PORTAGE BIOTECH INC.

(Formerly known as Bontan Corporation Inc.)

THIRD QUARTER ENDED DECEMBER 31, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

Prepared as at February 24, 2014

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Management Discussion and Analysis

The following discussion and analysis by management of the financial condition and financial results for Portage Biotech Inc. for the three months ended December 31, 2013 should be read in conjunction with the unaudited Consolidated Financial Statements for the three and nine months ended December 31, 2013, the interim unaudited condensed Consolidated Financial Statements and Management Discussion and Analysis (MD & A) for the first and second quarter ended June 30, 2013 and September 30, 2013 respectively.

Nature of Operations

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 the Company 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 Ontario incorporated subsidiary, Portage Services Ltd., which acts as its agent is located at 47 Avenue Road, Suite 200, Toronto, Ontario, M5R 2G3, Canada.

The Company continues to be a reporting issuer with the Ontario Securities Commission and the US Securities and Exchange Commission and its shares trade on the Over the Counter Quotation Board ("OTCQB") of NASDAQ under the trading symbol "PTGEF," effective August 23, 2013. Prior to this date, it was trading as Bontan Corporation Inc. under the trading symbol "BNTNF". Further, effective October 28, 2013, the Company's shares are also listed for trading in US Currency on the Canadian Securities Exchange (previously, Canadian National Stock Exchange) under the symbol "PBT.U".

Since December 2012, the Company changed the focus of its business activities to biotechnology. On June 4, 2013, it acquired Portage Pharma Ltd ("PPL"), a private limited company, formed under the laws of the BVI on May 23, 2012, through an exchange of shares. The acquisition has been accounted for as a reverse acquisition as explained in M D & A dated November 21, 2013 for the three months ended September 30, 2013.

The Company's financial statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as issued by the International Accounting Standards Board. The interim financial statements for the three and nine months ended December 31, 2013 take into account the effect of an acquisition of Portage Pharma Ltd ("PPL") on June 4, 2013 which has been treated as reverse acquisition for accounting purposes. As a result, the financial statements basically reflect:

a. The assets and liabilities of PPL at their pre-acquisition carrying amounts as at December 31, 2013 and expenses for the three and nine months ended on that date
b. The assets and liabilities of Bontan as at December 31, 2013 and expenses from June 4, 2013 to December 31, 2013.
c. Share capital representing the total number of shares issued by the Company.
d. Value of the share capital was computed by adding to the value of the share capital of PPL on the date of acquisition, June 4, 2013, the fair value of Bontan as allocated to shares issued on the date of acquisition, and adjusted to any exercise or issuance of shares, warrants and options during the nine months ended December 31, 2013.
e. Comparative figures are those of PPL. However, PPL was incorporated in the BVI on May 23, 2012 and had no transactions during the period from the date of inception to December 31, 2012.

This management discussion and analysis is prepared by management as at February 24, 2014, and have not been review by the Company's auditors.

In this report the words "us", "we", "our", "the Company", "Bontan" and "Portage" have the same meaning unless otherwise stated and refer to Portage Biotech Inc. and its subsidiaries.

Forward looking statements

This document includes forward-looking statements within the meaning of certain securities laws, including the "safe harbour" provisions of the Securities laws. These forward-looking statements include, among others, statements with respect to our objectives, goals and strategies to achieve those objectives and goals, as well as statements with respect to our beliefs, plans, objectives, expectations, anticipations, estimates and intentions. The words "may", "will", "could", "should", "would", "suspect", "outlook", "believe", "plan", "anticipate", "estimate", "expect", "intend", "forecast", "objective", "hope" and "continue" (or the negative thereof), and words and expressions of similar import, are intended to identify forward-looking statements.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, which give rise to the possibility that predictions, forecasts, projections and other forward-looking statements will not be achieved. Certain material factors or assumptions are applied in making forward-looking statements and actual results may differ materially from those expressed or implied in such statements. We caution readers not to place undue reliance on these statements as a number of important factors, many of which are beyond our control, could cause our actual results to differ materially from the beliefs, plans, objectives, expectations, anticipations, estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited to; the applicability of patents and proprietary technology; possible patent litigation; approval of products in the Company's pipeline; marketing of products; meeting projected drug development timelines and goals; product liability and insurance; dependence on strategic partnerships and licensees; concentration of the Company's revenue; substantial competition and rapid technological change in the pharmaceutical industry; the publication of negative results of clinical trials of the Company's products; the ability to access capital; the ability to attract and retain key personnel; changes in government regulation or regulatory approval processes; dependence on contract research organizations; third party reimbursement; the success of the Company's strategic investments; the achievement of development goals and time frames; the possibility of shareholder dilution; market price volatility of securities; and the existence of significant shareholders.

We caution that the foregoing list of important factors that may affect future results is not exhaustive. When reviewing our forward-looking statements, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Additional information about factors that may cause actual results to differ materially from expectations, and about material factors or assumptions applied in making forward-looking statements, may be found in the "Risk Factors" section of the Annual Report in the form 20-F for the fiscal year 2013. We do not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time by us or on our behalf; such statements speak only as of the date made. The forward-looking statements included herein are expressly qualified in their entirety by this cautionary language.

Overview

On June 4, 2013, the Company completed an acquisition with Portage pharma Ltd (PPL) pursuant to which, a wholly owned subsidiary of the Company, Portage Acquisition Inc. and PPL amalgamated, resulting in the Company owning all of the issued and outstanding shares of the amalgamated entity. This is further explained in M D & A dated November 21, 2013 for the three months ended September 30, 2013. Effective June 4, 2013, the Company also changed its functional and presentation currency from Canadian dollar to US dollar as further explained in M D & A dated November 21, 2013 for the three months ended September 30, 2013.

Summary of Results

The following table summarizes financial information for the quarter ended December 31, 2013 and the preceding quarters since May 23, 2012, the date of incorporation of PPL : (All amounts in '000 US$ except net loss per share, which are actual amounts)

Quarter ended	December 31, 2013	September 30, 2013	June 30, 2013	March 31, 2013*	December 31, 2012*	September 30, 2012*	May 23,2012 to June 30, 2012*
Net loss	(292)	(348)	(3,596)	(29)	-	-	-
Working capital	4,246	3,243	3,591	474	503	503	503
Shareholder's equity	4,251	3,248	3,596	474	503	503	503
Net loss per share - basic and diluted	(0.00)	(0.00)	(0.03)	-	-	-	-

* Details relate to those of PPL

Number of common shares, options and warrants

These are as follows:

As at,	December 31, 2013	February 24, 2014
Shares issued and outstanding	180,275,790	180,275,790
Warrants issued and outstanding (a) (c)	136,577,840	136,577,840
Options granted but not yet exercised (b)(c)	7,838,453	7,838,453

(a) Warrants are convertible into equal number of common shares of the Company within two to five years of their issuance, at average exercise price of $0.29. These warrants have weighted average remaining contractual life of 1.15 years.

(b) Options are exercisable into equal number of common shares at an average exercise price of US$0.19 and have a weighted average remaining contractual life of approximately 1.31 years.

(c) As required under listing requirements by CSE, the Company signed, on October 25, 2013, an escrow agreement with TMX Equity Transfer Services to have 89,941,793 of its common shares and 69,524,447 of its warrants issued to four insiders under an escrow arrangement. The escrowed shares and warrants will be released in agreed trances over the period of three years.

Business Environment

Risk factors

Please refer to the Annual Report in the form 20-F for the fiscal 2013 for detailed information as the economic and industry factors that are substantially unchanged.

Business plan

Portage is in the business of licensing, researching and developing potential drug candidates. The Company would like to assemble a portfolio of products: diversified as to their stage of development and pathology. Then inexpensively take them through to phase 2b clinical trial often called proof of concept ("POC").

Upon a successful POC we will monetize the products through sale or license to big Pharma. We are seeking discovery and co-development partners in areas such as cancer, infectious disease, neurology and psychiatry developing novel targeted therapies, stem cell therapy and even older marketed products that have been found to have novel patentable characteristics that bring new value to patients.

The goal is to grow Portage by carefully selecting compelling products to license, acquire or position as a joint venture. The product portfolio will be carefully selected to be at various stages in drug development but with an overriding characteristic of being attractive to large pharmaceutical companies. Portage has a strong team with extensive experience in drug development that will be leveraged to source the aforementioned products, to undertake the due diligence and guide them through drug development to monetization. Furthermore the team's track record of drug development success will be utilized to gain equity in lieu of cash in third party products.

Portage seeks to work with a wide range of partners, in all phases of development through in-licensing or other types of alliances. The collaboration may include direct funding or investing in human capital from our extensive pool of talented scientists and physicians. Specifically, Portage will invest sweat equity as well as, or instead of, capital. This internal pool of drug developers, financiers, scientists and physicians will provide unique value-add for our partners including but not limited to mitigating risks, clinical trial design, regulatory expertise and maximizing the rewards.

Results of operations

Three months ended December 31,	**2013**	2012
	In 000's US$	
Other Income	**-**	-
Expenses	**292**	-
Net loss for period	**292**	-
Deficit at end of period	**(4,668)**	-

Overview

Effective October 28, 2013, the common shares of Portage began trading in US dollar on the Canadian Securities Exchange (previously known as Canadian National Stock Exchange) (CSE) under the symbol "PBT.U".

On November 12, 2013, Portage's wholly owned subsidiary, Portage Pharmaceuticals Ltd (PPL) formed a Scientific Advisory Board (SAB) to provide guidance and expertize as Portage develops proprietary biologically active peptides that utilize its licensed Antennapedia cell-permeable

peptide technology that enables delivery to intracellular and intranuclear targets. The SAB comprises three members – Dr. Burt Adelman, Dr. Michael Caplan and Dr. Sankar Ghosh.a brief bio of the SAB members can be found on our web site.

On December 17, 2013, the Company launched its new web site, www.portagebiotech.com, which has been designed as an information centre for all interested parties to follow our progress and will be updated from time to time as further news develops.

The management team of PPL continues to conduct in vitro studies to evaluate the properties of the Antennapedia delivery platform.

PPL is currently engaged in the following research and development activities:

Cell permeable peptide fusion proteins are in preclinical development for the following indications:

1. COPD
2. Inflammatory eye diseases
3. Inflammatory skin diseases

In addition PPL has filed composition of matter and use patents and is exploring opportunities for cell permeable fusion proteins that address the following indications:

1. Congenital blindness
2. Polycystic kidney disease
3. Huntington's disease

Income

The Company had no revenue during the three months ended December 31, 2013 and 2012.

Expenses

The overall analysis of the expenses is as follows:

	Three months ended December 31,	
	2013	2012
Operating expenses	**$ 47,565**	-
Consulting fee & payroll	**99,312**	-
Exchange loss	**211**	-
Research & development	**114,047**	
Professional fees	**31,085**	-
	$ 292,220	-

Operating Expenses

The company's wholly owned subsidiary, Portage Services Ltd has an office in Toronto, Canada. The operating expenses comprise costs of running this office including rent, communication etc. The operating costs also includes travel costs of approximately $ 6,500 relating to travels by the management in the USA concerning the development work at its subsidiary, PPL. Further operating costs include transfer agents' fees of approximately $ 5,100 for maintaining shareholders records and escrow account for the shares and warrants held in escrow.

Consulting fees and payroll

These costs include the fee paid to the CFO of $ 45,000, value of options issued during the period which were fully vested of $40,723, and the balance represents salary cost of one employee who assists the CFO. Fees paid to PPL consultants are included in the research and development costs.

Research and development costs

	Three months ended December 31,	
	2013	2012
Consultants	**77,383**	-
Other	**36,664**	-
	$ 114,047	$ -

Research and development costs were incurred by the Company's wholly owned subsidiary, PPL. On November 11, 2013, PPL had its first meeting of the scientific advisory board comprising three independent board members and PPL management. The meeting was primarily aimed at discussing and receiving SAB members' advice on scientific strategies on PPL's development programs. Further development work included in-vitro studies at Columbia University to evaluate properties of the Antennapedia delivery platform (costs approximately $10,600 included in other) and determine how robust and viable it is and which drugs best lend themselves to delivery using this platform. The results of the studies are still being analyzed and further investigated. Other costs also involve third party charges (approximately $22,800 included in other)) for manufacturing peptides and their storage for research purposes.

Professional fees

The fees include accrual of audit fee of approximately $ 15,000 and balance legal fees in connection with CNSX listing application, Form S-8 filing to register with US SEC , options granted to various consultants and preparation of documents for the annual and special shareholders meeting to be held in March 2014.

Liquidity and Capital Resources

Working Capital

As at December 31, 2013, the Company had a net working capital of approximately $4.25 million compared to a working capital of approximately $0.5 million as at March 31, 2013.

Cash on hand as at December 31, 2013 was approximately $ 3 million compared to $0.2 million as at March 31, 2013. The increased cash was due to the acquisition transaction, on June 4, 2013, which brought in approximately $ 3 million in cash balance.

Management believes that its current cash position is more than sufficient to meet all its operating requirements for the next year.

Operating cash flow

During the nine months ended December 31, 2013, operating activities required a net cash outflow of approximately $0.4 million, which was met from the cash on hand.

Investing and financing cash flows

The Company acquired approximately $3 million in cash on June 4, 2013, the date of acquisition transaction. Cash was part of the fair value of consideration of $2,869,815, allocated as follows:

Cash	$3,006,593
Office equipment and furniture	5,528
Other assets	153,721
Liabilities	(296,027)
Fair value of consideration	**2,869,815**

Further cash in-flow of approximately $0.4 million resulted from the exercise of 950,000 warrants and approximately 2 million options.

Key Contractual obligations

(a) Under the terms of the Licence Agreement dated January 25, 2013, the Company's subsidiary 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 a contract with an independent contract research and manufacturing organization to manufacture certain proprietary peptides for a total costs currently estimated at between $ 169,000 and $272,000 of which $80,439 has already been incurred and paid for.

In addition, the Company has entered into long term consulting contracts with certain of the key management including the management of its subsidiary, PPL as further explained in Note 11 (a) and (c) and (e) to the consolidated interim financial statements for the three and nine months ended December 31, 2013.

Off balance sheet arrangements

At December 31, 2013 and 2012, the Company did not have any off balance sheet arrangements, including any relationships with unconsolidated entities or financial partnership to enhance perceived liquidity.

Transactions with related parties

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. Amounts are for nine months ended December 31, 2013.

(i) Business expenses of $8,722 were reimbursed to directors of the Company.
(ii) Consulting fees include cash fee paid to key management for services of $103,394

Key event after December 31, 2013

On January 6, 2014, the Company acquired approximately 54% equity in Biohaven Pharmaceutical Holding Company Limited, a private corporation formed under the laws of the British Virgin Islands for $3.5 million, payable as $ 1.75 million upfront and the balance in three instalments over the next eleven months. Biohaven is engaged in the identification and development of clinical stage neuroscience compounds targeting the glutamatergic system. Biohaven has obtained a license from Yale University to use intellectual property relating to the use of certain glutamate modulating agents in the treatment of neuropsychiatric disorders.

Financial and derivative Instruments

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

	December 31, 2013		March 31, 2013	
	Carrying value	**Fair value**	Carrying value	Fair value
Financial assets				
Cash	**3,059,802**	**3,059,802**	190,960	190,960
Other receivable	**26,459**	**26,459**	295,441	295,441
Financial liabilities				
Accounts payable and accrued liabilities	**94,427**	**94,427**	12,392	12,392

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, amounts receivable, prepaid expenses, 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 a major international financial institution in Canada and therefore the risk of loss is minimal. However, the Company does have a concentration risk since all funds are held with one bank.
b. Other receivable – The Company is not exposed to major credit risk attributable to customers. A significant portion of this amount is due from the Canadian government.

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 has changed its business focus to biotechnology as explained in Note 1. 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 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.

Use of Estimates and Judgments

The preparation of 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 year in which the estimates are revised and in any future years affected. Significant areas where estimation uncertainty and critical judgments are applied include valuation of financial instruments, valuation of property, plant and equipment, impairment losses, depletion and depreciation, and measurement of stock based compensation.

Future Accounting Pronouncements

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.

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 is effective for annual periods beginning on April 1, 2015, but is available for early adoption. The Company has yet to assess the full impact of IFRS 9.

IAS 32 (Amendment) – *Financial Instruments*

The amendment relates to offsetting financial assets and financial liabilities and is effective for periods beginning on or after April 1, 2014. The Company has yet to assess the full impact of IFRS 9.

Internal Controls over Financial Reporting

Our Chief Executive Officer and our Chief Financial Officer ("the Management") are primarily responsible in establishing and maintaining controls and procedures concerning disclosure of material information and their timely reporting in consultation and under direct supervision of the audit and compensation committee which comprises two independent directors plus the CFO. CFO is assisted by one employee. We have also instituted controls involving dual signatures and approval processes. We plan to introduce more rigorous controls as our activities expand. However, given the size and nature of our current operations and the involvement of independent directors, significantly reduces the risk factors associated with the inadequate segregation of duties.

The Management has instituted a system of disclosure controls for the Company to ensure proper and complete disclosure of material information. The limited number of consultants and direct involvement of the Management facilitates access to real time information about developments in the business for drafting disclosure documents. All documents are circulated to the board of directors and audit committee according to the disclosure time-lines.

Public securities filings

Additional information, including the Company's annual information form in the Form 20-F annual report is filed with the Canadian Securities Administrators at www.sedar.com and with the United States Securities and Exchange Commission and can be viewed at www.edgar.com.