**UNITED STATES**
**SECURITIES AND EXCHANGE COMMISSION**
**WASHINGTON, D.C. 20549**

**FORM 20-F**

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

**X** ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

**For the fiscal year ended March 31, 2016**

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report_____

For the transition period from _____ to _____

Commission file number: 0-30314

# Portage Biotech Inc.

(Exact name of Registrant as specified in its charter)

Inapplicable

(Translation of Registrant's name into English)

**British Virgin Islands**

(Jurisdiction of incorporation or organization)

**47 Avenue Road, Suite 200, Toronto, Ontario, Canada, M5R 2G3**

(Address of principal executive offices)

**Kam Shah, 416.929.1806,ks@portagebiotech.com, Fax: 416.929.6612**
**47 Avenue Road, Suite 200, Toronto, Ontario, Canada M5R 2G3**

(Name, telephone, e-mail and/or facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

| Title of each class | Name of each exchange on which registered |
|---|---|
| **Not applicable** | **Not applicable** |

Securities registered or to be registered pursuant to Section 12(g) of the Act.

**Common shares without par value**

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

**Not applicable**
(Title of Class)

Indicate the number of outstanding shares of each of the Issuer's classes of capital or common stock as of the close of the period covered by the annual report.

**Common shares without par value – 253,438,894 as at March 31, 2016**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act Yes ___ No **X**__

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes____ No**_X_____**

Note – Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such report) and (2) has been subject to such filing requirements for the past 90 days.

Yes **X** No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Indicate by checkmark Yes __**X**____No_____

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of “accelerated filer and large accelerated filer” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer___Accelerated filer____ Non-accelerated filer **X**__

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP___ International Financial Reporting Standards as issued by the International Accounting Standards Board **X** Other __

If “Other” has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow

Item 17**:** Item 18 **X**

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes__ No **X**

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## FORWARD LOOKING STATEMENTS

This annual report includes “forward looking statements”. All statements, other than statements of historical facts, included herein or incorporated by reference herein, including without limitation, statements regarding our business strategy, plans and objectives of management for future operations and those statements preceded by, followed by or that otherwise include the words “believe”, “expects”, “anticipates”, “intends”, “estimates” or similar expressions or variations on such expressions are forward-looking statements. We can give no assurances that such forward-looking statements will prove to be correct.

Each forward-looking statement reflects our current view of future events and is subject to risks, uncertainties and other factors that could cause actual results to differ materially from any results expressed or implied by our forward-looking statements.

Risks and uncertainties include, but are not limited to:

- our plans and ability to develop and commercialize product candidates and the timing of these development programs;
- clinical development of our product candidates, including the results of current and future clinical trials;
- the benefits and risks of our product candidates as compared to others;
- our maintenance and establishment of intellectual property rights in our product candidates;
- our need for additional financing and our estimates regarding our capital requirements and future revenues and profitability;
- our estimates of the size of the potential markets for our product candidates;
- our selection and licensing of product candidates;

These statements are based on assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions and expected future developments based on the focus of our business activities on Biotechnology, as well as other factors we believe are appropriate in particular circumstances. However, whether actual results and developments will meet our expectations and predictions depends on a number of risks and uncertainties, which could cause actual results to differ materially from our expectations, including the risks set forth in "Item 3-Key Information-Risk Factors."

We do not currently have the marketing expertise needed to commercialize our products; we will be primarily a pharmaceutical development business subject to all of the risks of a pharmaceutical development business;

Consequently, all of the forward-looking statements made in this annual report are qualified by these cautionary statements. We cannot assure you that the actual results or developments anticipated by us will be realized or, even if substantially realized, that they will have the expected effect on us or our business or operations.

Unless the context indicates otherwise the terms "Portage Biotech Inc." the "Company”, "Portage", “we”, “us”, “our” are used interchangeably in this Annual Report and mean Portage Biotech Inc. and its subsidiaries.

## FOREIGN PRIVATE ISSUER STATUS AND REPORTING CURRENCY

### Foreign Private Issuer Status:

Portage Biotech Inc., which is a British Virgin Islands (BVI)company as per the certificate of Continuance issued by the Registrar of Corporate Affairs of the BVI on July 5, 2014. Approximately 61% of its common stock was held by non-United States citizens and residents as of September 30, 2015 being its latest second quarter end. Further, our business is administered principally outside the United States and majority of our assets are located outside the United States; As a result, we believe that we qualify as a "foreign private issuer" for continuing to report regarding the registration of our common stock using this Form 20-F annual report format.

### Currency

The financial information presented in this Annual Report is expressed in US dollars ("US $") and the financial data in this Annual Report is presented in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS") and interpretations of the International Financial Reporting Interpretations Committee.

All dollar amounts set forth in this report are in US dollars, except where otherwise indicated.

# PART I

## ITEM 1 – IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISORS

Not required since this is an annual report.

## ITEM 2 – OFFER STATISTICS AND EXPECTED TIMETABLE

Not required since this is an annual report

## ITEM 3 – KEY INFORMATION

### (A) SELECTED FINANCIAL DATA

On June 4, 2013, the Company completed an acquisition with Portage Pharma Ltd, incorporated in the British Virgin Islands on May 23, 2012, through exchange of shares. The transaction was treated as reverse acquisition for accounting purposes.

As a result, the selected financial data, presented below, represents financial data for the fiscal years 2016 through 2014 and for the period from May 23, 2012(date of inception) to March 31, 2013 relating to Portage Pharma Ltd., prepared in accordance with IFRS issued by IASB. Selected financial data for the earlier fiscal years are not presented since they related to Bontan Corporation Inc., which was an accounting acquiree under the reverse acquisition transaction.

SUMMARY OF FINANCIAL INFORMATION IN THE COMPANY FINANCIAL STATEMENTS (US $)

***Operating data –***

| | Year ended March 31 | | | Period |
|---|---|---|---|---|
| | 2016 | 2015 | 2014 | May 23, 2012 to March31, 2013 |
| | all amounts in 000' $ and number in 000 (except per share velue) | | | |
| Loss before non-controlling interests | **(9,195)** | (4,341) | (6,627) | (29) |
| Net loss attributable to shareholders | **(5,706)** | (3,118) | (6,305) | (29) |
| Working capital | **4,593** | 1,115 | 2,067 | 474 |
| Total assets | **12,629** | 4,736 | 5,263 | 486 |
| Capital stock | **17,055** | 9,692 | 7,257 | 503 |
| Warrants | **2,756** | 1,108 | 1,108 | - |
| Stock option reserve | **5,076** | 1,312 | 362 | - |
| Shareholders equity | **10,269** | 2,660 | 2,393 | 474 |
| Weighted average number of shares outstanding | **239,745** | 193,442 | 161,977 | 81,759 |
| Net loss per share | **(0.02)** | (0.02) | (0.04) | - |

1. The effect of potential share issuances pursuant to the exercise of options and warrants would be anti-dilutive and, therefore, basic and diluted losses per share are the same.

The Company has not declared or paid any dividends in any of the financial periods.

## Exchange Rates

In this Annual Report on Form 20-F, unless otherwise specified, all monetary amounts are expressed in US dollars. One of the Company's subsidiaries maintains its books in Canadian dollars. The exchange rates used herein were obtained from Bank of Canada; however, they cannot be guaranteed.

On July 22, 2016, the exchange rate, based on the noon buying rates, for the conversion of Canadian dollars into United States dollars (the "Noon Rate of Exchange") was approximately US$1 = CDN$1.32.

The following table sets out the high and low exchange rates in Canadian dollar for one US dollar for each of the last six months

| 2016 | June | May | April | March | February | January |
|---|---|---|---|---|---|---|
| High for period | 1.29 | $1.30 | $1.29 | $1.33 | $1.39 | $1.43 |
| Low for period | 1.28 | $1.29 | $1.28 | $1.32 | $1.37 | $1.42 |

The following table sets out the average exchange rates in Canadian dollar for one US dollar for the five most recent financial years calculated by using the average of the Noon Rate of Exchange on the last day of each month during the period.

| Year Ended March 31, | | | | | |
|---|---|---|---|---|---|
| | **2016** | **2015** | **2014** | **2013** | **2012** |
| Average for the year | 1.31 | $1.14 | $1.05 | $1.00 | $0.99 |

## B) CAPITALIZATION AND INDEBTEDNESS

Not applicable

## (C) REASONS FOR THE OFFER AND USE OF PROCEEDS

Not applicable

## (D) RISK FACTORS

The following is a brief discussion of those distinctive or special characteristics of the Company's operations and industry that may have a material impact on, or constitute risk factors in respect of, the Company's future financial performance.

**Risks Related to our Business**

***We have a history of operating losses and may never achieve profitability in the future.***

We have not generated any business income since July 5, 2013 and have an accumulated deficit of approximately $14.6 million as at March 31, 2016. While our management and the Board consist of persons with significant experience in the biotechnology industry, we have no product sales and have no established sales and distribution network.

We expect to be involved in research and development to identify and validate new drug targets that could become marketed drugs for several years to come and will be requiring significant financial resources without any income. We expect these expenses to result in continuing operating losses in the near future.

Our ability to generate future revenue or achieve profitable operations is largely dependent upon our ability to attract and maintain the experienced management and know-how to develop new drug candidates and to partner with major pharmaceutical companies to successfully commercialize the drug candidates. It takes many years and significant financial resources to successfully develop pre-clinical or early clinical drug candidate into a marketable drug and we cannot assure you that we will be able to successfully achieve these objectives.

***We will be primarily in a pharmaceutical development business and will be subject to all of the risks of a pharmaceutical development business.***

As a result, our business must be evaluated in light of the problems, delays, uncertainties and complications encountered in connection with establishing a pharmaceutical development business.

There is a possibility that none of our drug candidates that are currently and/or may be under development in future will be found to be safe and effective, that we will be unable to receive necessary regulatory approvals in order to commercialize them, or that we will obtain regulatory approvals that are too narrow to be commercially viable.

Any failure to successfully develop and obtain regulatory approval for products would have a material adverse effect on our business, financial condition and results of operations.

***Clinical trials for our potential product candidates will be expensive and time consuming, and their outcome uncertain.***

Before we can obtain regulatory approval for the commercial sale of any product candidate or attract major pharmaceutical company to collaborate with, we will be required to complete extensive clinical trials to demonstrate its safety and efficacy. Clinical trials are very expensive, and are difficult to design and implement. The clinical trial process is also time-consuming and can often be subject to unexpected delays.

The timing of the commencement, continuation and completion of clinical trials may be subject to significant delays relating to various causes, including:

- our inability to manufacture or obtain sufficient quantities of materials for use in clinical trials;
- delays arising from our collaborative partnerships;
- delays in obtaining regulatory approvals to commence a study, or government intervention to suspend or terminate a study;

- delays, suspension, or termination of the clinical trials due to the institutional review board or independent ethics board responsible for overseeing the study to protect research subjects at a particular study site;
- delays in identifying and reaching agreement on acceptable terms with prospective clinical trial sites;
- slower than expected rates of patient recruitment and enrollment;
- uncertain dosing issues;
- inability or unwillingness of medical investigators to follow our clinical protocols;
- variability in the number and types of subjects available for each study and resulting difficulties in identifying and enrolling subjects who meet trial eligibility criteria;
- scheduling conflicts with participating clinicians and clinical institutions;
- difficulty in maintaining contact with subjects after treatment, which results in incomplete data;
- unforeseen safety issues or side effects;
- lack of efficacy during the clinical trials;
- our reliance on clinical research organizations to conduct clinical trials, which may not conduct those trials with good clinical or laboratory practices; or
- other regulatory delays.

***We rely on third parties to manufacture our preclinical and clinical drug supplies, and we intend to rely on third parties to produce commercial supplies of any approved product candidate.***

We have limited personnel with experience in manufacturing, and we do not own facilities for manufacturing our products and product candidates for the potential pivotal clinical studies and/or commercial manufacturing of our products and product candidates. We depend on our collaboration partners and other third parties to manufacture and provide analytical services with respect to our most advanced product candidates.

In addition, if our product candidates are approved, in order to produce the quantities necessary to meet anticipated market demand, we and/or our collaboration partners will need to secure sufficient manufacturing capacity with third-party manufacturers. If we and/or our collaboration partners are unable to produce our product candidates in sufficient quantities to meet the requirements for the launch of the product or to meet future demand, our revenues and gross margins could be adversely affected. To be successful, our product candidates must be manufactured in commercial quantities in compliance with regulatory requirements and at acceptable costs. We and/or our collaboration partners will regularly need to secure access to facilities to manufacture some of our product candidates commercially. All of this will require additional funds and inspection and approval by the Competent Authorities of the Member States of the EEA, the FDA and other regulatory authorities. If we and/or our collaboration partners are unable to establish and maintain a manufacturing capacity within our planned time and cost parameters, the development and sales of our products and product candidates as well as our business, results of operations and prospects, and the value of our shares could be adversely affected.

We and/or our collaboration partners may encounter problems with aspects of manufacturing our collaboration products and product candidates, including the following:

- production yields;
- quality control and assurance;
- shortages of qualified personnel;
- compliance with FDA and EEA regulations;
- production costs; and
- development of advanced manufacturing techniques and process controls.

We evaluate our options for clinical study supplies and commercial production of our product candidates on a regular basis, which may include use of third-party manufacturers, or entering into a manufacturing joint venture relationship with a third party. We are aware of only a limited number of companies on a worldwide basis who operate manufacturing facilities in which our product candidates can be manufactured under cGMP regulations, a requirement for all pharmaceutical products. We cannot be certain that we or our collaboration partners will be able to contract with any of these companies on acceptable terms, if at all, all of which could harm our business, results of operations and prospects, and the value of our shares.

In addition, we or our collaboration partners, as well as any third-party manufacturer, will be required to register such manufacturing facilities with the FDA (and have a U.S. agent for the facility, if outside the United States), the Competent Authorities of the Member States of the EEA, and other regulatory authorities. The facilities will be subject to inspections confirming compliance with the FDA, the Competent Authorities of the Member States of the EEAs, or other regulatory authority cGMPs requirements. We do not control the manufacturing process of our product candidates, and, other than with respect to our collaboration product candidates, we are dependent on our contract manufacturing partners for compliance with cGMPs regulations for manufacture of both active drug substances and finished drug products. If we or our collaboration partners or any third-party manufacturer fails to maintain regulatory compliance, our business, financial condition and results of operations may be harmed, and the FDA, the Competent Authorities of the Member States of the EEA, or other regulatory authorities can impose regulatory sanctions that range from a warning letter to withdrawal of approval to seeking product seizures, injunctions and, where appropriate, criminal prosecution

***The results of pre-clinical studies and initial clinical trials are not necessarily predictive of future results, and our potential product candidates may not have favourable results in later trials or in the commercial setting.***

Pre-clinical tests and Phase 1 and Phase 2 clinical trials are primarily designed to test safety, to study pharmacokinetics and pharmacodynamics and to understand the side effects of product candidates and explore efficacy at various doses and schedules. Success in pre-clinical or animal studies and early clinical trials does not ensure that later large-scale efficacy trials will be successful nor does it predict final results; favorable results in early trials may not be repeated in later trials.

A number of companies in the life sciences industry have suffered significant setbacks in advanced clinical trials, even after positive results in earlier trials. Clinical results are frequently susceptible to varying interpretations that may delay, limit or prevent regulatory approvals. Negative or inconclusive results or adverse medical events during a clinical trial could cause a clinical trial to be delayed, repeated or terminated. In addition, failure to construct appropriate clinical trial protocols could result in the test or control group experiencing a disproportionate number of adverse events and could cause a clinical trial to be repeated or terminated.

There is typically an extremely high rate of attrition from the failure of product candidates proceeding through clinical and post-approval trials.

***Our success will be dependent upon our corporate collaborations with third parties in connection with services we will need for the development, marketing and commercialization of our products.***

The success of our business will be largely dependent on our ability to enter into corporate collaborations regarding the development, clinical testing, regulatory approval and commercialization of our potential product candidates. We may not be able to find new collaborative partners to support our future development, marketing and commercialization of our products, which may require us to undertake research and development and/or commercialization activities ourselves, and may result in a material adverse effect on our business, financial condition, prospects and results of operations.

Even if we are able to find new collaborative partners, our success is highly dependent upon the performance of these new corporate collaborators. The amount and timing of resources to be devoted to activities by future corporate collaborators, if any, are not within our direct control and, as a result, we cannot assure you that any future corporate collaborators will commit sufficient resources to our research and development projects or the commercialization of our potential product candidates. Any future corporate collaborators might not perform its obligations as expected and might pursue existing or other development-stage products or alternative technologies in preference to those being developed in collaboration with us, or may terminate particular development programs, or the agreement governing such development programs.

In addition, if any future collaborators fail to comply with applicable regulatory requirements, the FDA, the European Medicines Agency (“EMA”), the Therapeutic Products Directorate (“TPD”) or other authorities could take enforcement action that could jeopardize our ability to develop and commercialize our potential product candidates. Despite our best efforts to limit them, disputes may arise with respect to ownership of technology developed under any such corporate collaboration.

***We will rely on proprietary technology, the protection of which can be unpredictable and costly.***

Our success will depend in part upon our ability to obtain patent protection or patent licenses for our future technology and products. Obtaining such patent protection or patent licenses can be costly and the outcome of any application for patent protection and patent licenses can be unpredictable. In addition, any breach of confidentiality by a third party by premature disclosure may preclude us from obtaining appropriate patent protection, thereby affecting the development and commercial value of our technology and products.

***Some of our future products may rely on licenses of proprietary technology owned by third parties and we may not be able to maintain these licenses on favorable terms.***

The manufacture and sale of some of the products we hope to develop may involve the use of processes, products, or information, the rights to which are owned by third parties. Such licenses frequently provide for limited periods of exclusivity that may be extended only with the consent of the licensor. If licenses or other rights related to the use of such processes, products or information are crucial for marketing purposes, and we are not able to obtain them on favorable terms, or at all, the commercial value of our products will be significantly impaired. If we experience delays in developing our products and extensions are not granted on any or all of such licenses, our ability to realize the benefits of our efforts may be limited.

***We will have additional future capital needs and there are uncertainties as to our ability to raise additional funding.***

We believe that the proceeds from the current offering together with cash on hand may be adequate to cover our operational costs for the next twelve months. However, we will require substantial additional capital resources for our subsidiaries to proceed into various stages of clinical trials to develop potential product candidates, obtain regulatory approvals and ultimately to commercialize such product candidates.

In addition, our future cash requirements may vary materially from those now expected. For example, our future capital requirements may increase if:

- we experience scientific progress sooner than expected in our future discovery, research and development projects, if we expand the magnitude and scope of these activities, or if we modify our focus as a result of our discoveries;
- we experience setbacks in our progress with pre-clinical studies and clinical trials are delayed;
- we experience delays or unexpected increased costs in connection with obtaining regulatory approvals;
- we are required to perform additional pre-clinical studies and clinical trials;
- we experience unexpected or increased costs relating to preparing, filing, prosecuting, maintaining, defending and enforcing patent claims; or
- we elect to develop, acquire or license new technologies and products.

If sufficient capital is not available, we may be required to delay, reduce the scope of, eliminate or divest of one or more of our research or development projects, any of which could have a material adverse effect on our business, financial condition, prospects or results of operations.

***We will be subject to risks associated with doing business globally.***

As a pharmaceutical company our operations are likely to expand in the European Union and worldwide, we will be subject to political, economic, operational, legal, regulatory and other risks that are inherent in conducting business globally. These risks include foreign exchange fluctuations, exchange controls, capital controls, new laws or regulations or changes in the interpretation or enforcement of existing laws or regulations, political instability, macroeconomic changes, including recessions and inflationary or deflationary pressures, increases in prevailing interest rates by central banks or financial services companies, economic uncertainty, which may reduce the demand for our potential products or reduce the prices that our potential customers will be willing to pay for our products, import or export restrictions, tariff increases, price controls, nationalization and expropriation, changes in taxation, diminished or insufficient

protection of intellectual property, lack of access to impartial court systems, violations of law, including the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act, disruption or destruction of operations or changes to the Company's business position, regardless of cause, including war, terrorism, riot, civil insurrection, social unrest, strikes and natural or man-made disasters, including famine, flood, fire, earthquake, storm or disease. The impact of any of these developments, either individually or cumulatively, could have a material adverse effect on our business, financial condition and results of operations.

***We may face exposure to adverse movements in foreign currency exchange rates while completing international clinical trials and when our products will be commercialized.***

We intend to generate revenue and expenses internationally that are likely to be primarily denominated in U.S., Euros and other foreign currencies. Our intended international business will be subject to risks typical of an international business including, but not limited to, differing tax structures, a myriad of regulations and restrictions, and general foreign exchange rate volatility. A decrease in the value of such foreign currencies relative to the US dollar could result in losses in revenues from currency exchange rate fluctuations. Conversely, an increase in the value of such foreign currencies relative to the US dollar could negatively impact our operating expenses. To date, we have not hedged against risks associated with foreign exchange rate exposure. We cannot be sure that any hedging techniques we may implement in the future will be successful or that our business, results of operations, financial condition and cash flows will not be materially adversely affected by exchange rate fluctuations.

***The loss of key personnel could have an adverse effect on our business***

We are highly dependent upon the efforts of our senior management. The loss of the services of one or more members of senior management and directors could have a material adverse effect on us.as a small company with a streamlined management structure, the departure of any key person could have a significant impact and would be potentially disruptive to our business until such time as a suitable replacement is hired.

**Risks Related to Ownership of our shares**

***There is currently a limited trading market for our Common Shares.***

There currently is a limited public market for our Common Shares. Further, although our Common Shares are currently traded on the OTC marketplace (PTGEF) and are also listed and traded on the Canadian Securities Exchange (PBT.U). Trading of our Common Shares is currently extremely sporadic. As a result, an investor may find it difficult to sell, or to obtain accurate quotations of the price of our Common Shares. There can be no assurance that a more active trading market for our Common Shares will develop. Accordingly, investors must assume they may have to bear the economic risk of an investment in our Common Shares for an indefinite period of time.

***Risks related to penny stocks.***

Our Common Shares are subject to regulations prescribed by the SEC relating to “penny stock.” These regulations impose additional sales practice requirements on broker-dealers who sell such securities to persons other than established customers and accredited investors (as defined in Rule 501 of the U.S. Securities Act). These regulations could adversely impact market demand for our shares and adversely impact our trading volume and price.

***The issuance of Common Shares upon the exercise of our outstanding warrants and options will dilute the ownership interest of existing shareholders and increase the number of shares eligible for future resale.***

The exercise of some or all of our outstanding warrants and options could significantly dilute the ownership interests of our existing shareholders. As of March 31, 2016, we had outstanding options to purchase an aggregate of approximately 16.750 million Common Shares. To the extent the options are exercised, additional Common Shares will be issued and that issuance will increase the number of shares eligible for resale in the public market. The sale of a significant number of shares by our shareholders, or the perception that such sales could occur, could have a depressive effect on the market price of our common shares.

***Sales of a substantial number of our ordinary shares in the public market could cause the price of to fall.***

If our existing shareholders sell, or indicate an intention to sell, substantial amounts of our ordinary shares in the public market after the lock-up and other legal restrictions on resale lapse, the trading price of our shares could decline. Based upon the number of shares outstanding as of March 31, 2016, we have outstanding a total of approximately 253 million ordinary shares. Of these shares, approximately 13 million shares are under escrow and approximately 170 million shares restricted and subject to rule 144 exemption.

***Our principal shareholders and senior management own a significant percentage of our shares and are able to exert significant control over matters subject to shareholder approval.***

As of March 31, 2016, our senior management, board members, holders of 5% or more of our share capital and their respective affiliates beneficially own approximately 51% of our outstanding voting securities. As a result, these security holders have the ability either alone or voting together as a group to determine and/or significantly influence the outcome of matters submitted to our shareholders for approval, including the election and removal of board members, payment of dividends, amendments to our articles of association, including changes to our share capital or any mergers, demergers, liquidations and similar transactions. This may prevent or discourage unsolicited acquisition proposals or offers for our ordinary shares that our shareholders may feel are in their best interest as a shareholder In addition, this group of shareholders may have the ability to control our management and affairs. Such control and concentration of ownership may affect the market price of our shares and may discourage certain types of transactions, including those involving actual or potential change of control of us (whether through merger, consolidation, take-over or other business combination), which might otherwise have a positive effect on the market price of the shares.

***Your investment return may be reduced if we lose our foreign private issuer status*.**

We are a "foreign private issuer," as such term is defined in Rule 405 under the U.S. Securities Act, and, therefore, we are not required to file quarterly reports on Form 10-Q or current reports on Form 8-K with the SEC. In addition, the proxy rules and Section 16 reporting and short-swing profit recapture rules are not applicable to us. If we lose our status as a foreign private issuer by our election or otherwise, we will be subject to additional reporting obligations under the Exchange Act which would increase our SEC compliance costs.

***We may be treated as a passive foreign investment company for U.S. tax purposes, which could subject United States investors to significant adverse tax consequences.***

A foreign corporation will be treated as a passive foreign investment company, or PFIC, for U.S. federal income taxation purposes, if in any taxable year either: (a) 75% or more of its gross income consists of passive income; or (b) 50% or more of the value of the company's assets is attributable to assets that produce, or are held for the production of, passive income. Based on our current income and assets and our anticipated future operations, we believe that we currently are not a PFIC.U.S. Stockholders of a PFIC are subject to a disadvantageous U.S. income tax regime with respect to the income derived by the PFIC, the distributions they receive from the PFIC, and the gain, if any, they derive from the sale or other disposition of their shares in the PFIC. Because PFIC status is a fact-intensive determination made on an annual basis, no assurance can be given that we are not or will not become classified as a PFIC. The PFIC rules are extremely complex. A U.S. person is encouraged to consult his or her U.S. tax advisor before making an investment in our shares.

***U.S. shareholders may not be able to enforce civil liabilities against us*.**

We are a corporation organized under the laws of the British Virgin Islands. Most of our directors and executive officers are non-residents of the United States. Because a substantial portion of their assets and currently most of our assets are located outside the United States, it may be difficult for investors to effect service of process within the United States upon us or those persons.

Our corporate affairs will be governed by our Memorandum and Articles of Association, the BVI Business Companies Act, and the common law of the British Virgin Islands. The rights of shareholders to take action against the directors, actions by minority shareholders and the fiduciary responsibilities of our directors to us under British Virgin Islands law are to a large extent governed by the common law of the British Virgin Islands. The common law of the British Virgin Islands is derived in part from comparatively limited judicial precedent in the British Virgin Islands, as well as from English common law, the decisions of whose courts are considered persuasive authority but are not binding on a court in the British Virgin Islands. The rights of our shareholders and the fiduciary responsibilities of our directors under British Virgin Islands law are not as clearly established as they would be under statutes or judicial precedent in some jurisdictions in the United States. In particular, the British Virgin Islands has a less developed body of securities laws as compared to the United States, and some states, such as Delaware, have more fully developed and judicially interpreted bodies of corporate law. In addition, British Virgin Islands companies may not have standing to initiate a shareholder derivative action in a federal court of the United States.

The British Virgin Islands courts are also unlikely:

- to recognize or enforce against us judgments of U.S. courts based on certain civil liability provisions of U.S. securities laws; and
- to impose liabilities against us, in original actions brought in the British Virgin Islands, based on certain civil liability provisions of U.S. securities laws that are penal in nature.

There is no statutory recognition in the British Virgin Islands of judgments obtained in the United States. We have been advised by Forbes Hare, our counsel as to British Virgin Islands law, that (i) they are unaware of any proceedings that have been brought in the British Virgin Islands to enforce judgments of the U.S. courts or to impose liabilities based on the civil liability provisions of the U.S. federal or state securities laws; (ii) a final and conclusive judgment in the federal or state courts of the United States under which a sum of money is payable, other than a sum payable in respect of taxes, fines, penalties or similar charges, may be subject to enforcement proceedings as a debt in the courts of the British Virgin Islands under the common law doctrine of obligation; and (iii) because it is uncertain whether a British Virgin Islands court would determine that a judgment of a U.S. court based on the civil liability provisions of the U.S. federal or state securities laws is in the nature of a penalty, it is uncertain whether such a liability judgment would be enforceable in the British Virgin Islands.

## ITEM 4 – INFORMATION ON THE COMPANY

### (A) HISTORY AND DEVELOPMENT OF THE COMPANY

The Company was originally incorporated in Ontario in 1973. It was inactive until 1985. Between 1986 and 2009 , it was engaged in variety of businesses including development of a new technology for the marine propulsion business, distribution and manufacture of a snack food, emerging technology-based businesses and natural resource involving diamond mining and oil & gas exploration. In 2010, the company acquired an indirect interest in two drilling licenses in Israel, which was disposed of for US$ 5 million under a settlement agreement on June 29, 2012 with our minority partner on this project. During the period, the Company went through several name changes ending with Bontan Corporation Inc. ( Bontan).

In December 2012, the Company decided to change the focus of its business activities from oil and gas to biotechnology mainly due to the increasing difficulty in getting access to viable oil & gas projects and also due to the potentially more profitable business opportunities which existed in the biotechnology sector. On March 21, 2013, the Company signed a letter of intent with Portage Pharma Ltd, a biotech private limited company formed under the laws of the British Virgin Islands to acquire Portage Pharma Ltd through exchange of shares. The transaction was completed on June 4, 2013 and accounted for as a reverse acquisition.

On July 5, 2013, the Company changed its name to Portage Biotech Inc. and moved its jurisdiction to the British Virgin Islands ( BVI) under a certificate of Continuance issued by the Registrar of Corporate Affairs of BVI.

The Company now continues as a BVI incorporated company with its registered office located at FH Chambers, P.O. Box 4649, Road Town, Tortola, BVI. Its Toronto agent is located at 47 Avenue Road, Suite 200, Toronto, Ontario, M5R 2G3, Canada.

The Company continues to be a reporting issuer with Ontario Securities Commission and US Securities and Exchange Commission and its shares trade on the Quotation Board of the OTC Markets 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”. Effective October 28, 2013, the Company’s shares are also listed for trading in US currency on the Canadian Securities Exchange (formerly, Canadian National Stock Exchange) under the symbol “PBT.U”.

### (B) BUSINESS OVERVIEW

Portage develops pharmaceutical & biotech products through to clinical “proof of concept” focussing on unmet clinical needs. Following proof of concept, Portage will look to sell or license the products to large pharmaceutical companies for further development through to commercialization.

Portage seeks products & co-development partners in cancer, infectious disease, neurology and psychiatry with novel targeted therapies, or reformulations that can be patented.

Portage will work with a wide range of partners, in all phases of development. The collaboration may include direct funding or investing human capital/sweat equity from our extensive pool of talented scientists and physicians to value-add by mitigating risks, clinical trial design and regulatory expertise.

Our research and development work is primarily carried out through two subsidiaries:

***Portage Pharmaceuticals Ltd ( PPL)***

On June 4, 2013, following the acquisition of Portage Pharma Ltd, the Company's wholly owned subsidiary, Portage Acquisition Inc. and Portage Pharma Ltd amalgamated. The amalgamated company was named PPL, which has been incorporated in the BVI.

PPL's focus is in discovering and developing innovative cell permeable peptide (CPP) therapies to normalize gene expression, restore function and improve medical outcomes. Its core technology involves delivering biologically active "cargo" to intracellular and intranuclear targets to normalize cell and tissue function, improve the immunogenicity of vaccines and enable better treatment of intracellular pathogens.

The CPP platform is protected by two suits of intellectual property:

a. an exclusive license for all patents on Antennapedia–based cell permeable peptides for non-oncology use and
b. international patents for proprietary human-derived cell penetrating peptide structures without any therapeutic restrictions. Patent is protected until 2034. In July 2014, PPL successfully validated this new proprietary cell permeable peptide platform technology derived from human genes. This proprietary platform technology has been shown to efficiently deliver an active pharmacological agent or cargo into a cell without disrupting the cell membrane. In a collaboration with the Pirbright Institute (UK), a conjugate utilizing this proprietary cell permeable peptide and a CD8 T-cell antigenic epitope derived from mycobacterium tuberculosis was demonstrated to provoke a specific CD8 T-cell immune response in Balb/c mice suggesting possible application of this technology for vaccines.

Since its inception the PPL strategy has been three---fold. First was the development, evaluation and selection of our platform cell penetrating peptide (CPP). We tested a number of different CPPs and found one that we derived from human genes that was superior to the others we tested including the Antennapedia fruit fly molecule we licensed from Trojantec and Imperial College in London. We selected this human---based CPP to be the basis of our CellPorter® platform.

Once we selected the CellPorter® platform, the second leg of our strategy was and still is exploring the ways it can be used therapeutically. We pursued collaborations to bring world---class subject---area expertise to some of our research questions. For example, we collaborated with scientists at Yale to evaluate its cell penetrating properties, with the Pirbright Institute in the UK to explore its potential for vaccine use, with scientists at the National Eye Institute to evaluate its penetration into eye tissues when given as eye drops, and with a scientist at the University of Michigan to investigate blood brain barrier penetration. Through these collaborations we learned that CellPorter® enhances immune reactions to vaccines, did get inside eye tissues, and did penetrate the blood brain barrier. PPL also conducted its own studies that demonstrated CellPorter® can be used to dose peptides systemically by inhalation, and we have ongoing work looking at the feasibility of topical skin use and of using CellPorter to deliver nucleotide and peptide cargos that alter genes and regulate gene function.

We are always exploring new collaborations with other companies and academic research groups to expand the uses of our platform. From all of this work we learned a lot about our technology and initiated our lead project.

The third leg of our strategy is developing our lead product, PPL---003, for Dry Eye Disease. Over the last year and a half, our work was designed to move forward while reducing the risk of failure with each step and husbanding our resources wisely. There is a large unmet medical need and market potential for this disease. We recently completed a very positive animal dry eye study, where PPL---003 had steroid---like efficacy and faster onset of action. We presented this work in Seattle at the annual meeting of The Association for Research in Vision and Ophthalmology (ARVO), the largest international eye

disease meeting, where it was well received. In addition, our studies so far show that topical PPL---003 does not have the characteristic steroid side---effects of glaucoma or cataracts. We selected a CRO and engaged experts to help us plan PPL---003's clinical development to proof of concept. An expert panel meeting is scheduled for August 6th and we plan to hold a pre---IND meeting with the FDA later this year.

If all goes well on the funding front and with success conducting the required pre---clinical and GMP process development work, we should be able to start human testing in 2018.

***Biohaven Pharmaceutical Holding Company Limited (Biohaven)***

On January 6, 2014, the Company acquired approximately 54% equity in Biohaven, a private corporation incorporated on September 25, 2013 under the laws of the British Virgin Islands for $3.5 million. During the fiscal year 2016, Portage made further investment of $3,501,000 while Biohaven raised additional $4,354,800 from other sources. This reduced our holding in Biohaven to 52.85%.

Founder shareholders include originators at Yale University who discovered the therapeutic potential of glutamate modulation in anxiety and depression and have track record of successful registration trials.

Biohaven is engaged in the identification and development of novel glutamatergic agents for treatment – resistant neuropsychiatric disorders. Biohaven's drug development platform is based on modulating glutamate for multiple therapeutic indications and represents the 1st new class of antidepressant in 30 years.

Biohaven intellectual property comprises patents licensed from Yale and Harvard Universities, exclusive Zydis formulation license from Catalent Inc. and divisional patents pending for additional claims. In August 2015, Biohaven acquired the world-wide intellectual property rights to a portfolio of over 300 prodrugs owned by ALS Biopharma, LLC ("ALSBio"). The prodrugs covered by the agreement were designed and prepared by Fox Chase Chemical Diversity Center, Inc. ("FCCDC") through a research program funded, in part, by the U.S. National Institutes of Health, through two peer-reviewed Small Business Innovation Research (SBIR) grants awarded to FCCDC. Most of the ALSBio prodrugs would be classified as New Molecular Entities (NMEs), and the intellectual property rights acquired by Biohaven include all future therapeutic indications.

Overall clinical development progress during the fiscal year 2016 and to date:

- On July 22, 2015, Biohaven Filed Investigational New Drug Application (IND) for BVH-0223 with United States Food and Drug Administration (FDA). On August 22, 2015, Biohaven received a clearance from FDA to begin its clinical studies in humans.
- Phase 1 study commenced in August 2015, immediately after the FDA approval in single and then multiple dosing. The study was designed to demonstrate the safety and unique pharmacokinetic characteristics of BHV-0223 in humans.
- Single dose portion of the Phase 1 study was completed successfully in September 2015 on approximately ten participants who were treated with varying doses of BHV-0223 on four separate occasions. No serious adverse effects were reported.
- Multiple dosing was also successfully completed in October 2015. Ten participants received multiple daily doses of BHV-0223 and again no serious adverse events were reported.
- In November 2015, Biohaven received preliminary results from a Phase I study, which met its study objectives and support advancing the asset into late phase clinical development. Dosing with BHV-0223 showed favorable pharmacokinetic properties and greater exposure than the oral tablet formulation on a dose normalized basis. The pharmacokinetic modeling and analysis of metabolites is pending. The vast majority of adverse events were classified as mild. There were no serious or severe adverse events.
- In February 2016, Biohaven had a pre-investigational new drug application comments from FDA and received a favorable feedback on its BHV-0223's intended initial registrational program for the indication of amyotrophic lateral sclerosis. FDA allowed 505(b)2 pathway and required no additional efficacy or toxicology studies for submission of NDA.
- In March 2016, FDA granted Biohaven an orphan drug designation covering BHV -0223 for the treatment of spinocerelellar ataxia (SCA)
- In May 2016 FDA granted Biohaven an orphan drug designation covering BHV -4157 for SCA.
- In June 2016, FDA cleared Biohaven's IND for BHV-4157 for the treatment of SCA and Bihaven commenced first dosing to evaluate the safety and pharmacokinetics.

Thus, so far, two lead molecules, BHV-0223 and BHV-4157 have advanced into clinical testing. Both compounds are expected to be in pivotal trials within the next year and poised for the potential filing of two new drug applications shortly after successful completion of those pivotal trials.

After successful completion of pivotal trials and NDA filing for BHV---0223 for ALS and BHV---4157 for SCA, Biohaven could be prepared to commercially launch those products on its own. However, Biohaven is also exploring the possibility of partnering with larger companies for the commercialization of those products. They are actively involved in discussions regarding cost and profit sharing arrangements for both BHV---0223 and BHV---4157.

In addition to these lead molecules, Biohaven is actively involved in in---licensing processes with large pharma partners to further grow their drug development pipeline with a goal is to add one to two clinical stage compounds to the portfolio.

Biohaven has developed a comprehensive website – www.portagebiotech.com which provide information on our people, activities and other corporate details.

In August 2015, Portage invested $ 700,000 in Sentien Biotechnologies Inc. (Sentien), a Medford, MA based regenerative medicine company, spun out of Harvard and MIT to commercialize a novel method of using mesenchymal stem cells (MSCs). Rather than inject MSCs directly into patients, Sentien has developed a method of treating patients with the factors MSCs secrete in response to injury: off-the-shelf MSCs are loaded into a specially designed cartridge and hooked into a patients' circulation during renal dialysis. We invested alongside Boehringer Ingelheim Venture Fund in Sentien's Series A Round to prepare the company for an IND. Sentien is now preparing to apply for their IND, which it expects to file in August 2016. Sentien will then proceed to a trial in acute kidney injury patients.

***Laws and Regulations Regarding Patent Terms***

The term of individual patents depends upon the legal term of the patents in the countries in which they are obtained. In most countries in which we file, the patent term is 20 years from the earliest date of filing a non-provisional patent application. In the United States, a patent term may be shortened if a patent is terminally disclaimed over another patent or as a result of delays in patent prosecution by the patentee. A patent's term may be lengthened by a patent term adjustment, which compensates a patentee for administrative delays by the USPTO in granting a patent. The patent term of a European patent is 20 years from its filing date, which, unlike in the United States, is not subject to patent term adjustments. The term of a patent that covers an FDA-approved drug or biologic may also be eligible for patent term extension, which permits patent term restoration as compensation for the patent term lost during the FDA regulatory review process. The Drug Price Competition and Patent Term Restoration Act of 1984, or the Hatch-Waxman Act, permits a patent term extension of up to five years beyond the expiration of the patent. The length of the patent term extension is related to the length of time the drug or biologic is under regulatory review. Patent extension cannot extend the remaining term of a patent beyond a total of 14 years from the date of product approval and only one patent applicable to an approved drug may be extended. Similar provisions are available in Europe and other jurisdictions to extend the term of a patent that covers an approved drug. In the future, if and when our products receive FDA approval, we expect to apply for patent term extensions on patents covering those products. We anticipate that some of our issued patents may be eligible for patent term extensions.

**Manufacturing**

As we do not maintain the capability to manufacture finished drug products, we utilize contract manufacturers to manufacture our proprietary drug candidates. We source starting materials for our manufacturing activities from one or more suppliers. For the starting materials necessary for our proprietary drug candidate development, we have agreements for the supply of such drug components with drug manufacturers or suppliers that we believe have sufficient capacity to meet our demands. However, from time to time, we source critical raw materials and services from one or a limited number of suppliers and there is a risk that if such supply or services were interrupted, it would materially harm our business. In addition, we typically order raw materials and services on a purchase order basis and do not enter into long-term dedicated capacity or minimum supply arrangements. We utilize the services of contract manufacturers to manufacture APIs required for later phases of clinical development and eventual commercialization for us under all applicable laws and regulations.

We have analytical and process development capabilities in our own facility. We generally perform drug candidate development, analytical and process development for our proprietary drug candidates internally, and manufacture the drugs necessary to conduct the non-GLP preclinical studies of our

investigational product candidates. We occasionally outsource the production of research and development material. Occasionally our collaboration partners may conduct production of research and development material for products in their respective field.

We do not have, and we do not currently plan to, acquire or develop the facilities or capabilities to manufacture bulk drug substance or filled drug product for use in human clinical trials. We rely on third-party manufacturers to produce the bulk drug substances required for our clinical trials and expect to continue to rely on third parties to manufacture and test clinical trial drug supplies for the foreseeable future.

Our contract suppliers manufacture drug substance and product for clinical trial use in compliance with cGMP and applicable local regulations. cGMP regulations include requirements relating to organization of personnel; buildings and facilities; equipment; control of components and drug product containers and closures; production and process controls; packaging and labeling controls; holding and distribution; laboratory controls; records and reports; and returned or salvaged products. The manufacturing facilities for our products must be in compliance with cGMP requirements, and for device and device components, the Quality System Regulation, or QSR, requirements, before any product is approved. We ensure cGMP compliance of our suppliers through regular quality inspections performed by our Quality Assurance group. Our third-party manufacturers may also be subject to periodic inspections of facilities by the FDA, the Competent Authorities of the Member States of the European Economic Area (EEA, comprising the

28 Member States of the European Union plus Norway, Iceland and Liechtenstein), and other authorities, including reviews of procedures and operations used in the testing and manufacture of our products to assess our compliance with applicable regulations. Failure to comply with statutory and regulatory requirements subjects a manufacturer to possible legal or regulatory action, including warning letters, the seizure or recall of products, injunctions, consent decrees placing significant restrictions on or suspending manufacturing operations and civil and criminal penalties. These actions could have a material impact on the availability of our products. In addition, contract manufacturers often encounter difficulties involving production yields, quality control and quality assurance, as well as shortages of qualified personnel.

We also contract with additional third parties for the filling, labeling, packaging, testing, storage and distribution of our investigational drug products. We employ personnel with the significant scientific, technical, production, quality and project management experience required to oversee our network of third-party suppliers and to manage manufacturing, quality data and information for regulatory compliance purposes.

**Government Regulation and Product Approval**

Government authorities in the United States, at the federal, state and local level, and in other countries extensively regulate, among other things, the research, development, testing, manufacture, including any manufacturing changes, safety surveillance, efficacy, quality control, packaging, storage, recordkeeping, labeling, advertising, promotion, distribution, marketing, sale, import, export and the reporting of safety and other post-market information of pharmaceutical and medical device products such as those we are developing. Our product candidates must be approved by the FDA through the NDA process before they may be legally promoted in the United States and by the EMA, through the marketing authorization application, or MAA, process before they may be legally marketed in Europe. Our product candidates will be subject to similar requirements in other countries prior to marketing in those countries. The processes for obtaining regulatory approvals in the United States, the EEA and in foreign countries, along with subsequent compliance with appropriate federal, state, local and foreign statutes and regulations, require the expenditure of substantial time and resources.

***U.S. Government Regulation***

In the United States, we are subject to extensive regulation by the FDA, which regulates drugs under the Federal Food, Drug, and Cosmetic Act, or the FDCA, and its implementing regulations, and other federal, state, and local regulatory authorities. The FDCA and its implementing regulations set forth, among other things, requirements for the research, testing, development, manufacture, quality control, safety, effectiveness, approval, labeling, storage, record keeping, reporting, distribution, import, export, advertising and promotion of our products. The process of obtaining regulatory approvals and the subsequent compliance with appropriate federal, state, local and foreign statutes and regulations requires the expenditure of substantial time and financial resources. Failure to comply with the applicable U.S. requirements at any time during the product development process, approval process or after approval, may subject an applicant to a variety of administrative or judicial sanctions, such as the FDA’s refusal to approve pending NDAs, withdrawal of an approval, imposition of a clinical hold, issuance of warning letters, product recalls, product seizures, total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, restitution, disgorgement or civil or criminal penalties.

The process required by the FDA before a drug may be marketed in the United States generally involves the following:

- completion of preclinical laboratory tests, animal studies and formulation studies in compliance with the FDA's Good Laboratory Practice regulations;
- submission to the FDA of an IND which must become effective before human clinical trials may begin;
- approval by an independent institutional review board, or IRB, at each clinical site before each trial may be initiated;
- performance of adequate and well-controlled human clinical trials in accordance with good clinical practice, or GCP, requirements to establish the safety and efficacy of the proposed drug product for each indication;
- submission to the FDA of an NDA;
- satisfactory completion of an FDA advisory committee review, if applicable;
- satisfactory completion of an FDA inspection of the manufacturing facility or facilities at which the product is produced to assess compliance with current good manufacturing practice, or cGMP, requirements and to assure that the facilities, methods and controls are adequate to preserve the drug's identity, strength, quality and purity; and
- FDA review and approval of the NDA.

***Preclinical Studies***

Preclinical studies include laboratory evaluation of product chemistry, toxicity and formulation, as well as animal studies to assess potential safety and efficacy. An IND is a request for authorization from the FDA to administer an investigational drug product to humans. An IND sponsor must submit the results of the preclinical tests, together with manufacturing information, analytical data and any available clinical data or literature, among other things, to the FDA as part of an IND. Some preclinical testing may continue even after the IND is submitted. An IND automatically becomes effective and a clinical trial proposed in the IND may begin 30 days after the FDA receives the IND, unless during this 30-day waiting period, the FDA raises concerns or questions related to one or more proposed clinical trials and places the clinical trial on a clinical hold. In such a case, the IND sponsor and the FDA must resolve any outstanding concerns before the clinical trial can begin. As a result, submission of an IND may not result in the FDA allowing clinical trials to commence.

***Clinical Trials***

Clinical trials involve the administration of the investigational new drug to human subjects under the supervision of qualified investigators in accordance with GCP requirements, which include the requirement that all research subjects provide their informed consent in writing for their participation in any clinical trial. Clinical trials are conducted under protocols detailing, among other things, the objectives of the trial, the parameters to be used in monitoring safety, and the effectiveness criteria to be evaluated. A protocol for each clinical trial and any subsequent protocol amendments must be submitted to the FDA as part of the IND. In addition, an IRB at each institution participating in the clinical trial must review and approve the plan for any clinical trial before it commences at that institution. Information about certain clinical trials must be submitted within specific timeframes to the National Institutes of Health, or NIH, for public dissemination on their www.clinicaltrials.gov website.

Human clinical trials are typically conducted in three or four sequential phases, which may overlap or be combined:

- Phase 1: The drug is initially introduced into healthy human subjects or patients with the target disease or condition and tested for safety, dosage tolerance, absorption, metabolism, distribution, excretion and, if possible, to gain an early indication of its effectiveness.
- Phase 2: The drug is administered to a limited patient population to identify possible adverse effects and safety risks, to preliminarily evaluate the efficacy of the product for specific targeted diseases and to determine dosage tolerance and optimal dosage.
- Phase 3: The drug is administered to an expanded patient population, generally at geographically dispersed clinical trial sites, in well-controlled clinical trials to generate enough data to statistically evaluate the efficacy and safety of the product for approval, to establish the overall risk-benefit profile of the product, and to provide adequate information for the labeling of the product.
- Phase 4: In some cases, the FDA may condition approval of an NDA for a product candidate on the sponsor's agreement to conduct additional clinical trials after NDA approval. In other cases, a sponsor may voluntarily conduct additional clinical trials post approval to gain more information about the drug. Such post approval trials are typically referred to as Phase 4 clinical trials.

Progress reports detailing the results of the clinical trials must be submitted at least annually to the FDA and more frequently if serious adverse events occur. Phase 1, Phase 2 and Phase 3 clinical trials may not be completed successfully within any specified period, or at all. Furthermore, the FDA or the sponsor may suspend or terminate a clinical trial at any time on various grounds, including a finding that the research subjects are being exposed to an unacceptable health risk. Similarly, an IRB can suspend or terminate approval of a clinical trial at its institution if the clinical trial is not being conducted in accordance with the IRB's requirements or if the drug has been associated with unexpected serious harm to patients.

Concurrent with clinical studies, companies usually complete additional animal studies and must also develop additional information about the chemistry and physical characteristics of the product and finalize a process for manufacturing the product in commercial quantities in accordance with cGMP requirements. The manufacturing process must be capable of consistently producing quality batches of the product candidate and, among other things, the manufacturer must develop methods for testing the identity, strength, quality and purity of the final product. Additionally, appropriate packaging must be selected and tested and stability studies must be conducted to demonstrate that the product candidate does not undergo unacceptable deterioration over its shelf life.

***Hatch-Waxman Amendments and Exclusivity***

As an alternative path to FDA approval for modifications to formulations or uses of products previously approved by the FDA, an applicant may submit an NDA under Section 505(b)(2) of the FDCA. Section 505(b)(2) was enacted as part of the Hatch-Waxman Amendments and permits the filing of an NDA where at least some of the information required for approval comes from studies not conducted by, or for, the applicant. If the 505(b)(2) applicant can establish that reliance on FDA's previous findings of safety and effectiveness is scientifically appropriate, it may eliminate the need to conduct certain preclinical or clinical studies of the new product. The FDA may also require companies to perform additional studies or measurements, including clinical trials, to support the change from the approved branded reference drug. The FDA may then approve the new product candidate for all, or some, of the label indications for which the branded reference drug has been approved, as well as for any new indication sought by the 505(b)(2) applicant.

In seeking approval for a drug through an NDA, including a 505(b)(2) NDA, applicants are required to list with the FDA certain patents whose claims cover the applicant's product. Upon approval of an NDA, each of the patents listed in the application for the drug is then published in the Orange Book. Any applicant who files an abbreviated new drug application, or ANDA, seeking approval of a generic equivalent version of a drug listed in the Orange Book or a 505(b)(2) NDA referencing a drug listed in the Orange Book must certify to the FDA that (1) no patent information on the drug product that is the subject of the application has been submitted to the FDA; (2) such patent has expired; (3) the date on which such patent expires; or (4) such patent is invalid or will not be infringed upon by the manufacture, use or sale of the drug product for which the application is submitted. This last certification is known as a paragraph IV certification. A notice of the paragraph IV certification must be provided to each owner of the patent that is the subject of the certification and to the holder of the approved NDA to which the ANDA or 505(b)(2) application refers. The applicant may also elect to submit a "section viii" statement certifying that its proposed label does not contain (or carves out) any language regarding the patented method-of-use rather than certify to a listed method-of-use patent.

If the reference NDA holder and patent owners assert a patent challenge directed to one of the Orange Book listed patents within 45 days of the receipt of the paragraph IV certification notice, the FDA is prohibited from approving the application until the earlier of 30 months from the receipt of the paragraph IV certification expiration of the patent, settlement of the lawsuit or a decision in the infringement case that is favorable to the applicant. The ANDA or 505(b)(2) application also will not be approved until any applicable non-patent exclusivity listed in the Orange Book for the branded reference drug has expired. Specifically, the holder of the NDA for the listed drug may be entitled to a period of non-patent exclusivity, during which the FDA cannot approve an ANDA or 505(b)(2) application that relies on the listed drug. For example, a pharmaceutical manufacturer may obtain five years of non-patent exclusivity upon NDA approval of a new chemical entity, or NCE, which is a drug that contains an active moiety that has not been approved by FDA in any other NDA. An "active moiety" is defined as the molecule or ion responsible for the drug substance's physiological or pharmacologic action. During the five-year exclusivity period, the FDA cannot accept for filing any ANDA seeking approval of a generic version of that drug or any 505(b)(2) NDA for the same active moiety and that relies on the FDA's findings regarding that drug, except that FDA may accept an application for filing after four years if the follow-on applicant makes a paragraph IV certification.

A drug, including one approved under Section 505(b)(2), may obtain a three-year period of exclusivity for a particular condition of approval, or change to a marketed product, such as a new formulation for a previously approved product, if one or more new clinical studies (other than bioavailability or bioequivalence studies) was essential to the approval of the application and was conducted/sponsored by the applicant. Should this occur, the FDA would be precluded from approving any ANDA or 505(b)(2) application for the protected modification until after that three-year exclusivity period has run. However, unlike NCE exclusivity, the FDA can accept an application and begin the review process during the exclusivity period.

***Foreign Regulation***

In order to market any product outside of the United States, we would need to comply with numerous and varying regulatory requirements of other countries regarding safety and efficacy and governing, among other things, clinical trials, marketing authorization, commercial sales and distribution of our products. For example, in the European Union, we must obtain authorization of a clinical trial application, or CTA, in each member state in which we intend to conduct a clinical trial. Even if we obtain FDA approval for a product, we would need to obtain the necessary approvals by the comparable regulatory authorities of foreign countries before we can commence clinical trials or marketing of the product in those countries.

The approval process varies from country to country and can involve additional product testing and additional administrative review periods. The time required to obtain approval in other countries might differ from and be longer than that required to obtain FDA approval. Regulatory approval in one country does not ensure regulatory approval in another, but a failure or delay in obtaining regulatory approval in one country may negatively impact the regulatory process in others.

## (C) ORGANIZATIONAL STRUCTURE

The current organization structure comprises:

1. Two operating subsidiaries:

    a. Portage Pharmaceuticals Ltd., a wholly owned subsidiary incorporated in the British Virgin Island.

    b. Biohaven Pharmaceutical Holding Company Ltd., a British Virgin Island private entity. Portage owns 52. 85% equity.

2 One service company, Portage Services Ltd., a wholly owned subsidiary incorporated in Ontario, Canada. Portage Services Ltd. Acts as an agent for Portage and is primarily engaged in handling all corporate and regulatory services.

3. An investment in Sentien Biotechnologies Inc., Portage's investment is less than 20% of the equity of Sentien and is held as available for sale.

We have five members on the Board of Directors - Dr. Declan Doogan, Dr. Gregory Bailey, Mr. James Mellon, Mr. Steven Mintz and Mr. Kam Shah. These five directors were re-appointed in the shareholders annual and special meeting of April 6, 2016. Dr. Bailey is our chairman, Dr. Doogan is a chief executive officer and Mr. Shah is Chief Financial Officer and corporate secretary.

PPL management consisted of Dr. Bruce Littman as CEO, Dr. Frank Marcoux as Chief Scientific Officer (CSO) and Mr. Kam Shah as CFO. The PPL management reports to the PPL Board of directors comprising Dr. Doogan as Chairman, Dr. Bailey, Mr. Shah, Dr. Littman and Dr. Marcoux. PPL also created a scientific advisory board (SAB) consisting of Drs. Sankar Ghosh, Michael Caplan and Burt Adelman. In addition, PPL has seven consultants comprising scientists and researchers.

Biohaven management comprising Dr. Vlad Coric as CEO, Dr. Robert Burman as CSO and Mr. Jim Engelhart as CFO. Its board of directors comprise Dr. Doogan as Chairman, Dr. Bailey, Mr. Shah, Dr. Vlad Coric and Mr. Childs. Mr. Mellon and Dr. Berman are alternative directors. The SAB comprise Dr. John Krystal and Dr. Gerard Sanacora and Dr. Maurizio Fava.

A brief biodata of the key people in our organization is provided below:

**Declan Doogan M.D. – Director and CEO**

- Co-founder and Chairman of Portage Pharma Ltd.,
- Previously the CEO and Head of R&D at Amarin Inc. (AMRN: NASDAQ)
- Former Head of Worldwide Drug Development at Pfizer Inc.
- Held Visiting Professorships at Harvard School of Public Health, Glasgow University Medical School and Kitasato University (Tokyo)
- Sits on the boards of Pulmonary Vascular Research Institute UK, Sosei (Japan Biotech), and Celleron and IOx (UK oncology biotech). He is an advisor to the Wellcome Trust in the UK

**Kam Shah CA, CPA (CANADA), CPA (US), CGMA (US) –CFO and Director**

- Senior financial executive with over 25 years of corporate finance,
- Was senior manager with two of the largest accounting firms, Ernst & Young and Price Waterhouse Coopers
- Worked in industry under various roles from an office manager to CEO, CFO of public companies.

**Gregory Bailey M.D. – Chairman**

- Former director and financier of Medivation Inc. (MDVN: NASDAQ).
- Co-founder, of Ascent Healthcare Solutions: VirnetX Inc internet security (VHC: AMEX) and Duramedic Inc. a medical products company.
- Has Medical Doctorate from the University of Western Ontario.

**Jim Mellon – Director**

- Director of multiple public companies: In the biopharma sector Miraculins, Plethora Solutions, and the Summit Corporation.
- Chairman of AIM listed Port Erin Biopharma Investments, a fund specializing in biopharma investments
- The author of the best-selling book “Cracking the Code.
- Other listed company directorships include chairman of Manx Financial Group and Speymill, co-chairman of both Regent Pacific Group and West African Mining Corporation, and a board member of Brazilian Gold Corporation, Charlemagne Capital and Condor Resources.

**Steven Mintz – director**

- Senior financial consultant qualified as CA since 1992 and received BA (Economics and accounting) from University of Toronto in 1989.
- Obtained Trustee in Bankruptcy license in 1995.
- Practiced public accounting at a large accounting firm between 1989 to 1992, then employed by a boutique bankruptcy firm from 1992 to 1997 and since 1997, has been a financial consultant to individuals and private and public companies.
- CEO and CFO of Dominion General Investment Corporation.
- Officer and director of several public and private companies.

**Bruce H. Littman,** MD – CEO

- Former Pfizer VP Global Translational Medicine
- Over 30 years’ pharmaceutical company and academic research experience

**Frank W. Marcoux**, Ph.D. - CSO

- Former Pfizer VP Quantitative and Innovative Medicine WW Development and former VP Biology Discipline WW Discovery
- Over 25 years’ pharmaceutical company and academic research

**Vlad Coric – MD -** Director

- Has over 14 years of clinical trial experience as the Chief of Inpatient Services at the Yale Clinical Neuroscience Research Unit.
- An Associate Clinical Professor of Psychiatry at the Yale
- A co-inventor of Yale intellectual property related to the use of glutamate modulating agents
- Earned his medical degree at Wake Forest University School of Medicine, and received his BS from University of Connecticut in Physiology and Neurobiology.
- Has over 45 peer-reviewed journal and book publications.

**Robert Berman - MD -** CMO

- Almost 30 years of neuroscience research
- 13 years of clinical development experience (Pfizer and Bristol-Myers Squibb)
- Professor of Psychiatry (Adjunct), Yale School of Medicine
- Over 60 peer-reviewed publications – including first clinical trial with ketamine in patients with depression and leading the registrational program to obtain the first indication for a neuroleptic in the adjunctive treatment of major depressive disorder
- BA, Molecular Biophysics and Biochemistry, Yale University
- M.D., Mount Sinai School of Medicine

**Jim Engelhart**

- Is a CPA with over 30 years of corporate finance experience in global pharmaceutical business
- Worked in Bristol-Myers Squibb, Schering-Plough and Alexion
- Also held financial roles in increasing responsibilities at Energizer Holdings and PWC

## (D) PROPERTY PLANTS AND EQUIPMENT

Our subsidiary, Portage Services Ltd., currently leases office space at 47 Avenue Road, Suite 200, and Toronto, Ontario, Canada for approximately $2,300 per month. The leased area is approximately 950 square feet. Our current lease agreement is a month to month arrangement.

## ITEM 4A – UNRESOLVED STAFF COMMENTS

None.

## ITEM 5 – OPERATING AND FINANCIAL REVIEW AND PROSPECTS

### (A) OPERATING RESULTS

The following discussion should be read in conjunction with the Audited Financial Statements of the Company and notes thereto contained elsewhere in this report.

**Results of operations**

| | **Year ended March 31, 2016** | Year ended March 31, 2015 | Year ended March 31,2014 |
|---|---|---|---|
| | | In 000' $ | |
| Expenses | **(9,195)** | (4,341) | (6,627) |
| | **(9,195)** | (4,341) | (6,627) |
| Non-controlling interests | **(3,489)** | (1,223) | (322) |
| Net loss attributable to owners | **(5,706)** | (3,118) | (6,305) |
| Deficit at end of year | **(14,618)** | (9,453) | (6,334) |

**Overview**

We are a pre-clinical stage biotechnology company. We commenced our operations in June 2013 after acquiring Bontan Corporation Inc. through a reverse acquisition. We devoted substantially all our efforts

in identifying and developing our product candidates including acquisition of exclusive licenses and several preclinical studies for PPL-003, our lead product candidate in PPL and on BHV-4157 and BVH-0223, our lead product candidates in Biohaven. Details of these efforts are explained above under item 4 (B) – business overview.

We do not have any approved products and have never generated any revenue from product sales. We have funded our operations from funds raised through various private placements.

We anticipate that our expenses will increase substantially in the future as we:

- pursue our ongoing planned pre-clinical and clinical development at PPL and BIohaven, seek further new investment opportunities to expand our pipeline
- hire additional personnel, particularly in our research and development, clinical supply and quality control groups;
- Add operational, financial and management information systems and related finance and compliance personnel and
- Operate as a public company

We are also seeking partners to support IND filing initiatives at PPL.

## Expenses

The overall analysis of the expenses is as follows: ( in 000'$)

| Year ended March 31, | **2016** | 2015 | 2014 |
|---|---|---|---|
| Acquisition related costs | **-** | - | 3,839 |
| Consulting fees | **4,014** | 1,073 | 1,162 |
| Research & development | **4,577** | 2,929 | $ 1,136 |
| Professional fees | **501** | 224 | 336 |
| Other costs | **103** | 115 | 154 |
| | **9,195** | 4,341 | $ 6,627 |

***Acquisition related costs***

There were no new acquisitions in fiscal years 2016 and 2015

Acquisition related costs in fiscal 2014 included approximately $ 3.8 million paid to a company as compensation for financial advisory services rendered in connection the acquisition of Portage Pharma Ltd., This consisted of issuance of approximately 9.8 million common shares of the Company on June 4, 2013 valued at $0.39 being the quoted market price of the common shares on the date of their issuance. Approximately $ 13,000 fee was paid in cash to various independent consultant for due diligence on Biohaven. The cost was expensed as per IFRS 3.

***Consulting fees***

Fees include cash fee, shares and options issued to key management, directors and others as detailed in Note 13 to the consolidated financial statements for the year ended March 31, 2016.

Fiscal 2016 consulting fee includes cash fee of $204,000, shares and options granted to Portage directors and management of $554,078 and options granted by Biohaven to its Board, management and other consultants of $3,256,182. CFO took in cash fee while chairman accepted shares and CEO accepted options in lieu of their fees. Note 9 to the consolidated financial statements for the fiscal 2016 provides details of shares and options granted during the year.

During the fiscal year 2015, CFO took in cash fee while chairman accepted shares and CEO accepted options in lieu of their fees. In addition, directors and other consultants were granted options. Further, Biohaven granted options to their management and board members to acquire equity interest in their capital, value of which based on Black-Scholes model was expensed to consulting fee. Note 7 to the consolidated financials for fiscal 2015 provide details of these options and their valuation.

During the fiscal year 2014, CFO was paid cash fee of $102,458. He along with the CEO and the chairman who provided business development and investor relations services were issued 4 million common shares valued at $691,000 based on the quoted market price of the shares on the dates of their issuance. Four directors of the Company were also issued 2.9 million options, valid for five years and are convertible into equal number of common shares at a conversion price of $0.20 and are to be vested in equal monthly instalments over the year ending December 31, 2014. These options were valued at approximately $232,000 based on a Black-Scholes option pricing model.

***Research & development***

These costs comprised the following:

| Year ended March 31 | **2016** | 2015 | 2014 |
|---|---|---|---|
| | in 000$ | | |
| licenses fee | | | 27 |
| patent registration | **78** | 37 | 29 |
| Consulting fee | **359** | 466 | 365 |
| development expenditure at Biohaven | **3,675** | 2,000 | 500 |
| Other outside services - lab tseting, peptide production etc. | **465** | 426 | 215 |
| | **4,577** | 2,929 | 1,136 |

Fiscal year 2016

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 Under the agreement, Biohaven was charged $500,000 each quarter by BPI. Biohaven also contracted other parties for trial samples and testing. During the year, Biohaven had significant activities resulting in submission of three INDs, clinical phase one testing for BHV-223 and other related activities as more fully described in section 4(B) of this report.

Consulting fee relates to cash fee charged by the CEO, CSO and others at PPL of approximately $306,000 and value of PPL options issued to CEO and CSO vested during the year of approximately $53,000. PPL also incurred third party costs of approximately $ 465,000 for various pre-clinical trials as more fully described under section 4(B) of this report.

Fiscal year 2015:

Consulting fee includes cash fee of $ 328,921 to CEO, CSO and various other consultants and value of options granted to CEO and CSO to acquire up to 7% equity interest in PPL valued at $ 136,632. Further details of these options and their valuation are given in note 7 to the consolidated financial statements for the fiscal 2015.

Biohaven was charged $ 2 million by BPI under the master service agreement.

Other outside services costs were incurred by PPL and relates to its pre-clinical work as discussed below.

Key development work carried out at PPL included:

- Entering into a collaborative research agreement with Yale University to study the biological activity and cell penetrating properties of peptides developed by PPL. These studies will compare the ability of these peptides to cross cell membranes and deliver biologically active cargo to an intracellular target.
- Successfully validated a new proprietary cell permeable peptide platform technology derived from human genes. This proprietary platform technology has been shown to efficiently deliver an active pharmacological agent or cargo into a cell without disrupting the cell membrane. Along with demonstrating that the delivery system is capable of carrying biologically active cargo to intracellular sites of action, the platform has favorable pharmaceutical properties simplifying formulation development for systemic and locally administered conjugates which will allow more rapid development of drug products. PPL has converted its previously filed provisional patent

application for this delivery system to an international patent application that includes a variety of structures utilizing cargos that address important areas of medical need.

- PPL further validated its platform cell penetrating peptide technology for safely delivering a potent anti-inflammatory cargo into eye tissues. Its lead compound PPL-003 showed success in two studies in rabbits. In the first study, topical eye administration of PPL-003 at the highest feasible dose was well tolerated with no abnormal clinical or pathological findings. In the second study PPL-003 demonstrated efficacy in an experimental uveitis model by significantly suppressing the cellular inflammatory response in the anterior chamber and reducing the protein content of the anterior chamber aqueous humor.. These results in rabbits clearly demonstrated at least a ten-fold safety margin and confirmed the topical anti-inflammatory activity of PPL-003 previously demonstrated in a mouse uveitis model. PPL is continuing its uveitis program working toward an IND submission in 2016.
- Completion of a collaborative research study that showed one of its proprietary human-derived CPP sequences and a cargo (PPL-003) reduces inflammation in brain tissue through inhibition of NF□B signaling even if administered when the BBB is closed. The permeability of the blood brain barrier (BBB) in mice was studied and was transiently disrupted after endotoxin (LPS) challenge. The BBB then closed while cytokines were still elevated in brain tissue. Administration of PPL-003 at this time significantly reduced brain cytokine levels. This finding suggests that PPL's proprietary platform can be used to develop CPP-based therapeutics for CNS indications including neurologic, neurodegenerative, psychiatric and neuro-oncologic diseases.

Key development work carried out at Biohaven included:

- Securing exclusive licenses from Yale and Harvard universities
- Development of a new formulation and its back up strategy
- Pre-IND FDA meeting interaction and preparation and filing of IND application
- Phase 1 study preparations including developing study design

Fiscal year 2014:

(a) Company's subsidiary PPL paid the license fee to a non-related entity in respect of ANTP license under License Agreement dated January 25, 2013.
(b) 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.
(c) Consulting fee includes fees totaling to approximately $306,000 paid to the CEO and CSO of PPL. Fee includes value of the vested options of approximately $57,000 and balance in cash.

***Professional fees***

Professional fee consists of $34,182 at Portage and $467,091 at Biohaven. Portage fee comprised legal fee of $22,141 relating to various corporate and regulatory legal services and audit fee accrual for the year of $40,000 which was offset by reversal of previous year's over accrual of $27,959 resulting in net cost of $12,071 plus other services by the auditors of $1,387. Biohaven fee consists entirely of legal fees, which were mainly incurred in providing corporate services including preparation and review of various contracts and option agreements and also providing secretarial services.

Professional fees for fiscal 2015 consisted of accrual for audit and related services fee of approximately $67,000 and legal fees of approximately $157,000, of which $137,000 of legal fees were incurred at Biohaven and balance was towards corporate and regulatory matters.

Professional fees in fiscal 2014 consisted of Audit and related fee of approximately $47,000 and legal fee of approximately $289,000. There were no legal fees during the period from May 23, 2012 to March 31, 2013.

Legal fee includes approximately $181,000 relating to legal work charged to Biohaven.

A relatively high legal fee for the year ended March 31, 2014 was largely due to costs of incorporations in the British Virgin Islands, jurisdictional changes, and initiations of various documents relating to acquisitions and service contracts, which had to go through several amendments and extensive negotiations and general regulatory services.

## (B) Liquidity and Capital Resources

***Working Capital***

As at March 31, 2016, the Company had a net working capital of approximately $ 4.6 million compared to a working capital of approximately $1.1 million as at March 31, 2015. Significant increase is due to approximately $10.6 million raised by Portage and Biohaven during the year through private placements.

As at March 31, 2015, the Company had a net working capital of approximately $ 1.1 million compared to a working capital of approximately $2.1 million as at March 31, 2014. Decrease was due to full year's operating expenses at PPL and Biohaven which were partly offset by additional capital of $ 2.3 million raised during the fiscal year through private placement and debt conversion.

As at March 31, 2014, the Company had a net working capital of approximately $2.1 million compared to a working capital of approximately $470,000 as at March 31, 2013. The increase in working capital is largely due to cash of approximately $ 3 million received on acquisition accounted for as reverse acquisition.

## *Operating cash flow*

During the fiscal year 2016, operating activities required a net cash outflow of approximately $5.8 million, of which approximately $4.5 million was spent on research and development activities. Cash required was met from cash on hand and additional cash raised through equity financing. Level of research and development activities increased significantly at Biohaven as explained elsewhere in this report.

During the fiscal year 2015, operating activities required a net cash outflow of approximately $ 2.6 million, which primarily included research and development costs of approximately $2.2 million incurred by its operating subsidiaries – PPL and Biohaven. The balance comprised mainly legal costs and consulting. This was met from the cash on hand and raised through private equity funding.

During the fiscal year 2014, operating activities required a net cash outflow of approximately $1.9 million, which primarily include research and development costs of approximately $ 1.1 million incurred by its operating subsidiaries – PPL and Biohaven. The balance comprised mainly legal costs and consulting. Operating costs in fiscal 2014 were met from the cash received on acquisition.

The Company is required to support further research and development at its subsidiaries – one of which, Biohaven, is in clinical stage with at least two drugs planned for advanced clinical testing and another, PPL plans to commence IND filing preparations. These efforts will require substantial cash. Biohaven is currently seeking outside funding for its clinical activities and PPL is looking for partner for further development of its PPL-003.

The Company has not yet determined whether costs incurred and to be incurred are economically recoverable. The Company's continuing operations are dependent upon any one of:

1. the existence of economically recoverable medical solutions;

2. the ability of the Company to obtain the necessary financing to complete the research; or

3. future profitable production from, or proceeds from the disposition of intellectual property.

Although there are no assurances that management's plan will be realized, management believes the Company will be able to secure the necessary financing to continue operations into the future.

However, the consolidated financial statements for the years ended March 31, 2016 and 2015 include a going concern note which reflects need for further financing to continue our planned research and development work and operating needs of all our subsidiaries.

***Investing cash flows***

There were two significant investments during the fiscal year 2016:

As part of the Company's commitment to expand its drug development pipeline, the Company acquired in August 2015, 210,210 Series A preferred stock in Sentien Biotechnologies Inc., a Medford, MA based private company ("Sentien") for $ 700,000 in cash. The cash was met from additional cash raised through equity financing. 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. Sentien is planning Phase 1 study of its lead product, a cell-containing dialysis device for the treatment of Acute Kidney Injury.

Further, in August 2015, Biohaven acquired worldwide intellectual property rights to a portfolio of over 300 prodrugs, classified as New Molecular Entities, including IP rights to all future therapeutic indications. Biohaven paid cash of $ 1,000,000 plus issued 100 shares valued at $ 2,800 per share and two warrants for a total of 1,200 shares. Total purchase price of approximately $4 million has been capitalised as intangible assets.

There were no investing activities in the fiscal years 2015 and 2014.

***Financing cash flows***

During the fiscal year 2016, Portage raised approximately $6.2 million through various private equity placements. Details of these private placements are given in Note 8 to the consolidated financial statements for the fiscal year. Biohaven also raised approximately $4.4 million from third parties through private placement of its shares.

During the fiscal year 2015, the Company raised $ 300,000 through issuance of convertible promissory notes in July 2014. All the notes were converted in September 2014 into common shares. In October 2014, the Company raised additional $ 2 million through a non-brokered private placement offerings of 20 million common shares.

During the year ended March 31, 2014, the Company had a net cash inflow of approximately $3.8 million from its financing activities. Approximately $ 3 million was received as a result of acquisition. The Company also realized approximately $ 295,000 from the PPL shareholders towards their capital commitment made in prior period and $ 474,000 were received from exercise of options and warrants by the Company's shareholders.

## (C) RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES

From May 23, 2012 to date, the Company through its operating subsidiaries is engaged in clinical and pre-clinical studies as detailed under Item 4 (B) business overview of this report. Research and development expenses analysis and details are provided under Item 5 (A) of this report. All research and development expenses are expensed as they are incurred.

PPL's CPP platform is protected by two suits of intellectual property – (a) an exclusive license for all patents on Antennapedia –based cell permeable peptides for non-oncology use. And (b) international patents for proprietary human-derived cell penetrating peptide structures

Biohaven holds patents licensed from Yale and Harvard Universities and exclusive formulation license from Catalent Inc. and has also filed various divisional patents for additional claims which are currently pending.

## D) TREND INFORMATION

There are no other trends, commitments, events or uncertainties presently known to management that are reasonably expected to have a material effect on the Company's business, financial condition or results of operation other than as disclosed elsewhere in this report (Refer to the heading entitled "Risk Factors").

## (E) OFF-BALANCE SHEET ARRANGEMENTS

At March 31, 2016, and 2015, the Company did not have any off balance sheet arrangements, including any relationships with unconsolidated entities or financial partnership to enhance perceived liquidity.

## (F) CONTRACTUAL OBLIGATIONS

None.

## (G) SAFE HARBOUR

Not applicable.

# ITEM 6 – DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

## (A) DIRECTORS AND SENIOR MANAGEMENT

The following sets forth the names and province or state and country of residence of our directors and executive officers, the offices held by them in the Corporation, their current principal occupations, all as of July 28, 2015, the date of this report, their principal occupations during the last five years and the month and year in which they became directors or officers. The term of each director expires on the date of our next annual meeting.

| Name, Province/State and Country of Residence and Present Position with Portage (1) | Date became Director/Officer | Principal Occupation Last five years |
|---|---|---|
| Dr. Gregory Bailey (2)<br>London, UK<br>Chairman of the Board of Director | June 4, 2013 | See section 4 (C ) of this report |
| Dr. Declan Doogan<br>Stonington, CT, USA<br>Chief Executive Officer and Director | June 4, 2013 | See section 4 (C ) of this report |
| Mr. Jim Mellon (2) (3)<br>Isle of Man<br>Director | June 4, 2013 | See section 4 (C ) of this report |
| Mr. Kam Shah (2)<br>Ontario, Canada<br>Director and Chief Financial Officer | January 3, 1999 | See section 4 (C ) of this report |
| Mr. Steven Mintz (2) (3) | April 6, 2016 | See section 4 (C ) of this report |

(1) Neither age nor date of birth of directors or executive officers is required to be reported in our home country nor otherwise publicly disclosed.
(2) Member of the Audit and Compensation Committee. Mr. Jim Mellon is the Chair of this Committee.
(3) Independent directors

### Family Relationships

There are no family relationships between the directors and executive officers.

### Other Relationships

There are no arrangements or understandings between any major shareholder, customer, supplier or others, pursuant to which any of the above-named persons were selected as directors or members of senior management.

## (B) COMPENSATION

The compensation payable to directors and officers of the Company and its subsidiary is summarized below:

### 1. General

The Company does not compensate directors for acting solely as directors. Except as described below, the Company does not have any arrangements pursuant to which directors are remunerated by the Company or its subsidiary for their services in their capacity as directors, other than options to purchase shares of the Company which may be granted to the Company's directors from time to time and the reimbursement of direct expenses.

The Company does not have any pension plans.

### 2. Statement of Executive Compensation

The following table and accompanying notes set forth all compensation paid by the Company to its directors, senior management and key consultants for the fiscal years ended March 31, 2016,2015 and 2014.

| Name & principal position | Annual compensation | | | | Long term compensation | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Year | Fee (3) | Bonus | Other | Securitie under options/SARs granted (1) & (5) | Shares or units subject to resale restrictions (4) | LTIP payout (2) | Other | Total compensation |
| Declan Doogan | | | | | | | | | |
| CEO | 2016 | | | | 187,900 | | | | 187,900 |
| CEO | 2015 | | | | $ 150,391 | | | | $ 150,391 |
| CEO | 2014 | | | | $ 135,743 | $ 270,000 | | | $ 405,743 |
| Kam Shah | | | | | | | | | |
| CFO | 2016 | $180,000 | | | $ 43,362 | | | | $ 223,362 |
| CFO | 2015 | $180,000 | | | $ 30,078 | | | | $ 210,078 |
| CFO | 2014 | $253,458 | | | $ 67,871 | | | | $ 321,329 |
| Gregory Bailey | | | | | | | | | $ - |
| Business development/Chairman | 2016 | $ 100,000 | | | $ 126,471 | | | | $ 226,471 |
| Business development/Chairman | 2015 | $ 120,000 | | | $ 57,968 | | | | $ 177,968 |
| Business development/Chairman | 2014 | | | | $ 135,743 | $ 270,000 | | | $ 405,743 |
| James Mellon | | | | | | | | | $ - |
| Independent director | 2016 | | | | $ 36,135 | | | | $ 36,135 |
| Independent director | 2015 | | | | $ 23,188 | | | | $ 23,188 |
| Independent director | 2014 | | | | $ 54,297 | | | | $ 54,297 |
| | | | | | | | | | |

*Notes:*

1. *"SAR" means stock appreciation rights. The Company never issued any SARs*
2. *"LTIP" means long term incentive plan.*
3. *Fee for fiscal 2016 includes 1 million shares to Dr. Bailey valued at $100,000, 2015 includes 1.5 million shares to Dr. Bailey valued at $ 120,000 and for fiscal 2014 includes issuance of 1 million shares to Mr. Shah valued at $151,000.*
4. *Consists of 1.5 million restricted shares each to Dr. Doogan and Dr. Bailey valued at $270,000 each for services rendered. Restrictive legend can only be removed by either filing a registration statement or seeking exemption under Rule 144 of the Securities Act.*
5. *For the fiscal year 2016: Dr. Bailey was issued 1,750,000 options, Dr. Doogan was issued 2.6 million options, Mr. Shah was issued 600,000 options and Mr. Mellon was issued 500,000 options. These options are valid for five years, convertible into equal number of shares at an exercise price of $0.15/share and will vest in 24 equal instalments over the two years.*

*For fiscal 2015, total of 4.4 million options were issued to four directors- 1 million to Dr. Bailey, 2.5 million to Dr. Doogan, 500,000 to Mr. Shah and 400,000 to Mr. Mellon. These options are valid for five years and convertible into equal number of shares, exercisable at $0.10 per share and vesting in equal monthly instalments over two years. The options were registered with US Securities and Exchange commission on March 17, 2015.*

*For fiscal 2014, total of 2.9 million options were issued to the directors. One million each to Dr. Doogan and Dr. Bailey, 500,000 to Mr. Shah and 400,000 to Mr. Mellon. . These options are valid for five years and are convertible into equal number of common shares of the Company at an exercise price of $0.20 per common share. The Options were registered with the US Securities and Exchange Commission on December 19, 2013 and will vest in equal instalment over the twelve months ending December 31, 2014.*

## Long Term Incentive Plan (LTIP) Awards

The Company does not have a LTIP, pursuant to which cash or non-cash compensation intended to serve as an incentive for performance (whereby performance is measured by reference to financial performance or the price of the Company's securities) was paid or distributed to the Named Executive Officers during the most recently completed financial year.

## Defined Benefit or Actuarial Plan Disclosure

There is no pension plan or retirement benefit plan that has been instituted by the Company and none are proposed at this time.

## Indebtedness of Directors, Executive Officers and Senior Officers

None.

## Directors' and Officers' Liability Insurance

The Company has purchased, at its expense, directors' and officers' liability insurance policy to provide insurance against possible liabilities incurred by them in their capacity as directors and officers of the Company.

# (C) BOARD PRACTICES

Directors may be appointed at any time in accordance with the by-laws of the Company and then re-elected annually by the shareholders of the Company. Directors receive no compensation for serving as such, other than stock option and reimbursement of direct expenses. Officers are elected annually by the Board of Directors of the Company and serve at the discretion of the Board of Directors.

The Company has not set aside or accrued any amount for retirement or similar benefits to the directors.

## Mandate of the Board

The Board has adopted a mandate; in which it has explicitly assumed responsibility for the stewardship of Portage. In carrying out its mandate the Board holds at least one meeting every month. The frequency of meetings, as well as the nature of the matters dealt with, will vary from year to year depending on the state of our business and the opportunities or risks, which we face from time to time. The Board held a total of 11 meetings (2015: 10 meetings), mostly by way of conference calls, during our financial year ended March 31, 2016. Apart from these meetings, directors also held technical meetings with management of subsidiaries on a monthly basis to assist in the discharge of its responsibilities, the Board has designated one standing committee: an Audit and Compensation Committee effective June 27, 2013.as more particularly discussed below.

## Audit and Compensation Committee ("ACC")

The members of the ACC consist of Jim Mellon, Greg Bailey and Steven Mintz. Jim Mellon and Steve Mintz are the independent directors. However, both Mr. Mellon and Dr. Bailey are insiders. Hence, the Board has appointed another independent director effective July 29, 2016, Dr. Ian Walters who will replace Dr. Bailey. The new ACC will then comprise Mr. Mellon, Mr. Mintz and Dr. Walters with Mr. Mintz and Dr. Walters being independent directors as required under the new rules of the Ontario Securities Commission. Jim Mellon is the chairman of the Committee.

Two new Charters were adopted on June 27, 2013 – Charter of the ACC relating to compensation matters and Charter of the ACC relating to Audit matters. These Charters are included in the Exhibits to this report by way of a reference.

The ACC relating to audit matters is charged with overseeing the Company's accounting and financial reporting policies, practices and internal controls. The committee reviews significant financial and accounting issues and the services performed by and the reports of our independent auditors and makes recommendations to our Board of Directors with respect to these and related matters.

Audit Committee charter assists the Board in fulfilling its responsibilities for our accounting and financial reporting practices by:

- reviewing the quarterly and annual consolidated financial statements and management discussion and analyses;
- meeting at least annually with our external auditor;
- reviewing the adequacy of the system of internal controls in consultation with the chief executive and financial officer;
- reviewing any relevant accounting and financial matters including reviewing our public disclosure of information extracted or derived from our financial statements;
- establishing procedures for the receipt, retention and treatment of complaints received by us regarding accounting, internal controls or auditing matters and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters;
- pre-approving all non-audit services and recommending the appointment of external auditors;
- reviewing and approving our hiring policies regarding personnel of our present and former external auditor: and
- reviewing and approving all employee and consultants contracts, bonuses and other compensation matters

ACC Charter relating to compensation matters will monitor incentive and equity based compensation plans for the executives based on their periodic performance evaluation.

## Corporate Governance Committee

The Company does not have a separate corporate governance committee. The management in conjunction with the ACC has developed and updated corporate governance practices and policies, code of ethics and corporate disclosure policy which form part of our internal control over financial reporting manual. The goal is to provide a mechanism that can assist in our operations, including but not limited to, the monitoring of the implementation of policies, strategies and programs and the development, continuing assessment and execution of the Company's strategic plan.

## (D) EMPLOYEES

The Company presently has no employee. It uses the services of consultants from time to time.

## (E) SHARE OWNERSHIP

The Company usually creates a Stock Option Plan.

As at July 27, 2016, the date of this report, the Company had one active Consultants Stock Compensation Plan and one active Stock Option Plan. Details of these Plans and movements therein during the fiscal 2016 are given in Notes 8(c) and 9(b) respectively to the consolidated financial statements for the fiscal 2016. As of the date of this report, there were 1,561,667 common shares registered under the Consultants Stock Compensation Plan and not yet allotted.

On December 19, 2013 and March 17, 2015, the Company registered with US Securities and Exchange Commission, 20,167,579 options under 2013 Option Plan, of which 16,750,000 options were issued to date. As at July 27, 2016, the Company had 16,750,000 outstanding options under the Stock Option Plans. In addition, our subsidiaries also had options plans for acquiring equity in subsidiaries for their directors and management.

The objective of these stock plans is to provide for and encourage ownership of our common shares by our directors, officers, consultants and employees and those of any subsidiary companies so that such persons may increase their stake in our company and benefit from increases in the value of the common shares. The Plans are designed to be competitive with the benefit programs of other companies in the Biotechnology sector. It is the view of management that the plans are a significant incentive for the directors, officers, consultants and employees to continue and to increase their efforts in promoting our operations to the mutual benefit of both our company and such individuals and also allows us to avail of the services of experienced persons with minimum cash outlay.

The following table sets forth the share ownership of our executive officers and directors as at July 25, 2016:

| Name | Common shares beneficially owned | | Options excercisable for equal number of common shares | | |
|---|---|---|---|---|---|
| | number | Percentage * | number | Excrcise price | expiry date |
| Kam Shah | 2,892,131 | 1% | 500,000 | $ 0.20 | Dec. 12, 2018 |
| | | | 500,000 | $ 0.10 | March 17, 2020 |
| | | | 600,000 | $ 0.15 | Dec. 7, 2020 |
| Declan Doogan | 28,311,068 | 11% | 1,000,000 | $ 0.20 | Dec. 12, 2018 |
| | | | 2,500,000 | $ 0.10 | March 17, 2020 |
| | | | 2,600,000 | $ 0.15 | Dec. 7, 2020 |
| Gregory Bailey | 54,422,521 | 21% | 1,000,000 | $ 0.20 | Dec. 12, 2018 |
| | | | 1,000,000 | $ 0.10 | March 17, 2020 |
| | | | 1,750,000 | $ 0.15 | Dec. 7, 2020 |
| Jim Mellon | 43,458,688 | 17% | 400,000 | $ 0.20 | Dec. 12, 2018 |
| | | | 400,000 | $ 0.10 | March 17, 2020 |
| | | | 500,000 | $ 0.15 | Dec. 7, 2020 |
| Steven Mintz | 2,053,625 | 1% | - | | |

* Based on 253,438,894 issued and outstanding common shares at July 25, 2016

All shares and options held by the above persons carry same rights as the other holders of the Common shares of the Company.

## ITEM 7 – MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

## (A) MAJOR SHAREHOLDERS

The Company's securities are recorded on the books of its transfer agent in registered form. The majority of such shares are, however, registered in the name of intermediaries such as brokerage houses and clearing-houses on behalf of their respective clients. The Company does not have knowledge of all the beneficial owners thereof.

As at July 25, 2016, Intermediaries like CDS & Co, Toronto, Canada and Cede & Co of New York, USA held approximately 39% of the issued and outstanding common shares of the company on behalf of several beneficial shareholders whose individual holdings details were not available.

At July 25, 2016, the Company had 253,438,894 shares of common stock outstanding, which, as per the details provided by the Transfer Agents, were held by 146 record holders excluding the beneficial shareholders held through the intermediaries.

The following table sets forth persons known by us to be beneficial owners of more than 5% of our common shares as of July 25, 2016. Beneficial ownership of shares is determined under rules of the SEC and generally includes any shares over which a person exercises sole or shared voting or investment power. Shares subject to options and warrants that are currently exercisable or exercisable within 60 days of the date of this prospectus are deemed to be outstanding and beneficially owned by the person holding the option and warrant. These shares, however, are not deemed outstanding for the purpose of computing the percentage ownership of any other person.

| Name of Beneficial Owner | No. of Shares | Percentage of Shares* |
|---|---|---|
| Declan Doogan | 31,736,063(1) | 12% |
| Greg Bailey | 56,599,604 (2) | 22% |
| James Mellon | 44,271,183 (3) | 17% |

* based on 259,853,467 shares including 6,414,573 shares issuable on exercise of vested options to the three individuals.

(1) Includes 3,424,995 shares issuable upon exercise of vested options
(2) Includes 2,177,083 shares issuable upon exercise of vested options
(3) Includes 812,495 shares issuable upon exercise of vested options.

The Company is a publicly owned BVI corporation, the shares of which are owned by Canadian residents, US residents, and residents of other countries. The Company is not owned or controlled directly or indirectly by another corporation or any foreign government. There are no arrangements, known to the Company, the operation of which may at a subsequent date result in a change of control of the Company.

***Insider Reports under Canadian Securities Legislation***

Since the Company is a reporting issuer under the Securities Acts of each of the province of Ontario in Canada, certain "insiders" of the Company (including its directors, certain executive officers, and persons who directly or indirectly beneficially own, control or direct more than 10% of its common shares) are generally required to file insider reports of changes in their ownership of the Company's common shares five days following the trade under National Instrument 55-104 – *Insider Reporting Requirements and Exemptions*, as adopted by the Canadian Securities Administrators. Insider reports must be filed electronically five days following the date of the trade at www.sedi.ca. The public is able to access these reports at www.sedi.ca.

The U.S. rules governing the ownership threshold above which shareholder ownership must be disclosed are more stringent than those discussed above. Section 13 of the Exchange Act imposes reporting requirements on persons who acquire beneficial ownership (as such term is defined in the Rule 13d-3 under the Exchange Act) of more than 5 per cent of a class of an equity security registered under Section 12 of the Exchange Act. In general, such persons must file, within 10 days after such acquisition, a report of beneficial ownership with the Securities and Exchange Commission containing the information prescribed by the regulations under Section 13 of the Exchange Act. This information is also required to be sent to the issuer of the securities and to each exchange where the securities are traded.

## (B) 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.

## (C) INTERESTS OF EXPERTS AND COUNSEL

Not applicable.

## ITEM 8 – FINANCIAL INFORMATION

### (A) CONSOLIDATED STATEMENTS AND OTHER FINANCIAL INFORMATION

**Financial Statements**

Information regarding our financial statements is contained under Item18 of this Annual Report.

**Legal Proceedings**

The Company has no pending legal claims as of today.

**Dividend Policy**

Since its incorporation, the Company has not declared or paid, and has no present intention to declare or to pay in the foreseeable future, any cash dividends with respect to its Common Shares. Earnings will be retained to finance further growth and development of the business of the Company. However, if the Board of Directors declares dividends; all Common Shares will participate equally in the dividends, and, in the event of liquidation, in the net assets, of the Company.

### (B) SIGNIFICANT CHANGES

Subsequent events have been evaluated through July 25, 2016, the date of this report. There were no significant event having any bearing on the consolidated financials for the fiscal year 2016.

## ITEM 9 - THE OFFER AND LISTING

### (A) OFFER AND LISTING DETAILS

The following tables set forth the reported high and low sale prices for our common shares as quoted on OTC Markets and on Canadian Securities Exchange (CSE) , where the Company's shares got listed and began trading effective October 28, 2013

The following table outlines the annual high and low market prices for the five most recent fiscal years:

| Fiscal year ended March 31, | High | | Low | |
|---|---|---|---|---|
| | OTC | CSE | OTC | CSE |
| | In US$ | | | |
| 2016 | 0.31 | 0.32 | 0.08 | 0.08 |
| 2015 | 0.18 | 0.24 | 0.07 | 0.08 |
| 2014 | 0.42 | 0.22 | 0.06 | 0.13 |
| 2013 | 0.16 | n/a | 0.01 | n/a |
| 2012 | 0.18 | n/a | 0.02 | n/a |

The following table outlines the high and low market prices for each fiscal financial quarter for the two most recent fiscal periods and any subsequent period:

| Fiscal quarter ended | High | | Low | |
|---|---|---|---|---|
| | OTC | CSE | OTC | CSE |
| | In US$ | | | |
| June 30, 2016 | 0.17 | 0.16 | 0.10 | 0.10 |
| March 31, 2016 | 0.14 | 0.14 | 0.08 | 0.08 |
| December 31, 2015 | 0.19 | 0.16 | 0.08 | 0.10 |
| September 30, 2015 | 0.26 | 0.26 | 0.15 | 0.15 |
| June 30, 2015 | 0.31 | 0.32 | 0.08 | 0.08 |
| March 31, 2015 | 0.14 | 0.14 | 0.07 | 0.08 |
| December 31, 2014 | 0.15 | 0.14 | 0.01 | 0.08 |
| September 30, 2014 | 0.18 | 0.24 | 0.08 | 0.09 |

The following table outlines the high and low market prices for each of the most recent six months:

| Month | High | | Low | |
|---|---|---|---|---|
| | OTC | CSE | OTC | CSE |
| | In US$ | | | |
| June 2016 | 0.17 | 0.16 | 0.11 | 0.10 |
| May 2016 | 0.12 | 0.12 | 0.10 | 0.10 |
| April 2016 | 0.12 | 0.14 | 0.10 | 0.10 |
| March 2016 | 0.13 | 0.14 | 0.10 | 0.10 |
| February 2016 | 0.12 | 0.12 | 0.09 | 0.08 |
| January 2016 | 0.14 | 0.11 | 0.08 | 0.08 |

## (B) PLAN OF DISTRIBUTION

Not applicable.

## (C) MARKETS

The Company's common shares currently trade in two places

On OTC Quotation Board under the trading symbol "PTGEF". The shares have been traded on OTCQB since 2000.

Effective October 28, 2013, the Company's shares are also listed for trading in US currency on the Canadian Securities Exchange (formerly, Canadian National Stock Exchange) under the symbol "PBT.U".

## (D) SELLING SHAREHOLDERS

Not applicable.

## (E) DILUTION

Not applicable.

## (F) EXPENSES OF THE ISSUE

Not applicable.

## ITEM 10 – ADDITIONAL INFORMATION

## (A) SHARE CAPITAL

This Form 20F is being filed as an Annual Report under the Exchange Act and, as such, there is no requirement to provide any information under this section.

## (B) MEMORANDUM AND ARTICLES OF ASSOCIATION

**General**

Effective July 5, 2013, The Company moved its jurisdiction from Ontario to British Virgin Islands. our affairs are therefore governed by the provisions of our memorandum of association and articles of association, as adopted on becoming a BVI corporation, and by the provisions of applicable British Virgin Islands law.

Pursuant to our Memorandum and Articles of Association, we are authorized to issue a unlimited number of ordinary shares of no par value of which 180,775,790 shares are issued and outstanding.

The following are summaries of material terms and provisions of our Memorandum and Articles of Association and the BVI Act, insofar as they relate to the material terms of our ordinary shares. Unless otherwise stated, the following summaries are of the terms of our shares as of the date of this annual report. This summary is not intended to be complete, and you should read the form of our Memorandum and Articles of Association, which has been filed as an exhibits to this report.

**Meetings of shareholders**

If our shareholders want us to hold a meeting of shareholders of the company, they may requisition the directors to hold one upon the written request of shareholders entitled to exercise at least 10% of the voting rights in respect of the matter for which the meeting is requested. Under British Virgin Islands law, we may not increase the required percentage to call a meeting above 10%. However, this can be increased up to 30% provided the Memorandum and Articles of Association are amended.

Subject to our Memorandum and Articles of Association, a meeting of shareholders of the company will be called by not less than twenty-one days' written notice. Notice of every meeting of shareholders may be delivered electronically and will be given to all of our shareholders. However, the inadvertent failure of the convener or conveners of a meeting of shareholders to give notice of the meeting to a shareholder, or the fact that a shareholder has not received the notice, does not invalidate the meeting.

A meeting may be called by shorter notice than that mentioned above, but, subject to our articles of association, it will be deemed to have been duly called if shareholders holding at least 90% of the total voting rights on all the matters to be considered at the meeting have waived notice of the meeting and, for this purpose, the presence of a shareholder at the meeting shall constitute a waiver in relation to all the shares which that shareholder holds.

A meeting of shareholders is duly constituted if, at the commencement of the meeting, there are present in person or by proxy two or more shareholders entitled to vote at the meeting. Shareholders.

***Rights attaching to shares***

**Voting rights**

Holders of our ordinary shares have identical rights, including dividend and liquidation rights, provided that, except as otherwise expressly provided in our Amended Memorandum and Articles of Association or required by applicable law, on any matter that is submitted to a vote of our shareholders, holders of our ordinary shares are entitled to one vote per ordinary share.

Under the BVI Act, the ordinary shares are deemed to be issued when the name of the shareholder is entered in our register of members. Our register of members is maintained by our transfer agent, Equity Transfer Services Inc., which enters the names of our shareholders in our register of members. If (a) information that is required to be entered in the register of shareholders is omitted from the register or is inaccurately entered in the register, or (b) there is unreasonable delay in entering information in the register, a shareholder of the company, or any person who is aggrieved by the omission, inaccuracy or delay, may apply to the British Virgin Islands courts for an order that the register be rectified, and the court may either refuse the application or order the rectification of the register, and may direct the company to pay all costs of the application and any damages the applicant may have sustained.

Subject to any rights or restrictions attached to any shares, at any general meeting on a show of hands every shareholder of record who is present in person (or, in the case of a shareholder being a corporation, by its duly authorized representative) or by proxy shall have one vote and on a poll every shareholder present in person (or, in the case of a shareholder being a corporation, by its duly appointed representative) or by proxy shall have one vote for each share which such shareholder is the holder. Voting at any meeting of the shareholders is by show of hands unless a poll is demanded. A poll may be demanded by shareholders present in person or by proxy if the shareholder disputes the outcome of the vote on a proposed resolution and the chairman shall cause a poll to be taken.

No shareholder shall be entitled to vote or be reckoned in a quorum, in respect of any share, unless such shareholder is registered as our shareholder at the applicable record date for that meeting. Shareholders of record may also pass written resolutions without a meeting.

**Protection of minority shareholders**

Under the laws of the British Virgin Islands, there is little statutory law for the protection of minority shareholders other than the provisions of the BVI Act dealing with shareholder remedies. The principal protection under statutory law is that shareholders may bring an action to enforce the BVI Act or the constituent documents of the corporation, our Memorandum and Articles of Association. Shareholders are entitled to have our affairs conducted in accordance with the BVI Act and the Memorandum and Articles of Association.

There are common law rights for the protection of shareholders that may be invoked, largely dependent on English company law, since the common law of the British Virgin Islands is limited. Under the general rule pursuant to English company law known as the rule in Foss v. Harbottle, a court will generally refuse to interfere with the management of a company at the insistence of a minority of its shareholders who express dissatisfaction with the conduct of the company's affairs by the majority or the board of directors. However, every shareholder is entitled to have the affairs of the company conducted properly according to British Virgin Islands law and the constituent documents of the company. As such, if those who control the company have persistently disregarded the requirements of company law or the provisions of the company's Memorandum and Articles of Association, then the courts may grant relief. Generally, the areas in which the courts will intervene are the following: (1) an act complained of which is outside the scope of the authorized business or is illegal or not capable of ratification by the majority; (2) acts that constitute fraud on the minority where the wrongdoers control the company; (3) acts that infringe or are about to infringe on the personal rights of the shareholders, such as the right to vote; and (4) where the company has not complied with provisions requiring approval of a special or extraordinary majority of shareholders, which are more limited than the rights afforded minority shareholders under the laws of many states in the U.S.

**Pre-emption rights**

British Virgin Islands law does not make a distinction between public and private companies and some of the protections and safeguards (such as statutory pre-emption rights, save to the extent that they are expressly provided for in the Memorandum and Articles of Association) that investors may expect to find in relation to a public company are not provided for under British Virgin Islands law. There are no pre-emption rights applicable to the issuance of new shares under either British Virgin Islands law or our Amended Memorandum and Articles of Association.

**Liquidation rights**

As permitted by British Virgin Islands law and our Memorandum and Articles of Association, we may be voluntarily liquidated under Part XII of the BVI Act if we have no liabilities or we are able to pay our debts as they fall due and the value of our assets equals or exceeds our liabilities by resolution of directors and resolution of shareholders.

**Modification of rights**

As permitted by British Virgin Islands law, and our Memorandum and Articles of Association, we may vary the rights attached to our ordinary shares only with the consent in writing of or by a resolution passed at a meeting by the holders of not less than 50% of the issued shares of a particular class of shares

**Transfer of shares**

Subject to any applicable restrictions set forth in our Memorandum and Articles of Association, any of our shareholders may transfer all or any of his or her shares by a written instrument of transfer in the usual or common form or in any other form which our directors may approve.

Our directors can only refuse or delay the registration of a transfer of shares if the transferor has failed to pay an amount due in respect of those shares..

**Changes in authorized ordinary shares**

By resolution of our shareholders or resolution of our directors we may (i) consolidate and divide all or any of our unissued authorized shares into shares of larger amount than our existing shares; (ii) sub-divide our existing ordinary shares, or any of them into shares of smaller amount than is fixed by our memorandum of association, subject nevertheless to the provisions of the BVI Act; (iii) cancel any ordinary shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person; or (iv) create new classes of shares with preferences to be determined by the board of directors at the time of authorization, although any such new classes of shares may only be created with prior shareholder approval.

**Share repurchase**

As permitted by the BVI Act and our Memorandum and Articles of Association, shares may be repurchased, redeemed or otherwise acquired by us.

**Dividends**

Subject to the BVI Act and our Memorandum and Articles of Association, our directors may, by resolution, authorize a distribution to shareholders at such time and of such an amount as they think fit, if they are satisfied, on reasonable grounds, that, immediately after the distribution, we will satisfy the 'solvency test'. A company will satisfy the solvency test if (i) the value of the company's assets exceeds its liabilities; and (ii) the company is able to pay its debts as they fall due. Where a distribution is made to a shareholder at a time when the company did not, immediately after the distribution, satisfy the solvency test, it may be recovered by the company from the shareholder unless (i) the shareholder received the distribution in good faith and without knowledge of the company's failure to satisfy the solvency test; (ii) the shareholder has altered his position in reliance on the validity of the distribution; and (iii) it would be unfair to require repayment in full or at all.

**Untraceable shareholders**

We are entitled to sell any shares of a shareholder who is untraceable, as long as:

- all checks, not being less than three in total number, for any sums payable in cash to the holder of such shares have remained uncashed for a period of 12 years;
- we have not during that time or before the expiry of the three-month period referred to in the following point received any indication of the existence of the shareholder or person entitled to such shares by death, bankruptcy or operation of law; and

- upon expiration of the twelve-year period, we have caused an advertisement to be published in newspapers, giving notice of our intention to sell these shares, and a period of three months or such shorter period has elapsed since the date of such advertisement.

The net proceeds of any such sale shall belong to us, and when we receive these net proceeds we shall become indebted to the former shareholder for an amount equal to such net proceeds.

**Board of directors**

We are managed by a board of directors which currently consists of five directors.

Our shareholders may, pursuant to our Memorandum and Articles of Association, at any time remove any director before the expiration of his or her period of office with or without cause, and may, pursuant to our Memorandum and Articles of Association, elect another person in his or her stead. Subject to our Memorandum and Articles of Association, the directors will have power at any time and from time to time to appoint any person to be a director, either as an addition to the existing directors or to fill a vacancy as long as the total number of directors (exclusive of alternate directors) does not at any time exceed the maximum number fixed by or in accordance with our Amended Memorandum and Articles of Association (if any) and one third time the number of directors to have been elected at the last annual meeting of shareholders.

There are no share ownership qualifications for directors, unless otherwise decided by a resolution of shareholders.

Meetings of our board of directors may be convened at any time deemed necessary by any of our directors.

Unless the quorum has been otherwise fixed by the board, a meeting of our board of directors will be competent to make lawful and binding decisions if at least one half of the directors are present or represented. Unless there are only two directors, in which case, the quorum shall be two. At any meeting of our directors, each director, whether by his or her presence or by his or her alternate, is entitled to one vote.

Questions arising at a meeting of our board of directors are required to be decided by simple majority votes of the directors present or represented at the meeting. In the case of a tie vote, the chairman of the meeting shall not have a second or deciding vote. Our board of directors may also pass written resolutions without a meeting by a majority vote.

The remuneration to be paid to the directors shall be such remuneration as the directors or shareholders shall determine through a resolution. Under our Memorandum and Articles of Association, the independent directors shall also be entitled to reimbursement of out-of-pocket expenses in connection with the performance of their duties as director.

**Issuance of additional ordinary shares**

Our Memorandum and Articles of Association authorize our board of directors to issue additional ordinary shares from time to time as our board of directors shall determine, to the extent of available authorized but unissued shares.

Our Memorandum and Articles of Association authorize our board of directors from time to time to issue ordinary shares to the extent permitted by the BVI Act.

**Changes in authorized shares**

We are authorized to issue unlimited number of ordinary shares without par value, which will be subject to the same provisions with reference to the payment of calls, liens, transfers, transmissions, forfeitures and otherwise as the shares in issue. We may by resolution:

- consolidate and divide all or any of our unissued authorized shares into shares of a larger amount than our existing shares;
- sub-divide our existing ordinary shares, or any of them into shares of smaller amount than is fixed by our memorandum of association, subject nevertheless to the provisions of the BVI Act;
- •cancel any ordinary shares that, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person; or
- create new classes of shares with preferences to be determined by the board of directors at the time of authorization, although any such new classes of shares may only be created with prior shareholder approval.

**Inspection of books and records**

Under British Virgin Islands law holders of our ordinary shares will be entitled, on giving written notice to us, to inspect and make copies or take extracts of our: (a) Memorandum and Articles of Association; (b) register of shareholders; (c) register of directors; and (d) minutes of meetings and resolutions of shareholders and those classes of shareholders of which he is a shareholder.

Subject to our Memorandum and Articles of Association, our board of directors may, if they are satisfied that it would be contrary to our interest to allow a shareholder to inspect any document, or part of a document as referenced above, refuse to permit the shareholder to inspect the document or limit the inspection of the document, including limiting the making of copies or the taking of extracts from the records. Where our directors exercise their powers in these circumstances, they shall notify the shareholder as soon as reasonably practicable.

**Differences in corporate law**

We are incorporated under, and are governed by, the laws of the British Virgin Islands. The flexibility available under British Virgin Islands law has enabled us to adopt the memorandum and articles of association that will provide shareholders with rights that do not vary in any material respect from those they enjoyed under the Ontario Companies laws.

**Conflicts of interest**

Pursuant to the BVI Act and the company's memorandum and articles of association, a director of a company who has an interest in a transaction and who has declared such interest to the other directors, may:

- vote on a matter relating to the transaction;
- attend a meeting of directors at which a matter relating to the transaction arises and be included among the directors present at the meeting for the purposes of a quorum; and
- sign a document on behalf of the company, or do any other thing in his capacity as a director, that relates to the transaction.

**Anti-money laundering laws**

In order to comply with legislation or regulations aimed at the prevention of money laundering we are required to adopt and maintain anti-money laundering procedures, and may require subscribers to

provide evidence to verify their identity. Where permitted, and subject to certain conditions, we may also delegate the maintenance of our anti-money laundering procedures (including the acquisition of due diligence information) to a suitable person.

We reserve the right to request such information as is necessary to verify the identity of a subscriber. In the event of delay or failure on the part of the subscriber in producing any information required for verification purposes, we may refuse to accept the application, in which case any funds received will be returned without interest to the account from which they were originally debited.

If any person resident in the British Virgin Islands knows or suspects that another person is engaged in money laundering or terrorist financing and the information for that knowledge or suspicion came to their attention in the course of their business, the person will be required to report his belief or suspicion to the Financial Investigation Agency of the British Virgin Islands, pursuant to the Proceeds of Criminal Conduct Act 1997 (as amended). Such a report shall not be treated as a breach of confidence or of any restriction upon the disclosure of information imposed by any enactment or otherwise.

**Duties of directors**

British Virgin Islands law provides that every director of the company in exercising his powers or performing his duties shall act honestly and in good faith and in what the director believes to be in the best interests of the company. Additionally, the director shall exercise the care, diligence, and skill that a reasonable director would exercise in the same circumstances taking into account the nature of the company, the nature of the decision and the position of the director and his responsibilities. In addition, British Virgin Islands law provides that a director shall exercise his powers as a director for a proper purpose and shall not act, or agree to the company acting, in a manner that contravenes British Virgin Islands law or the memorandum and articles of association of the company.

**Anti-takeover provisions**

The BVI Act does not prevent companies from adopting a wide range of defensive measures, such as staggered boards, blank check preferred shares, removal of directors only for cause and provisions that *restrict the rights of shareholders to call meetings and submit shareholder proposals.*

**Interested directors**

The BVI Act provides that a director shall, after becoming aware that he is interested in a transaction entered into or to be entered into by the company, disclose that interest to the board of directors of the company. The failure of a director to disclose that interest does not affect the validity of a transaction entered into by the director or the company, so long as the director's interest was disclosed to the board prior to the company's entry into the transaction or was not required to be disclosed (for example where the transaction is between the company and the director himself or is otherwise in the ordinary course of business and on the usual terms and conditions). As permitted by British Virgin Islands law and our Memorandum and Articles of Association, a director interested in a particular transaction may vote on it, attend meetings at which it is considered, and sign documents on our behalf which relate to the transaction.

**Voting rights and quorum requirements**

Under British Virgin Islands law, the voting rights of shareholders are regulated by the company's Memorandum and Articles of Association and, in certain circumstances, the BVI Act. The articles of association will govern matters such as quorum for the transaction of business, rights of shares, and majority votes required to approve any action or resolution at a meeting of the shareholders or board of directors. Unless the articles of association otherwise provide, the requisite majority is usually a simple majority of votes cast. Under the M&A, a resolution of shareholders requires a majority vote of those persons voting at a meeting or in the case of a written resolution of shareholders, the vote of a majority of the shareholders.

**Mergers and similar arrangements**

Under the BVI Act, two or more companies may merge or consolidate in accordance with the statutory provisions. A merger means the merging of two or more constituent companies into one of the constituent companies, and a consolidation means the uniting of two or more constituent companies into a new company. In order to merge or consolidate, the directors of each constituent company must approve a written plan of merger or consolidation which must be authorized by a resolution approved at a duly convened and constituted meeting of the shareholders of the Company by the affirmative vote of a majority of the votes of the shares entitled to vote thereon which were present at the meeting and voted, or a resolution consented to in writing by the same number of the votes of the Shares entitled to vote thereon.

Shareholders not otherwise entitled to vote on the merger or consolidation may still acquire the right to vote if the plan or merger or consolidation contains any provision which, if proposed as an amendment to the memorandum of amended association and articles of association, would entitle them to vote as a class or series on the proposed amendment. In any event, all shareholders must be given a copy of the plan of merger or consolidation irrespective of whether they are entitled to vote at the meeting or consent to the written resolution to approve the plan of merger or consolidation.

**Shareholder suits**

We are not aware of any reported class action or derivative action having been brought against the company in a British Virgin Islands court.

Under the BVI Act, if a company or a director of a company engages in, or proposes to engage in, conduct that contravenes the BVI Act or the memorandum of association or articles of the company, the BVI Court may, on the application of a shareholder or a director of the company, make an order directing the company or director to comply with, or restraining the company or director from engaging in that conduct.

In addition, under the BVI Act, the BVI Court may, on the application of a shareholder of a company, grant leave to that shareholder to bring proceedings in the name and on behalf of that company or to intervene in proceedings to which the company is a party for the purpose of continuing, defending or discontinuing the proceedings on behalf of the company. In determining whether to grant leave for such derivative actions, the Court must take into account certain matters, including whether the shareholder is acting in good faith, whether the derivative action is in the interests of the company taking account of the views of

the company's directors on commercial matters and whether an alternative remedy to the derivative claim is available.

A shareholder of a company may bring an action against the company for breach of a duty owed by the company to him as a shareholder. The BVI Act also includes provisions for actions based on oppression, and for representative actions where the interests of the claimant are substantially the same as those of other shareholders.

**Corporate governance**

British Virgin Islands laws do not restrict transactions with directors, requiring only that directors exercise a duty to act honestly, in good faith and in what the directors believe to be in the best interests to the companies for which they serve.

**Indemnification**

British Virgin Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the British Virgin Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime. Our articles of association provide for the indemnification of our directors against all losses or liabilities incurred or sustained by him or her as a director of our company in defending any proceedings, whether civil or criminal and this indemnity only applies if he or she acted honestly and in good faith with a view to our best interests and, with respect to any criminal action, he or she must have had no reasonable cause to believe his or her conduct was unlawful.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted for directors, officers or persons controlling us under the foregoing provisions, we have been advised that, in the opinion of the U.S. Securities and Exchange Commission, such indemnification is against public policy as expressed in the Securities Act and therefore is unenforceable.

**Staggered board of directors**

The BVI Act does not contain statutory provisions that require staggered board arrangements for a British Virgin Islands company and our articles of association do not provide for a staggered board.

## . (C) MATERIAL CONTRACTS

The Company had no material contract, other than contracts entered into in the ordinary course of business, to which we or any of our subsidiaries is a party, for the year immediately preceding the filing of this report.

## (D) EXCHANGE CONTROLS

There is no income or other tax of the British Virgin Islands imposed by withholding or otherwise on any payment to be made by us.

We are free to acquire, hold and sell foreign currency and securities without restriction. There is no exchange control legislation under British Virgin Islands law and accordingly there are no exchange control regulations imposed under British Virgin Islands law that would prevent us from paying dividends to shareholders in United States Dollars or any other currencies, and all such dividends may be freely transferred out of the British Virgin Islands, clear of any income or other tax of the British Virgin Islands imposed by withholding or otherwise without the necessity of obtaining any consent of any government or authority of the British Virgin Islands.

## (E) TAXATION

### ***British Virgin Islands Tax Consequences***

Under the law of the British Virgin Islands as currently in effect, a holder of shares of the Company who is not a resident of the British Virgin Islands is not liable for British Virgin Islands income tax on dividends paid with respect to the shares of the Company, and all holders of securities of the Company are not liable to the British Virgin Islands for income tax on gains realized on the sale or disposal of such securities. The British Virgin Islands does not impose a withholding tax on dividends paid by a company incorporated or re-registered under the BCA.

There are no capital gains, gift or inheritance taxes levied by the British Virgin Islands on companies incorporated or re-registered under the BCA. In addition, securities of companies incorporated or re-registered under the BCA are not subject to transfer taxes, stamp duties or similar charges.

There is no income tax treaty or convention currently in effect between (i) the United States and the British Virgin Islands or (ii) Canada and the British Virgin Islands, although a Tax Information Exchange Agreement is in force between the United States and the BVI and Canada and the BVI

## ***U.S. Federal Income Tax Consequences***

The following discussion sets forth the material U.S. federal income tax consequences to U.S. Holders (as defined below) of owning, and disposing of our ordinary shares as of the date hereof. This discussion is not a complete analysis or listing of all of the possible tax consequences and does not address all tax considerations that may be relevant to investors in light of their particular circumstances. This summary applies only to U.S. Holders that hold Class A ordinary shares as capital assets for U.S. federal income tax purposes (generally, property held for investment), and it does not describe all of the U.S. federal income tax consequences that may be relevant to U.S. Holders subject to special rules, such as:

- banks and other financial institutions;
- insurance companies;
- regulated investment companies;
- real estate investment trusts;
- dealers and traders in securities that use mark-to-market accounting for U.S. federal income tax purposes;
- U.S. Holders holding Class A ordinary share as part of a hedging transaction, straddle, conversion transaction or other integrated transaction;
- U.S. Holders whose functional currency for U.S. federal income tax purposes is not the U.S. dollar;
- U.S. Holders liable for the alternative minimum tax;
- tax-exempt organizations or entities, including an "individual retirement account" or "Roth IRA" as defined in Section 408 or 408A of the Code, respectively;
- U.S. Holders that received the Class A ordinary share as compensation for the performance of services;
- U.S. Holders holding Class A ordinary share that own or are deemed to own 10% or more of the voting shares of the Company; or
- former citizens and residents of the United States subject to tax as expatriates.

This summary is based on the Internal Revenue Code of 1986, as amended (the "Code"), administrative pronouncements, judicial decisions and final, temporary and proposed Treasury regulations, all as currently in effect and available. These authorities are subject to change, possibly with retroactive effect. U.S. Holders should consult their own tax advisers concerning the U.S. federal, state, local, and foreign tax consequences of owning and disposing of Class A ordinary shares in their particular circumstances.

For purposes of this summary, a "U.S. Holder" is a beneficial owner of ordinary shares who is, for U.S. federal income tax purposes:

- a citizen or individual resident of the United States;
- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust that (1) is subject to the primary supervision of a U.S. court and one or more U.S. persons that have the authority to control all substantial decisions of the trust or (2) has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person.

If a partnership (or other entity treated as a partnership for U.S. federal income tax purposes) holds the ordinary shares, the tax treatment of a partner in such partnership generally will depend upon the status

of the partner and upon the activities of the partnership. Prospective investors who are partners in a partnership should consult their tax advisers as to the particular U.S. federal income tax consequences of owning and disposing of Class A ordinary share in their particular circumstances.

Unless otherwise indicated, this discussion assumes that the Company is not, and will not become, a "passive foreign investment company," or a PFIC, for U.S. federal income tax purposes. Further, this summary does not address the U.S. federal estate and gift, state, local or non-U.S. tax consequences to U.S. Holders of owning, and disposing of Class A ordinary share. Prospective investors should consult their own tax advisors regarding the U.S. federal, state and local, as well as non-U.S. income and other tax consequences of owning and disposing of Class A ordinary share in their particular circumstances.

***Taxation of distributions***

Distributions paid on ordinary shares will be treated as dividends to the extent paid out of our current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Such dividends paid to a U.S. Holder with respect to ordinary shares generally will be taxable as ordinary income at the time of receipt by a U.S. Holder. Distributions in excess of our current and accumulated earnings and profits will be treated first as a non-taxable return of capital, thereby reducing such U.S. Holder's adjusted tax basis in ordinary shares (but not below zero), and thereafter as either long-term or short-term capital gain depending upon whether the U.S. Holder has held ordinary shares for more than one year as of the time such distribution is received. Because we do not maintain calculations of our earnings and profits under U.S. federal income tax principles, it is expected that distributions generally will be reported to U.S. Holders as dividends. Distributions of additional ordinary shares to U.S. Holders that are part of a pro rata distribution to all of our shareholders generally will not be subject to U.S. federal income tax. The amount of any distribution of property other than cash will be the fair market value of such property on the date of distribution. As used below, the term "dividend" means a distribution that constitutes a dividend for U.S. federal income tax purposes.

With respect to non-corporate U.S. Holders, dividends received may be subject to reduced rates of taxation provided that our ordinary shares are readily tradable on a qualifying U.S. securities market and that (i) such U.S. Holder holds such ordinary shares for 61 days or more during the 121-day period beginning on the date which is 60 days before the date on which such shares become ex-dividend with respect to such dividends and (ii) the U.S. Holder is not under an obligation (whether pursuant to a short sale or otherwise) to make related payments with respect to existing or substantially similar or related property. Our ordinary shares currently trade on the OTCQB and are also listed and traded on Canadian Securities Exchange, which may be treated as a qualifying securities market. However, there is no assurance that our ordinary shares will remain "readily tradable" and, additionally, such reduced rate will not apply if we are a PFIC for the taxable year in which we pay a dividend or were a PFIC for the preceding taxable year.

Dividends received on the ordinary shares will be treated as foreign source income and will not be eligible for the dividends-received deduction generally allowed to U.S. corporations under the Code.

***Sale or other taxable disposition of shares***

For U.S. federal income tax purposes, gain or loss realized on the sale or other taxable disposition of ordinary shares will be capital gain or loss, and will be long-term capital gain or loss if a U.S. Holder held ordinary shares for more than one year. Non-corporate U.S. Holders may be eligible for preferential rates of U.S. federal income tax in respect of long-term capital gains. The deductibility of capital losses is subject to limitations under the Code.

The amount of the gain or loss realized will be equal to the difference between a U.S. Holder's adjusted tax basis in the ordinary shares disposed of and the amount realized on the sale or other taxable disposition. A U.S. Holder's initial tax basis in its ordinary shares will be the amount paid for ordinary shares. Such gain or loss generally will be U.S.-source gain or loss for U.S. foreign tax credit purposes.

***Passive foreign investment company considerations***

Special U.S. federal income tax rules apply to U.S. persons owning shares of a PFIC. A non-U.S. corporation will be classified as a PFIC in any taxable year in which, either:

- at least 75% of its gross income is "passive income"; or
- at least 50% of the average quarterly value of its total gross assets (which may be determined, in part, by the market value of our ordinary shares, which is subject to change) is attributable to assets that produce "passive income" or are held for the production of passive income.

Passive income for this purpose generally includes, among other things, dividends, interest, royalties, rents and gains from commodities (other than gains that arise out of commodity hedging transactions, or that are foreign currency gains attributable to any section 988 transactions, or gains from commodities sold in an active trade or business) and securities transactions. If a non-United States corporation owns at least 25% by value of the stock of another corporation, the non-United States corporation is treated for

purposes of the PFIC tests as owning its proportionate share of the assets of the other corporation and as receiving directly its proportionate share of the other corporation's income.

Based on our financial statements, relevant market data and the projected composition of our income and the valuation of our assets, we do not expect to be a PFIC for the taxable year ending March 31, 2016. Because PFIC status is based on our income, assets and activities for the entire taxable year, it is not possible to determine whether we will be characterized as a PFIC for the 2016 taxable year until after the close of the year. Moreover, we must determine our PFIC status annually based on tests which are factual in nature, and our status in future years will depend on our income, assets and activities in those years. In addition, because the market price of our ordinary shares is likely to fluctuate and because that market price may affect the determination of whether we will be considered a PFIC, there can be no assurance that we will not be considered a PFIC for any taxable year.

If, however, we were a PFIC for any taxable year during which a U.S. Holder held ordinary shares, gain recognized by a U.S. Holder upon a disposition (including, under certain circumstances, a pledge) of ordinary shares would be allocated ratably over the U.S. Holder's holding period for such shares. The amounts allocated to the taxable year of disposition and to years before we became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for that taxable year for individuals or corporations, as appropriate, and an interest charge would be imposed on the tax attributable to the allocated amount. Further, to the extent that any distribution received by a U.S. Holder on ordinary shares exceeds 125% of the average of the annual distributions on such shares received during the preceding three years or the U.S. Holder's holding period, whichever is shorter, that distribution would be subject to taxation in the same manner as gain, described immediately above. Certain elections may be available that would result in alternative treatments (such as mark-to-market treatment) of ordinary shares. We do not intend to provide information necessary for U.S. Holders to make qualified electing fund elections if, contrary to our expectation, we are classified as a PFIC. U.S. Holders should consult their tax advisers to determine whether any of these elections would be available and if so, what the consequences of the alternative treatments would be in their particular circumstances.

If we are determined to be a PFIC, the general tax treatment for U.S. Holders described in this paragraph would apply to indirect distributions and gains deemed to be realized by U.S. Holders in respect of any of our subsidiaries that also may be determined to be PFICs.

If a U.S. Holder owns ordinary shares during any year in which the Company is a PFIC, the U.S. Holder generally will be required to file an IRS Form 8621 with respect to the Company, generally, with the U.S.

Holder's federal income tax return for that year. If the Company were classified as a PFIC for a given taxable year, then holders should consult their tax advisers concerning their annual filing requirements.

U.S. Holders should consult their tax advisers regarding whether we are a PFIC and the potential application of the PFIC rules.

***Medicare tax***

Certain U.S. Holders that are individuals, estates or trusts are subject to a 3.8% tax on all or a portion of their "net investment income," which may include all or a portion of their dividend income and net gains from the disposition of ordinary shares. Each U.S. Holder that is an individual, estate or trust is urged to consult its tax advisors regarding the applicability of the Medicare tax to its income and gains in respect of its investment in the ordinary shares.

***Information reporting and backup withholding***

Payments of dividends and proceeds from the sale or other taxable disposition that are made within the United States or through certain U.S.-related financial intermediaries generally are subject to information reporting, and may be subject to backup withholding, unless (1) the U.S. Holder is a corporation or other exempt recipient or (2) in the case of backup withholding, the U.S. Holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding.

The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against a U.S. Holder's U.S. federal income tax liability and may entitle such holder to a refund, provided that the required information is timely furnished to the United States Internal Revenue Service.

***Foreign asset reporting***

Certain U.S. Holders who are individuals are required to report information relating to an interest in ordinary shares, subject to certain exceptions (including an exception for ordinary shares held in accounts maintained by U.S. financial institutions). U.S. Holders are urged to consult their tax advisors regarding their information reporting obligations, if any, with respect to their ownership and disposition of ordinary shares.

## (F) DIVIDEND AND PAYING AGENTS

Not applicable.

## (G) STATEMENT BY EXPERTS

Not applicable.

## (H) DOCUMENTS ON DISPLAY

We are currently subject to the informational requirements of the Exchange Act applicable to foreign private issuers. We fulfill these requirements by filing annual, quarterly and current reports and other information with the SEC, which you can access using the means described above. As a foreign private issuer, we are exempt from the rules under the Exchange Act relating to the furnishing and content of proxy statements, and our officers, directors and principal shareholders will be exempt from the reporting and short swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we are not required under the Exchange Act to file periodic reports and financial statements with the Securities and Exchange Commission as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act. However, we are required to file with the Securities and Exchange Commission, within four months after the end of our fiscal year ended March 31, 2014 and each subsequent fiscal year, an annual report on Form 20-F containing financial statements which will be examined and reported on, with an opinion expressed, by an independent public accounting firm. We also intend to file with the Securities and Exchange Commission reports on Form 6-K containing unaudited

financial information for the first three quarters of each fiscal year, within 90 days after the end of each quarter.

You may read and copy any document we file with the SEC without charge at the SEC's public reference room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. You may also obtain copies of the documents at prescribed rates by writing to the Public Reference Section of the SEC at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1 800 SEC 0330 for further information on the public reference room. The SEC also maintains an Internet site that contains reports and other information regarding issuers that file electronically with the SEC. Our filings with the SEC are also available to the public through this web site at http://www.sec.gov.

## (I) SUBSIDIARY INFORMATION

The documents concerning the Company's subsidiaries referred to in this Annual Report may be inspected at the Company's office at 47 Avenue Road, Suite 200, Toronto, Ontario, Canada, M5R 2G3.

## ITEM 11 – QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed in varying degrees to a number of risks arising from financial instruments. Management's close involvement in the operations allows for the identification of risks and variances from expectations. The Company does not participate in the use of financial instruments to mitigate these risks and has no designated hedging transactions. The Board approves and monitors the risk management processes. The Board's main objectives for managing risks are to ensure liquidity, the fulfilment of obligations, the continuation of the Company's search for new business participation opportunities, and limited exposure to credit and market risks while ensuring greater returns on the surplus funds on hand. There were no changes to the objectives or the process from the prior year.

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, 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 a major international financial institution in Canada and a major law firm in the USA and therefore the risk of loss is minimal.
b. Other receivable – The Company is not exposed to major credit risk attributable to customers. A significant portion of this amount is prepaid to BPI under a master service agreement.

**c) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation. The Company holds sufficient cash to satisfy obligations under accounts payable and accruals.

The Company has not yet determined whether costs incurred and to be incurred are economically recoverable. The Company's continuing operations are dependent upon any one of:

1. the existence of economically recoverable medical or industrial solutions;

2. the ability of the Company to obtain the necessary financing to complete the research; or

3. future profitable production from, or proceeds from the disposition of intellectual property.

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.

## ITEM 12 – DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Not applicable.

# PART II

## ITEM 13 – DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

## ITEM 14 – MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

None

## ITEM 15 - CONTROLS AND PROCEDURES

**Disclosure Controls and Procedures**

The Company's disclosure controls and procedures, as such term is defined in Rules 13(a)-13(e) and 15(d)-15(e) of the Exchange Act are designed to provide reasonable assurance that all relevant information is communicated to senior management, including the Chief Executive Officer ("CEO") and

the Chief Financial Officer ("CFO"), to allow timely decisions regarding required disclosure. We carried out an evaluation, under the supervision and with the participation of our management, including our CEO and CFO. Based on this evaluation these officers concluded that as of the end of the period covered by this Annual Report on Form 20-F, our disclosure controls and procedures were not effective to ensure that the information required to be disclosed by our company in reports it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission. These disclosure controls and procedures include controls and procedures designed to ensure that such information is accumulated and

communicated to the Company's management, including our company's principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure. The conclusion that the disclosure controls and procedures were not effective was due to the presence of a material weakness in internal control over financial reporting as identified below under the heading "Internal Controls over Financial Reporting Procedures". Management anticipates that such disclosure controls and procedures will not be effective until the material weakness is remediated.

**Management's Annual Report on Internal Control over Financial Reporting**

The management of the Company, including the CEO and CFO, is responsible for establishing and maintaining adequate internal controls over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). The Company's internal control system was designed to provide reasonable assurance to the Company's management and the board of directors regarding the reliability of financial reporting and preparation and fair presentation of published financial statements for external purposes in accordance with IFRS. Internal control over financial reporting includes those policies and procedures that:

1. pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company;

2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and

3. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of our management, including our CEO, CFO and Chairman, we conducted an evaluation of the design and operation of internal control over financial reporting as of March 31, 2016, based on the framework set forth in Internal Control – Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The CEO 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 CEO and CFO 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.

However, we have no accounting support staff to ensure segregation of duties and CFO handles all accounting, banking and treasury functions under direct supervision from the chairman and CEO. Based on this evaluation, management concluded that the Company's ICFR was not effective as at March 31, 2016 due to the following material weakness:

Due to the limited number of staff with an appropriate level of technical accounting knowledge, experience and training and the inability to attract outside expert advice on a cost effective basis, there is a risk of material misstatements related to the accounting and reporting for complex transactions. This control deficiency creates a reasonable possibility that a material misstatement of the annual financial statements would not have been prevented or detected in a timely manner.

***Attestation Report of the Registered Public Accounting Firm***

This Annual Report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report is not subject to attestation by the Company's registered public accounting firm pursuant to rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this Annual Report.

***Changes in Internal Control over Financial Reporting and Planned Remediation Activities***

There have been no changes in the Company's internal controls identified in connection with the evaluation described in the preceding paragraph that occurred during the period covered by this Annual Report on Form 20-F which have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

No remediation activities have been undertaken to date in fiscal 2017. Due to resource constraints and the present stage of the Company’s development the Company does not have sufficient size and scale to warrant the hiring of additional staff to correct this material weakness at this time.

## ITEM 16(A) AUDIT COMMITTEE FINANCIAL EXPERTS

the Board of Directors has determined that Mr. Steven Mintz, who is an independent director, is an audit committee financial expert as such term is defined in Rule 10A-3(b)(1) under the Exchange Act.

## ITEM 16 (B) CODES OF ETHICS

We have adopted a Code of Ethics, which applies to all employees, consultants, officers and directors. A copy of our current code of ethics was included in the exhibits to the fiscal 2014 annual report.

A copy of our Code of Ethics can be obtained by writing to our corporate office at 47 Avenue Road, Suite 200, Toronto, ON M5R 2G3 attention: Chief Financial Officer.

During the most recently completed fiscal year, the Company has neither: (a) amended its Code of Ethics; nor (b) granted any waiver (including any implicit waiver) form any provision of its Code of Ethics.

## ITEM 16 (C) PRINCIPAL ACCOUNTANT’S FEES AND SERVICES

The following outlines the expenditures for accounting fees for the last two fiscal periods ended:

| March 31, | 2016 | 2015 |
|---|---|---|
| Audit fee | $40,000 | 45,000 |
| Other services | 1,387 | 10,000 |

Under our existing policies, the audit committee must approve all audit and non-audit related services provided by the auditors.

## ITEM 16 (D) - EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

## ITEM 16 (E) - PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

We did not, nor did any affiliated purchaser, purchase any of our equity securities during the fiscal year 2016.

## ITEM 16 (F) – CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

Not applicable.

## ITEM 16 (G) – CORPORATE GOVERNANCE

Our securities are listed on the OTC QB and on Canadian Securities Exchange. There are no significant ways in which our corporate governance practices differ from those followed by domestic companies under the listing standards of that exchange except for proxy delivery requirements. As a foreign private issuer, the Company is exempt from the proxy rules set forth in Sections 14(a), 14(b), 14(c) and 14(f) of the Act. The Company solicits proxies in accordance with applicable rules and regulations in British Virgin Islands and requirements of Ontario Securities Commission and applicable CSE rules.

## PART III

## ITEM 17 - FINANCIAL STATEMENTS

Refer to Item 18 - Financial Statements

## ITEM 18 - FINANCIAL STATEMENTS

See the Financial Statements and Exhibits listed in Item 19 hereof and filed as part of this Annual Report.

## ITEM 19 - EXHIBITS

### (a) Financial Statements



### (b) Exhibits

The following documents are filed as part of this Annual Report on Form 20-F

1.1 Certificate of Continuance - **Incorporated herein by reference** to Exhibit 3.1 to Form 6-K filed on August 1, 2013.

1.2 Memorandum and Articles of Association - **Incorporated herein by reference** to Exhibit 99.2 to Form 6-K filed on August 1, 2013.

| | |
|---|---|
| 4(c) (iv).1 | 2011 Consultant stock compensation plan - **Incorporated herein by reference** to Form S-8 filed on April 21, 2011. |
| 4(c) (iv).2 | 2013 Stock option plan - **Incorporated herein by reference** to Form S-8 filed on December 19, 2013. |
| 4© (iv).3 | 2013 option plan - **Incorporated herein by reference** to Form S-8 filed on March 17, 2015. |
| 11.1 | Charter of audit and compensation committee regarding compensation matters - **Incorporated herein by reference** to Form F-20 filed on July 17, 2014. |
| 11.2 | Charter of audit and compensation committee regarding audit matters - **Incorporated herein by reference** to Form F-20 filed on July 17, 2014. |
| 11.3 | Code of conduct - **Incorporated herein by reference** to Form F-20 filed on July 17, 2014. |
| 12.1 | Certifications of Chief Executive Officer Pursuant to Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as amended. |
| 12.2 | Certifications of Chief Financial Officer Pursuant to Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as amended. |
| 13.1 | Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 13.2 | Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |

## SIGNATURES

The Company hereby certifies that it meets all of the requirements for filing on Form 20-F and it has duly caused and authorized the undersigned to sign this Annual Report on its behalf.

DATED at Toronto, Ontario, Canada, this 27h day of July, 2016

## PORTAGE BIOTECH INC.

Per: /s/ Declan Doogan
Title: Chief Executive Officer

Per: /s/ Kam Shah
Title: Chief Financial Officer