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Dear Portage Shareholder,

I am writing to update you on Portage Biotech and the developments in its business over the last quarter.

Currently, our focus is on raising additional capital directly into our portfolio companies. This is for two reasons: firstly, that we would like to avoid any dilution of the company's stake in Biohaven and second, is that third-party financings will provide firm valuations for our assets and make it easier to validate a higher share price for Portage Biotech and allow us to market the company to institutional investors. Given the structure of our company, most activity has been concentrated on our three existing portfolio companies, so I will review each in turn before offering closing remarks.

Biohaven Pharmaceuticals:

Over the past year, Biohaven's management has performed exceptionally well, advancing its two lead molecules through human trials. BHV-0223, its lead compound, has successfully completed a Phase I trial and is expected to begin a bioequivalence trial in the near term. Meanwhile, Biohaven has begun Phase I testing of BHV-4157. BHV-0223 is a novel, sublingual formulation of riluzole that is being developed for the treatment of ALS. Biohaven is scheduled to begin a bioequivalence study of BHV-0223 that will allow it to begin marketing the molecule as a treatment for ALS (amyotrophic lateral sclerosis) the later part of next year. BHV-4157 is a new chemical entity prodrug that is being investigated for the treatment of Spinocerebellar Ataxia (SCA); Biohaven has received an Orphan Drug Designation for BHV-4157 and expects to begin clinical trials soon; possibly before the end of 2016. We are very excited about BHV-4157 as it has the potential to be a pipeline within a single drug and could have therapeutic application across multiple disease indications.

The launch of Biohaven's pivotal trials is contingent on the successful raising of additional financing. Biohaven management have spent the summer visiting with major institutional investors. While we cannot comment on the specifics of an ongoing financing, we can report that Biohaven's story was warmly received by a variety of institutional investors.

The addressable market potential for any orphan drug indication is often difficult to assess, as it depends on the drug's final indication, efficacy and pricing. Looking only at the orphan indications of ALS and SCA, the peak annual revenue of BHV-0223 and BHV-4157 combined would be expected to be over multiple hundreds of millions in revenues each year. The numbers are very different in magnitude if BHV-4157 had a successful Phase III trial in even one of the larger indications.

Biohaven's strategy is to begin the development of their glutamate platform by focusing on rare, orphan illnesses where the unmet medical need is the highest and the scientific rationale is the greatest, and then to expand to larger therapeutic areas. Obtaining drug approval in orphan indications can have cost and timeline advantages compared to standard drug development pathways. We believe that Biohaven will likely have significant market opportunities across several CNS diseases in the coming years.

PPL:

Portage Biotech was founded in order to finance PPL, which then held a license to use a cell penetrating peptide technology developed at Imperial College London for non-oncology applications. While working on their first product, PPL management developed an improved, fully human cell penetrating peptide platform called CellPorter®. This summer, PPL nominated its first lead candidate from the CellPorter® platform, a potent anti-inflammatory peptide that it plans to develop for ophthalmological diseases, including Dry Eye Disease.

Because the final preclinical and clinical development of PPL-003 will be substantially more capital intensive than prior work with the platform, Portage management believe that the CellPorter® platform should be insulated from the dilution required to further develop PPL-003. Since Portage is operating under the imperative of reducing further dilution in Biohaven, Portage Management believe that PPL should spin out its lead asset with the aim of independently financing PPL-003 and building a company in ophthalmology. PPL management are currently preparing a business plan to execute this spinout and set the course for the platform company.

Sentien Biotechnologies:

Last year, we invested in Sentien Biotechnologies, a Boston-based firm developing an extracorporeal stem cell therapy for acute kidney injury. Sentien is preparing to file its IND and is currently raising capital to support its first-in-man trial. Portage investors who wish to participate in the financing are encouraged to contact management.

In short, our portfolio companies have been efficiently following the quickest path to the value inflection points that matter most to biotech investors: clinical trial results. Our only portfolio company entering Phase III this year is Biohaven; third party financing of Biohaven will be transformative for Biohaven's and for Portage Biotech. In aiding our portfolio companies, we have spoken with several institutions about Portage Biotech itself. These institutions have given consistent feedback that they see the value that we have built at Portage, but one of three factors has prevented them from providing coverage or investment:

- Portage is listed on a small and thinly traded exchange.
- It is difficult to assess Portage's value without third party investments into our portfolio companies.
- Portage's companies are relatively early stage, and some are far from the clinic.

Over the summer, our Portfolio companies have made substantial steps towards raising third party capital and advancing their assets closer to clinical proof of concept. As our portfolio companies progress, Portage should move to a larger and more recognizable stock exchange to realize its true value, as this will greatly benefit our visibility and attract serious biotech investors including institutional investors. Our Board is waiting for the right opportunity to relist in such a way that has the maximum benefit for our existing shareholders.

We are excited about the progress to date and believe that the remainder of 2016 should be very interesting: our portfolio companies have made great progress, and we believe that we will have significant news to announce later in the year.

Best regards,
Greg Bailey, MD