	$ 306,521

14. 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 $594 and $ 1,653 respectively for three months and six months ended September 30, 2015 ($3,867 and $ 6,408 respectively for three and six months ended September 30, 2014)) were reimbursed to directors of the Company.

(ii) Consulting fees include cash fee paid to key management for services of $45000 and $ 90,000 respectively for three months and six months ended September 30, 2015. ($45,000 and $ 90,000 respectively for three months and six months ended September 30, 2014))

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

	September 30, 2015		March 31, 2015 (Audited)	
	Carrying value	**Fair value**	Carrying value	Fair value
Financial assets				
Cash	**3,565,644**	**5,987,490**	1,718,289	2,032,058
Advances and other receivable	**432,833**	**432,833**	17,575	227,233
Investment	**700,000**	**700,000**	-	-
Financial liabilities				
Accounts payable and accrued liabilities	**175,893**	**175,893**	620,560	620,560

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.

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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.

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 prepaid to BPI under a master service agreement.

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 year. 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.

16. CAPITAL DISCLOSURES

The Company considers the items included in Shareholders' Equity as capital. The Company had payables of approximately $ 0.2 million as at September 30, 2015 ($0.6 million as at March 31, 2015) and current assets, mostly in cash, of approximately $4 million ($1.7 million as at March 31, 2015). 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.

As at September 30, 2015, the shareholders' equity was approximately $ 6.2 million ($2.7 million as at March 31, 2015), $3.6 million ($1.7 million as at March 31, 2015) 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 three and six months ended September 30, 2015 and September 30, 2014.