Portage Biotech Inc.

Consolidated Interim Financial Statements

For the three months ended June 30, 2016

(Unaudited – Prepared by Management)

(US Dollars)

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For the Three Months Ended June 30, 2016

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NOTICE TO READER OF CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The consolidated interim financial statements for Portage Biotech Inc. comprised of the consolidated interim statements of financial position as at June 30, 2016 and for the year ended March 31, 2016, and the consolidated interim statement of operations, statement of changes in equity and cash flows for the three-month period ended June 30, 2016, 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

August 29, 2016

Portage Biotech Inc.

Consolidated Interim Statements of Financial Position
(US Dollars)
(Unaudited – see Notice to Reader dated August 29, 2016)

As at,	Note	June 30, 2016	March 31, 2016 (Audited)
Assets			
Current			
Cash	4	$ 7,471,272	$ 4,688,929
Advances and other receivable		1,036,267	203,940
		$ 8,507,539	$ 4,892,869
Long-term assets			
Goodwill	7	3,000,000	3,000,000
Intangible assets	6	3,951,890	4,035,973
Investment	5	700,000	700,000
Total assets		$16,159,429	$12,628,842
Liabilities and Shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities		1,047,689	299,740
		$ 1,047,689	$ 299,740
Shareholders' Equity			
Capital stock	8	17,055,197	17,055,197
Stock option reserve	9(a)	6,035,126	5,075,853
Warrants	10(i)	2,755,973	2,755,973
Deficit		(14,155,487)	(14,617,652)
Total Shareholders' equity		$11,690,809	$10,269,371
Non-controlling interests		$ 3,420,931	$ 2,059,731
Total equity		15,111,740	12,329,102
Total liabilities and Shareholders' equity		$16,159,429	$12,628,842
Commitments and Contingent Liabilities (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 interim financial statements.

Portage Biotech Inc.

Consolidated Interim Statements of Operations and Comprehensive Loss
(US Dollars)
(Unaudited – see Notice to Reader dated August 29, 2016)

Three months ended June 30,	Note	2016	2015
Expenses			
Acquisition related costs		$ -	$ -
Research and development		3,782,258	786,160
Consulting fees	13 and 14(ii)	1,005,122	168,278
Professional fees		264,214	48,140
Other operating costs	14(i)	22,303	30,834
Bank charges and interest		1,937	2,126
		$5,075,834	$1,035,538
Net loss and comprehensive loss for period		$ (5,075,834)	$ (1,035,538)
Net loss and comprehensive loss attributable to :			
Owners of the Company		(2,709,556)	(790,903)
Non-controlling interests		(2,366,279)	(244,635)
		$ (5,075,835)	$ (1,035,538)
Basic and diluted loss per share			
Net Loss per share	11	$ (0.01)	$ (0.00)

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 Three Months Ended June 30, 2016
(US Dollars)
(Unaudited – see Notice to Reader dated August 29, 2016)

	Number of Shares	Capital Stock	Stock Option Reserve	Warrants	Accumulated Deficit	Non-controlling interest	Total Equity
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					5,155,080
Private placement finder fees		(257,754)					(257,754)
Finders fees settled in shares	1,841,100	257,754					257,754
Options vested			139,341				139,341
Net loss for period					(790,903)	(244,635)	(1,035,538)
Balance, June 30, 2015	**245,438,894**	**$ 14,846,795**	**$ 1,451,860**	**$ 1,108,402**	**$ (10,243,767)**	**$ 1,210,897**	**$ 8,374,187**
Balance, April 1, 2016	**253,438,894**	**$ 17,055,197**	**$ 5,075,853**	**$ 2,755,973**	**(14,617,652)**	**$ 2,059,731**	**$ 12,329,102**
Options vested			959,273				**959,273**
Shares issued					3,171,721	3,727,479	**6,899,200**
Net loss for period					(2,709,556)	(2,366,279)	**(5,075,835)**
Balance, June 30, 2016	**253,438,894**	**$ 17,055,197**	**$ 6,035,126**	**$ 2,755,973**	**(14,155,487)**	**$ 3,420,931**	**$ 15,111,740**

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 August 29, 2016)

For the three months ended,	2016	2015
Cash flows from operating activities		
Net loss forperiod	**$ (5,075,834)**	$ (1,035,538)
Adjustments for non-cash items:		
Value of shares and options expensed as consulting fee (Note 13)	**954,122**	117,278
Value of options expensed as research and development	**5,151**	22,063
Amortisation of intangible	**84,082**	-
Net change in working capital components		
Other receivables	**167,673**	2,847
Accounts payable and accrued liabilities	**747,949**	7,471
	$ (3,116,857)	$ (885,879)
Cash flows from investing activities		
Advance towards acquisition of intangible	**(1,000,000)**	-
	$ (1,000,000)	$ -
Cash flows from financing activities		
Shares issued under private placements	**-**	5,155,080
Shares issued by subsidiary	**6,899,200**	
	$ 6,899,200	$ 5,155,080
Increase (decrease) in cash during year	**2,782,343**	4,269,201
Cash at beginning of year	**4,688,929**	1,718,289
Cash at end of year	**$ 7,471,272**	$ 5,987,490
Supplemental disclosures		
Non-cash financing activities		
Shares issued in settlement of finders fees	-	(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, Portage Services Ltd., is located at 47 Avenue Road, Suite 200, Toronto, Ontario, M5R 2G3, Canada.

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

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

The Company is in the clinical stage, and as such no revenue has been generated from its operations. The Company has accumulated losses of approximately $14 million and has negative cash flows from operating activities of approximately $3 million during the three months ended June 30, 2016.

Management has secured sufficient equity financing which it believes will enable it to meet its operating commitments. However, it will require additional resources to continue into clinical trials and/or for additional acquisitions. The Company and its subsidiaries continue 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, 2016.

These consolidated interim 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 9 and 10 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 financial statements were approved and authorized for issue by the Audit Committee and Board of Directors on August 29, 2016.

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 held approximately 54% equity in Biohaven on January 6, 2014. However, Biohaven issued additional shares to third parties since then and as a result, the Company's equity in Biohaven was reduced to 49.18% as at June 30, 2016. The Company is still a single majority equity owner and three of its directors are the directors in the five-member Board of Biohaven. As a result, accounts of Biohaven are consolidated under the applicable IFRS.

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 are set out in Note 3 to the fiscal 2016 audited consolidated financial statements. These policies have been applied consistently to all periods presented in these consolidated interim 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 interim financial statements are listed below. This listing is of standards and interpretations issued which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective.

IFRS 9 - *Financial Instruments*

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.

IFRS 15, Revenue from Contracts with Customers

IFRS 15, issued by the IASB in May 2014, is applicable to all revenue contracts and provides a model for the recognition and measurement of gains or losses from sales of some non-financial assets. The core principle is that revenue is recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, and is to be applied retrospectively, with earlier adoption permitted. Entities will transition following either a full or modified retrospective approach. The Company does not believe that the above standard will have any impact on its financial statements.

IFRS 16, Leases

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

4. CASH

Cash includes $ 6,506,361 (March 31, 2016: $3,408,458) 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 fair value as an available for sale financial instrument, which at June 30, 2016 was considered equal to its carrying value. Sentien is planning Phase 1 study of its lead product, a cell-containing dialysis device for the treatment of Acute Kidney Injury.

As at June 30, 2016, 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

Intangible assets comprise worldwide intellectual property rights to a portfolio of over 300 prodrugs, classified as New Molecular Entities NMEs), including IP rights to all future therapeutic indications and are amortized over twelve years effective April 1, 2016, when prodrugs were first put to use. The movements during the three months ended June 30, 2016 were:

	Three months ended June 30, 2016	Year ended Mar31, 2016
Balance, at beginning of period	**4,035,973**	-
Acquisition during period		4,035,973
Amortization during period, charged to research and development	**(84,083)**	-
Balance, at end of period	**3,951,890**	4,035,973

The current estimates of the present value of the drugs under development using the compounds covered under the acquired NMEs based on the discounted cash flow valuation model indicates revenue expected to be far in excess of the cost of acquisition of the NMEs. As a result, the Company concluded that there was no impairment in the carrying costs of the intangible assets.

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 June 30, 2016, 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

	Three months ended June 30, 2016		Year ended March 31, 2016	
	Common Shares	**Amount**	Common Shares	Amount
Balance, beginning of period	**253,438,894**	**$ 17,055,197**	206,775,791	$ 9,691,715
Conversion of debts and coupons	**-**	**-**	-	-
Expired warrants	**-**	**-**		1,108,402
Issued under private placement	**-**	**-**	43,488,670	6,155,080
Finder/Commitment fee settled in shares	**-**	**-**	2,174,433	307,754
Finders fee/Underwriting costs	**-**	**-**		(307,754)
Shares issued as compensation	**-**	**-**	1,000,000	100,000
Balance , end of period	**253,438,894**	**$ 17,055,197**	253,438,894	$ 17,055,197

(c) As at June 30, 2016, the Company had the following active Consultant Stock Compensation Plan:

	Date of registration *	**Registered shares under Plan**	**Issued to March 31, 2016**	**As at April 1, 2016**	**Issued during the three months**	**Cancelled**	**Balance at June 30, 2016**
2011 Plan	11-Apr-11	6,000,000	(4,438,333)	1,561,667	-	-	1,561,667

* 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, 2016, 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 during the year**	**Cancelled**	**Balance at March 31, 2016**
2011 Plan	11-Apr-11	6,000,000	(3,438,333)	2,561,667	(1,000,000)	-	1,561,667

(d) 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 are being released in agreed tranches over the period of three years. As at June 30, 2016, 13,266,647 common shares (as at March 31, 2016: 26,533,294 common shares) are still under escrow. All warrants expired in June 2015 and were cancelled.

9. STOCK OPTION RESERVE

(a) The movements during the period were:

	Three months ended June 30, 2016	Year ended March 31, 2016
Balance, beginning of period	**$ 5,075,853**	$ 1,312,519
fiscal 2015 Options vested	**23,819**	266,670
fiscal 2016 options vested	**108,860**	187,408
Options to acquire equity in PPL granted to PPl management and vested	**5,151**	53,074
Options to acquire equity in Biohaven granted to Biohaven consultants and directors vested)	**821,443**	3,256,182
Balance, end of period	**$ 6,035,126**	$ 5,075,853

(b).1 The following is a summary of all active Stock Option Plans as at June 30, 2016:

Stock Option Plan	
Plan	2013 Option Plan
Date of Registration	Dec 19, 2013 and 'March 17, 2015
Registered *	20,167,579
Issued	16,750,000
Outstanding, June 30, 2016	16,750,000
Options fully vested - June 30, 2016	9,474,995
Options not yet vested as at June 30, 2016	7,275,005
	16,750,000

* 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 15,717,579 options under 2013 Stock Option Plan.

(b).2 The following is a summary of all active Stock Option Plans of the Company as at March 31, 2016:

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	9,750,000	10,750,000
Outstanding, April 1, 2015	560,000	9,700,000	10,260,000
Issued		7,050,000	7,050,000
Exercised			-
Expired	(560,000)	-	(560,000)
Outstanding, March 31, 2016	**-**	**16,750,000**	**16,750,000**
Options fully vested - March 31, 2016	-	7,931,246	7,931,246
Options not yet vested as at March 31, 2016	-	8,818,754	8,818,754
	-	**16,750,000**	**16,750,000**

(d) The weighted average exercise price of the outstanding stock options was US$0.15 as at June 30, 2016 and March 31, 2016 and weighted average remaining contractual life as at June 30, 2016 was approximately 3.70 years (approximately 3.95 years as at March 31, 2016).

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 June 30, 2016 and March 31, 2016.

10. WARRANTS

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

	Three months ended June 30, 2016			Year ended March 31, 2016		
	# of warrants	Weighted average exercise price	Fair value	# of warrants	Weighted average exercise price	Fair value
Issued and outstanding, beginning of year	-	$ -	$ -	87,906,420	$ 0.30	$ 1,108,402
Exercised	-	-	-	-	-	
Expired	-	$ -	-	(87,906,420)	$ (0.30)	(1,108,402)
Issued and outstanding	-	$ -	$ -	-	$ -	$ -
Warrants issued by Biohaven to acquire intangible assets (Note 6(c))	**1,200**	**$ 2,800**	**2,755,973**	1,200	$ 2,800	2,755,973
Issued and outstanding, end of period	**1,200**	**$ 2,800**	**$ 2,755,973**	1,200	$ 2,800	$ 2,755,973
weighted average remaining life in years	**9.2**			**9.4**		

11. LOSS PER SHARE

Loss per share is calculated on the weighted average number of common shares outstanding during the three months ended June 30, 2016, which was 253,438,894 (Three months ended June 30, 2015: 219,663,492).

The Company had nil warrants (June 30, 2015: nil) and approximately 16.75 million options (June 30, 2015: 10.3 million) which were not exercised as at June 30, 2016. Inclusion of these 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 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 $22,667.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. Fees for the period subsequent to June 30, 2015 have not yet been determined.

(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 2015, 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 June 30,	Notes	**2016**	2015
Cash fee		**$ 51,000**	$ 51,000
Options issued to key management	9(a)	**103,928**	97,363
Options issued to others	9(a)	**28,751**	19,915
Biohaven options granted to Biohaven consultants and management	9(a)	**821,443**	-
		$ 1,005,122	$ 168,278

14. RELATED PARTY TRANSACTIONS

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

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

(i) Business expenses of $569 (June 30, 2015: $594) were reimbursed to directors of the Company.
(ii) Consulting fees include cash fee paid to key management for services of $ 45,000 (June 30, 2015: $ 45,000). Refer to note 13 for options issued to key management in lieu of fees.

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

	June 30, 2016		March 31, 2016	
	Carrying value	**Fair value**	Carrying value	Fair value
Financial assets				
Cash (level 1)	**$ 7,471,272**	**$ 7,471,272**	$ 4,688,929	$ 4,688,929
Advances and other receivable (level 2)	**$ 1,036,267**	**$ 1,036,267**	$ 203,940	$ 203,940
Investment (level 3)	**$ 700,000**	**$ 700,000**	$ 700,000	$ 700,000
Financial liabilities				
Accounts payable and accrued liabilities (level 2)	**$ 1,047,689**	**$ 1,047,689**	$ 299,740	$ 299,740

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. Investment is classified as level 3 financial instrument.

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

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

b) Credit risk

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

a. Cash– Cash is held with major international financial institutions in Canada and 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.

16. CAPITAL DISCLOSURES

The Company considers the items included in Shareholders' Equity as capital. The Company had payables of approximately $ 1 million as at June 30, 2016 (approximately $ 0.3 million as at March 31, 2016) and current assets, mostly in cash, of approximately $8.5 million (approximately $4.9 million as at March 31, 2016). 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 June 30, 2016, the shareholders' equity was approximately $ 11.7 million (approximately $ 10.3 million as at March 31, 2016), $4.7 million ($ 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 months ended June 30, 2016 and 2015.

17. NON-CONTROLLING INTERESTS

The Company's material non-controlling interests ("NCI") at June 30, 2016 and March 31, 2016 were associated with Biohaven. There were no dividends paid by Biohaven during these periods. Summarized financial information based on those amounts included in these consolidated financial statements for Biohaven is as follows:

Statement of financial position:

As at	**June 30, 2016**	March 31, 2016
Non-controlling interests	**50.82%**	47.15%
Current assets	**3,814,885**	1,690,240
Non-current assets	**2,008,350**	1,902,961
	5,823,235	3,593,201
Current liabilities	**501,035**	100,233
Net assets attributable to NCI	**5,322,200**	3,492,968

Statement of operations and comprehensive loss

Three months ended June 30,	**2016**	2015
Non-controlling interests	**50.82%**	46%
Research and development	**1,827,312**	230,000
Stock based compensation	**417,457**	-
Professional fees	**121,504**	14,635
Other	**6**	-
net loss and comprehensive loss attributable to NCI	**2,366,279**	244,635

Statement of cash flows

Three months ended June 30,	**2016**	2015
Non-controlling interests	**47.15%**	46%
Cash flow used for operating activities	**(1,423,619)**	(254,318)
Cash flows used for investing activities	**(508,200)**	-
Cash flow from financing activities	**3,506,173**	-