Portage Biotech Inc.

Consolidated Financial Statements

For the Years Ended March 31, 2016 and 2015

(US Dollars)

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Schwartz Levitsky Feldman llp
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INDEPENDENT AUDITOR'S REPORT OF REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders of Portage Biotech Inc.

We have audited the accompanying consolidated financial statements of Portage Biotech Inc., which comprise the consolidated statements of financial position as at March 31, 2016 and March 31, 2015, and the consolidated statements of operations and comprehensive loss, changes in shareholders' equity and cash flows for the years ended March 31, 2016, 2015 and 2014 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Portage Biotech Inc. as at March 31, 2016 and March 31, 2015, and its financial performance and its cash flows for the years ended March 31, 2016, 2015, and 2014 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 to the consolidated financial statements which indicates that the Company has accumulated losses totaling $14,617,652 and negative cash flows from operating activities of $5,839,240. These conditions, along with other matters as set forth in Note 1 indicate the existence of material uncertainties that raise substantial doubt about the Company's ability to continue as a going concern.

/s/SCHWARTZ LEVITSKY FELDMAN LLP

July 27, 2016 Chartered Accountants
Toronto, Ontario Licensed Public Accountants

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Portage Biotech Inc.

Consolidated Statements of Financial Position
(US Dollars)

As at March 31,	Note	2016	2015
Assets			
Current			
Cash	4	$ 4,688,929	$ 1,718,289
Advances and other receivable		203,940	17,575
		$ 4,892,869	$ 1,735,864
Long-term assets			
Goodwill	7	3,000,000	3,000,000
Intangible assets	6	4,035,973	-
Investment	5	700,000	-
Total assets		$ 12,628,842	$ 4,735,864
Liabilities and Shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities		299,740	620,560
		$ 299,740	$ 620,560
Shareholders' Equity			
Capital stock	8	17,055,197	9,691,715
Stock option reserve	9(a)	5,075,853	1,312,519
Warrants	10(i)	2,755,973	1,108,402
Deficit		(14,617,652)	(9,452,864)
Total Shareholders' equity		$ 10,269,371	$ 2,659,772
Non-controlling interests	17	$ 2,059,731	$ 1,455,532
Total equity		12,329,102	4,115,304
Total liabilities and Shareholders' equity		$ 12,628,842	$ 4,735,864
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 financial statements.

Portage Biotech Inc.

Consolidated Statements of Operations and Comprehensive Loss
(US Dollars)

Years ended	Note	2016	2015	2014
Expenses				
Acquisition related costs		**$ -**	**$ -**	$ 3,839,398
Research and development		**4,577,136**	**2,928,639**	1,135,779
Consulting fees	**13 and 14(ii)**	**4,014,260**	**1,072,700**	1,162,362
Professional fees		**501,273**	**224,033**	335,692
Other operating costs	**14(i)**	**95,336**	**91,686**	148,884
Bank charges and interest		**7,384**	**20,036**	3,351
Amortization of office furniture and equipment		**-**	**-**	1,164
Write off of office furniture and equipment		**-**	**4,122**	-
		$9,195,389	**$4,341,216**	$6,626,630
Net loss and comprehensive loss for year		**$(9,195,389)**	**$(4,341,216)**	$ (6,626,630)
Net loss and comprehensive loss attributable to :				
Owners of the Company		**(5,706,189)**	**(3,118,431)**	(6,304,947)
Non-controlling interests		**(3,489,200)**	**(1,222,785)**	(321,683)
		$(9,195,389)	**$(4,341,216)**	$ (6,626,630)
Basic and diluted loss per share				
Net Loss per share	**11**	**$ (0.02)**	**$ (0.02)**	**$ (0.04)**

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

Portage Biotech Inc.

Consolidated Statements of Changes in Shareholders' Equity
For the Year ended March 31, 2016
(US Dollars)

	Number of Shares	Capital Stock	Stock Option Reserve	Warrants	Accumulated Deficit	Non-controlling interest	Total Equity
Balance, March 31, 2013	**81,759,076**	**$ 503,495**	**$ -**	**$ -**	**(29,486)**	**$ -**	**$ 474,009**
Issued on reverse acquisition	81,759,076	1,761,413		1,108,402			2,869,815
Issued for financial advisory services relating to the acquisition transaction	9,811,091	3,826,325					3,826,325
Exercise of warrants	1,450,000	175,000					175,000
Exercise of options	1,996,547	299,482					299,482
Value of shares issued as compensation	4,000,000	691,000					691,000
Value of options issued			362,440				362,440
Acquisition of Biohaven						3,000,000	3,000,000
Net loss for year					(6,304,947)	(321,683)	(6,626,630)
Balance, March 31, 2014	**180,775,790**	**$ 7,256,715**	**$ 362,440**	**$ 1,108,402**	**$ (6,334,433)**	**$ 2,678,317**	**$ 5,071,441**
Options vested			238,221				238,221
vested			711,858			-	711,858
Conversion of debts and coupons	3,500,001	315,000					315,000
Issued under private placement	20,000,000	2,000,000					2,000,000
commitment fee settled in shares	1,000,000	100,000					100,000
private placement underwriting costs		(100,000)					(100,000)
Value of shares issued as compensation	1,500,000	120,000					120,000
Net loss for year					(3,118,431)	(1,222,785)	(4,341,216)
Balance, March 31, 2015	**206,775,791**	**$ 9,691,715**	**$ 1,312,519**	**$ 1,108,402**	**$ (9,452,864)**	**$ 1,455,532**	**$ 4,115,304**
Issued under private placement	43,488,670	6,155,080					6,155,080
Private placement finder fees		(307,754)					(307,754)
Finders fees settled in shares	2,174,433	307,754					307,754
Value of shares issued as compensation	1,000,000	100,000					100,000
Shares and warrants issued by Biohaven to acquire intangible assets				2,755,973		280,000	3,035,973
Options vested			3,763,334				3,763,334
Transfer of carrying cost on expiration of warrants		1,108,402		(1,108,402)			-
Shares issued					541,401	3,813,399	4,354,800
Net loss for year					(5,706,189)	(3,489,200)	(9,195,389)
Balance, March 31, 2016	**253,438,894**	**$ 17,055,197**	**$ 5,075,853**	**$ 2,755,973**	**$(14,617,652)**	**$ 2,059,731**	**$12,329,102**

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

Portage Biotech Inc.

Consolidated Statements of Cash Flows
(US Dollars)

Year ended March 31,	**2016**	2015	2014
Cash flows from operating activities			
Net loss for year	**$ (9,195,389)**	$ (4,341,216)	(6,626,630)
Adjustments for non-cash items:			
Amortization of office equipment and furniture	**-**	-	1,164
Write off of office furniture and equipment	**-**	4,122	-
Value of shares and options expensed as consulting fee (Note 13)	**3,810,260**	876,221	1,053,440
Value of options expensed as research and development	**53,074**	136,632	-
Interest settled in shares	**-**	15,000	
Acquisition related costs	**-**	-	3,826,325
Net change in working capital components			
Other receivables	**(186,365)**	209,658	(73,270)
Accounts payable and accrued liabilities	**(320,820)**	485,814	(116,447)
	$ (5,839,240)	$ (2,613,769)	$ (1,935,418)
Cash flows from investing activities			
Acquisition of intangibles	**(1,000,000)**	-	-
Investment	**(700,000)**	-	-
	$ (1,700,000)	$ -	$ -
Cash flows from financing activities			
Cash received on reverse acquisition	**-**	-	3,006,593
Options and warrants excercised	**-**	-	474,482
Shares issued under private placements	**6,155,080**	2,300,000	295,441
Shares issued by subsidiary	**4,354,800**		
	$ 10,509,880	$ 2,300,000	$ 3,776,516
Increase (decrease) in cash during year	**2,970,640**	(313,769)	1,841,098
Cash at beginning of year	**1,718,289**	2,032,058	190,960
Cash at end of year	**$ 4,688,929**	$ 1,718,289	$ 2,032,058
Supplemental disclosures			
Non-cash investing activities			
Value of shares and warrants issued on acquisition	**-**	-	(2,869,815)
Shares and warrants issued by subsidiary towards acquisition of intangible assets	**(3,035,973)**		
	$ (3,035,973)	-	**(2,869,815)**
Non-cash financing activities			
Shares issued in settlement of finders fees	**(307,754)**	-	-
	$ (307,754)	$ -	$ -

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

1. NATURE OF OPERATIONS AND GOING CONCERN

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

The Company now continues as a BVI incorporated company with its registered office located at FH Chambers, P.O. Box 4649, Road Town, Tortola, BVI. Its Toronto agent, 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 $15 million and has negative cash flows from operating activities of approximately $6 million during the year ended March 31, 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 financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), and interpretations of the International Financial Reporting Interpretations Committee.

These consolidated financial statements have been prepared on a historical cost basis except for stock based compensation and warrants which are measured at fair value as detailed in Notes 9 and 10 to these financial statements. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

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

These consolidated financial statements were approved and authorized for issue by the Audit Committee and Board of Directors on July 27, 2016.

2. BASIS OF PRESENTATION (cont'd)

b) Consolidation

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

a. Portage Services Ltd., a wholly owned subsidiary incorporated in Ontario on January 31, 2011.
b. Portage Pharmaceuticals Ltd. a wholly owned subsidiary resulting from a merger on July 23, 2013 and is incorporated under the laws of the British Virgin Islands, as a BVI business company.
c. Biohaven Pharmaceutical Holding Company Limited ("Biohaven"), a private corporation incorporated in BVI on September 25, 2013. The Company held approximately 54% equity in Biohaven on January 6, 2014. However, Biohaven issued additional shares to third parties during the year ended March 31, 2016 and as a result, the Company's equity in Biohaven was reduced to 52.85% as at March 31, 2016.

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

(c) Functional and presentation currency

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

(d) Use of Estimates and judgments

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

Financial instruments

Financial assets

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial instrument (cont'd)

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

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

Financial liabilities

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

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

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

Impairment of financial assets

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

Assets carried at amortized cost

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

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

Foreign currency translation

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Share-based payments

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

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

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

Accounting for equity units

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

Loss per Share

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

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

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. Following acquisition, the Company evaluates whether control or significant influence is exerted by the Company over the affairs of the investee company. Based on the evaluation, the Company accounts for the investment using either the consolidation, equity accounting or fair value method. The Company evaluates the investment each reporting period for evidence of impairment and adjusts the carrying value accordingly.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Research and Development Expenses

(i) Research and development

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

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

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

(ii) Subsequent expenditure

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

(iii) Clinical trial expenses:

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

Intangible assets

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Goodwill

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

Business Combinations

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

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

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

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

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

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

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

Provisions

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Contingent liability:

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

Determination of fair value

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

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

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

Income Tax

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Income Tax (cont'd)

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

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

There were no significant tax liabilities or assets nor any interest and penalties at March 31, 2016 and 2015. The Company is currently not aware of any issues under review that could result in significant payments, accruals or material deviation from its position.

New standards and interpretations not yet adopted

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

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 $ 3,408,458 (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 fair value as an available for sale financial instrument, which at March 31, 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 March 31, 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

In August 2015, Biohaven acquired 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. Biohaven paid cash of $ 1,000,000 plus issued 100 shares valued at $ 2,800 per share. In addition, Biohaven also issued two warrants as follows:

a. Warrants # 1 entitling the holder to acquire up to 550 common shares in Biohaven at $2,800 per share, expiring on August 15, 2025. The warrants can be exercised without cash for common shares in Biohaven , based on the excess of fair value on the date of exercise over the exercise price.

b. Warrants # 2 entitling the holder to acquire up to 650 common shares in Biohaven at $2,800 per share, expiring on August 15, 2025. These warrants will vest upon filing by Biohaven of the first Investigative new drug application for a Patent Product based on the acquired IP rights. The warrants can be exercised without cash for common shares in Biohaven , based on the excess of fair value on the date of exercise over the exercise price.

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

Risk free interest rate	1%
Expected dividend	nil
Expected volatility	83.10%
Expected life	3,653 days
Market price	$2,800

The fair value of Warrant # 1 as per the Black-Scholes option pricing model amounted to $1,263,154, which has been capitalised as part of the acquisition cost of intangible assets.

The fair value of Warrant # 2 as per the Black-Scholes option pricing model amounted to $1,492,819, which has also been capitalised as part of the acquisition cost of intangible assets. None of the warrants were vested as at March 31, 2016.. The warrants vested on June 30, 2016 when vesting conditions were met.

6. INTANGIBLE ASSETS (Contd.)

Total purchase price is as follows:

Cash	$1,000,000
Shares issued	280,000
Warrants issued	2,755,973
	$4,035,973

Total purchase price of $4,035,973 has been capitalised as intangible assets since it fulfilled the criteria set out under IAS 38.22 namely, these assets are capable of being sold or licensed, costs associated with their acquisition is easily identifiable and they will be used in the development of new drugs or in making the current drugs under development capable of addressing new indications

The intangible assets will be amortised over twelve years' effective fiscal year 2017, when prodrugs are first put to use.

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 March 31, 2016, no new information was available which would indicate that the fair value of goodwill is below its carrying value.

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

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

The discounted cash flow model is based on projections through 2030, which is the year of expiry of the patents relating to the drugs under current development. The projections assume that the current drug development efforts will result in a commercially marketable drug by 2017. Projected cash flows included in the calculation were based upon Biohaven's approved financial forecasts and strategic plan, which incorporate Biohaven's current drug candidate as well as management's expectations regarding future business activity. The assumptions used in the discounted cash flow model were:

Terminal growth	3%
Tax rate	40%
Weighted Average Cost of Capital	10%

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

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

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

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

8. CAPITAL STOCK

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

(b) Issued

	As at March 31,			
	2016		2015	
	Common Shares	Amount	Common Shares	Amount
Balance, beginning of year	**206,775,791**	**$ 9,691,715**	**180,775,790**	**$ 7,256,715**
Conversion of debts and coupons	**-**	**-**	**3,500,001**	**315,000**
Expired warrants		**1,108,402**		
Issued under private placement (i)	**43,488,670**	**6,155,080**	**20,000,000**	**2,000,000**
Finder/Commitment fee settled in shares (i)	**2,174,433**	**307,754**	**1,000,000**	**100,000**
Finders fee/Underwriting costs		**(307,754)**		**(100,000)**
Shares issued as compensation (ii)	**1,000,000**	**100,000**	**1,500,000**	**120,000**
Balance , end of year	**253,438,894**	**$ 17,055,197**	**206,775,791**	**$ 9,691,715**

(i).a. 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.

(i)b. On March 31, 2016, the Company completed another private placement comprising non-brokered offering of 6,666,667 restricted common shares at a price of US$ 0.15 per share for gross proceeds of $ 1 million to accredited investors. Two directors of the Company subscribed for all the 6,666,667 million issued shares for $1 million**.** 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 $50,000 as finder's fee as per the terms of the consulting agreement with them. The fee was settled by issuance of 333,333 restricted common shares valued at US$ 0.15 per common shares.

(ii) On February 25, 2016, the Chairman was issued one million shares under the 2011 Consultants Compensation Plan in lieu of cash fee for services provided. The shares were valued at $100,000 based on the market price of the Company's common shares prevailing on the dates of their issuance. Since the shares were issued without any conditions of forfeiture or cancellation, the entire value was expensed during the year ended March 31, 2016 as consulting fee (note 13).

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

8. CAPITAL STOCK : continued.

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

(v) On March 4, 2015, the Chairman was issued one and a half million shares under the 2011 Consultants Compensation Plan in lieu of cash fee for services provided. The shares were valued at $120,000 based on the market price of the Company's common shares prevailing on the dates of their issuance. Since the shares were issued without any conditions of forfeiture or cancellation, the entire value was expensed during the year ended March 31, 2015 as consulting fee (note 13).

(c) 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 (note 8(b) (ii))	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

* 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, 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 during the year	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

(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 will be released in agreed tranches over the period of three years. As at March 31, 2016, 26,533,294 common shares (as at March 31, 2015: 53,066,580 common shares) are still under escrow. All warrants expired in June 2015 and were canceled.

9. STOCK OPTION RESERVE

(a) The movements during the year were:

	Year ended March 31,	
	2016	2015
Balance, beginning of year	**$ 1,312,519**	$ 362,440
fiscal 2013 Options vested (vi)		238,221
fiscal 2015 Options vested (i) and (v)	**266,670**	
fiscal 2016 options vested (ii)	**187,408**	-
Options to acquire equity in PPL granted to PPl management and vested (iii) and(vii)	**53,074**	188,282
Revaluation of 2014 PPL options due to extension of maturity period (viii)	-	5,576
Options to acquire equity in Biohaven granted to Biohaven consultants and directors vested (iv) a and b and (ix)	**3,256,182**	518,000
Balance, end of year	**$ 5,075,853**	$ 1,312,519

i. The fair value of the options granted on March 17, 2015 (note 9(v)) and vested during the year ended March 31, 2016 of $266,670 was expensed and charged to the stock option reserve.

Ii On December 7, 2015 the Board of Directors of the Company approved and on January 21, 2016, issued total of 7,050,000 options to 8 consultants including 5,450,000 options to the four directors under 2013 Option Plan. These options are valid till December 7, 2020 and are convertible into equal number of common shares of the Company at an exercise price of $0.15 per common share. The Options were registered with the US Securities and Exchange Commission on March 17, 2015 and will vest in 24 equal instalments over the next two years effective January 1, 2016.

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

Risk free interest rate	1%
Expected dividend	Nil
Expected volatility	103.04%
Expected life	1782 days
Market price on the date of grant	US$0.10

The fair value of the options as per the Black-Scholes option pricing model amounted to $509,499. Using the graded vesting method, the value of the options vested as at March 31, 2016 was $187,408.

iii On March 1, 2015 and April 1, 2015, PPL granted options to its CEO and CSO respectively, to acquire additional 3% equity interest in PPL for an exercise price of $74,996 vesting over two years in equal quarterly instalments and expiring in five years under new Option Agreements dated the dates of the grants. (note 9(vii))

The fair value of the options as per the Black-Scholes option pricing model amounted to $64,941. Using the graded vesting method, the value of the options vested as at March 31, 2016 was $53,074, which was included in research and development costs.

iv.a The fair value of the options granted by Biohaven on November 26, 2014 and vested during the year ended March 31, 2016 of $269,819 was expensed as consulting fee. (note 9(ix))

9. STOCK OPTION RESERVE : continued.

iv.b On October 23, 2015, Biohaven Board approved 4,000 options and granted to its consultants and directors 2,495 of the approved options to acquire equal number of common shares in Biohaven at an exercise price of $ 2,800 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 October 22, 2025. Three of the Company's directors who are on Board of Biohaven received 775 options.

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

Risk free interest rate	1%
Expected dividend	nil
Expected volatility	83. 21%
Expected life	3,652 days
Market price based on a private placement	$2,800

The fair value of the options as per the Black-Scholes option pricing model amounted to $5,733,816 of which options valued, using the graded vesting under IFRS, at $2,986,363 vested as at March 31, 2016. $ 2,986,363 was expensed as consulting fee.

v On February 25, 2015 the Board of Directors of the Company approved and on March 17, 2015, issued total of 5,300,00 options to 6 consultants including 4.4 million options to the four directors under 2013 Option Plan. These options are valid for five years and are convertible into equal number of common shares of the Company at an exercise price of $0.10 per common share. The Options were registered with the US Securities and Exchange Commission on March 17, 2015 and will vest in 24 equal instalments over the next two years

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

Risk free interest rate	1%
Expected dividend	Nil
Expected volatility	137.86%
Expected life	1847 days
Market price	US$0.07

The fair value of the options as per the Black-Scholes option pricing model amounted to $318,829. None of the options was vested on March 31, 2015. The value of the options will be accounted upon vesting of the related options as per the accounting policy.(note 9(i))

vi On December 17, 2013, the Company issued total of 4,450,000 options to 10 consultants including 2.9 million options to the four directors under 2013 Option Plan. These options are valid for five years and are convertible into equal number of common shares of the Company at an exercise price of $0.20 per common share. The Options were registered with the US Securities and Exchange Commission on December 19, 2013 and vest as follows:

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

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

Risk free interest rate	1%
Expected dividend	Nil
Expected volatility	105.27%
Expected life	1826 days
Market price	US$0.18

9. STOCK OPTION RESERVE : continued.

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

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

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

Risk free interest rate	1%
Expected dividend	Nil
Expected volatility	89.98%
Expected life	1826 days
Fair price*	US$6.27
Exercise price	US$1.10

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

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

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

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

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

Risk free interest rate	1%
Expected dividend	Nil
Expected volatility	82.78%
Expected life	3653 days
Fair price*	US$304.24
Exercise price	US$304.24

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

The fair value of the options as per the Black-Scholes option pricing model amounted to $996,256, of which options valued at $518,000 vested as at March 31, 2015. $ 518,000 was expensed as consulting fee. (note 9(iv.a))

9. STOCK OPTION RESERVE : continued.

(b).1 The following is a summary of all active Stock Option Plans as at March 31, 2016:

Stock Option Plan			Total
Plan	2005 Stock Option Plan	2013 Option Plan	
Date of Registration	Dec. 5, 2005	Dec 19, 2013 and 'March 17, 2015	Total
Registered *	1,000,000	20,167,579	21,167,579
Issued	1,000,000	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**

* 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, 2015:

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

(d) The weighted average exercise price of the outstanding stock options was US$0.15 as at March 31, 2016 (US$0.16 as at March 31, 2015) and weighted average remaining contractual life was approximately 3.95 years (approximately 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 March 31, 2016 and March 31, 2015.

10. WARRANTS

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

	Year ended March 31,					
	2016			2015		
	# 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**	114,281,420	$ 0.31	$ 1,108,402
Exercised	-	-		-	-	
Expired	**(87,906,420)**	**$ (0.30)**	**(1,108,402)**	(26,375,000)	$ (0.35)	
Issued and outstanding	-	$ -	$ -	87,906,420	$ 0.30	$ 1,108,402
Warrants issued by Biohaven to acquire intangible assets (Note 6(c))	**1,200**	**$ 2,800**	**2,755,973**	-	$ -	-
Issued and outstanding, end of year	**1,200**	**$ 2,800**	**$ 2,755,973**	87,906,420	$ 0.30	$ 1,108,402

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

March 31,	2016		2015	
	Warrants outstanding & exercisable		Warrants outstanding & exercisable	
Exercise price in US$	Number	Weighted average remaining contractual life (years)	Number	Weighted average remaining contractual life (years)
0.29	-	-	71,456,420	0.18
0.35	-	-	16,450,000	0.06
	-	-	87,906,420	0.16
Biohaven warrants				
$ 2,800	**1,200**	**9.4**	-	-

11. LOSS PER SHARE

Loss per share is calculated on the weighted average number of common shares outstanding during the year, which was 239,745,044 (2015: 193,442,457 and 2014: 161,977,171).

The Company had nil warrants (2015: 88 million and 2014: 114 million) and approximately 10.3 million options (2015: 10 million and 2014: 5 million) which were not exercised as at March 31, 2016. 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 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. Biohaven continues to be charged a fee of $ 500,000 per quarter.

(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

	Notes	Year ended March 31, 2016	2015	2014
Cash fee		**$ 204,000**	$ 196,479	$ 108,921
Shares issued to key management	8(b)(ii)	**100,000**	120,000	691,000
Options issued to key management	9(a)(I & ii)	**366,262**	157,226	231,838
Options issued to others	9(a)(I & ii)	**87,816**	80,995	130,603
Biohaven options granted to the Company's directors	9(a)(iv)a & b	**1,018,692**	174,825	
Biohaven options granted to Biohaven consultants and management	9(a)(iv)a & b	**2,237,490**	343,175	
		$ 4,014,260	$ 1,072,700	$ 1,162,362

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 $2,701 (2015: $6,145, 2014: $12,786) were reimbursed to directors of the Company.

(ii) Consulting fees include cash fee paid to key management for services of $ 180,000 (2015: $180,000, 2014: $102,458). Refer to note 13 for shares and 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:

	March 31, 2016		March 31, 2015	
	Carrying value	**Fair value**	Carrying value	Fair value
Financial assets				
Cash (level 1)	**$ 4,688,929**	**$ 4,688,929**	$ 1,718,289	$ 1,718,289
Advances and other receivable (level 2)	**$ 203,940**	**$ 203,940**	$ 17,575	$ 17,575
Investment (level 3)	**$ 700,000**	**$ 700,000**	$ -	$ -
Financial liabilities				
Accounts payable and accrued liabilities (level 2)	**$ 299,740**	**$ 299,740**	$ 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.

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

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 $ 0.3 million as at March 31, 2016 (approximately $ 0.6 million as at March 31, 2015) and current assets, mostly in cash, of approximately $4.9 million (approximately $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 March 31, 2016, the shareholders' equity was approximately $ 10.2 million (approximately $ 2.7 million as at March 31, 2015), $4.7 million ($ 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 years ended March 31, 2016 and March 31, 2015.

17. NON-CONTROLLING INTERESTS

The Company's material non-controlling interests ("NCI") at March 31, 2016 and 2015 were associated with Biohaven. There were no dividends paid by Biohaven during 2016 and 2015. Summarized financial information based on those amounts included in these consolidated financial statements for Biohaven is as follows:

Statement of financial position:

	Biohaven	
As at March 31,	**2016**	2015
Non-controlling interests	**47.15%**	46%
Current assets	**1,690,240**	552,694
Non-current assets	**1,902,961**	-
	3,593,201	552,694
Current liabilities	**100,233**	248,883
Net assets attributable to NCI	**3,492,968**	303,812

Statement of operations and comprehensive loss

Year ended March 31	**2016**	2015	2014
Non-controlling interests	**47.15%**	46%	46%
Research and development	**1,733,023**	920,000	238,280
Stock based compensation	**1,535,290**	238,280	-
Professional fees	**220,233**	63,692	83,403
Other	**653**	813	
net loss and comprehensive loss attributable to NCI	**3,489,200**	1,222,785	321,683

17. NON-CONTROLLING INTERESTS: continued.

Statement of cash flows

Year ended March 31,	**2016**	2015	2014
Non-controlling interests	**47.15%**	46%	46%
Cash flow used for operating activities	**(2,191,933)**	(665,875)	(391,431)
Cash flows used for investing activities	**(471,500)**	-	-
Cash flow from financing activities	**3,704,010**	805,000	805,000