PORTAGE BIOTECH INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2020 AND 2019

(US Dollars in thousands)

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of Portage Biotech, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Portage Biotech, Inc. (the "Company") as of March 31, 2020 and 2019, the related consolidated statements of operations, comprehensive income, equity and cash flows for each of the two years in the period ended March 31, 2020 , and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2020 and 2019, and the results of its operations and its cash flows for each of the two years in the period ended March 31, 2020, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provides a reasonable basis for our opinion.

/S/ Marcum LLP

We have served as the Company’s auditor since 2019.

New York, NY
August 17, 2020

Schwartz Levitsky Feldman llp
CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS
TORONTO • MONTREAL

SLF

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Directors of Portage Biotech Inc.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Portage Biotech Inc. (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2018 and March 31, 2017, the consolidated statements of operations and other comprehensive income (loss), changes in shareholders' equity and cash flows for the years ended March 31, 2018, 2017 and 2016, and the related notes, comprising a summary of significant accounting policies and other explanatory information (collectively referred to as the consolidated financial statements).

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at March 31, 2018 and March 31, 2017, and its consolidated financial performance and its consolidated cash flows for the years ended March 31, 2018, 2017 and 2016 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

Management's Responsibility for the Consolidated Financial Statements

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

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Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement, whether due to error or fraud. Those standards also require that we comply with ethical requirements, including independence. We are required to be independent with respect to the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. We are a public accounting firm registered with the PCAOB.

An audit includes performing procedures to assess the risks of material misstatements of the consolidated financial statements, whether due to error or fraud, and performing procedures to respond to those risks. Such procedures included obtaining and examining, on a test basis, audit evidence regarding the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances.

An audit also includes evaluating the appropriateness of accounting policies and principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

We have served as the Company's auditor since 2006.

Schwartz Levitsky Feldman llp

Toronto, Ontario
July 26, 2018

Chartered Accountants
Licensed Public Accountants

PORTAGE BIOTECH INC.
Consolidated Statements of Financial Position
(US Dollars in thousands)

	Notes	March 31, 2020	March 31, 2019
Assets			
Current assets			
Cash and cash equivalents	3	$ 3,152	$ 6,166
Prepaid expenses and other receivables	4	574	282
Investment in marketable equity securities	5	68	103
		3,794	6,551
Long-term assets			
Long-term portion of other receivable	4	34	45
Investment in associates	6	1,225	1,207
Investments in private companies	8	7,409	5,200
Goodwill	10	43,324	43,324
In-process research and development	10	117,388	117,388
Total assets		**$ 173,174**	**$ 173,715**
Liabilities and Equity			
Current liabilities			
Accounts payable and accrued liabilities	11	$ 1,268	$ 1,107
Unsecured notes payable	12	300	663
Warrant liabilities	12	-	24
Advance from related party	18	1,000	-
		2,568	1,794
Non-current liabilities			
Unsecured notes payable	12	3,361	3,000
Deferred tax	9&15	21,604	20,364
		24,965	23,364
Total liabilities		27,533	25,158
Equity			
Capital stock	13	117,817	116,237
Stock option reserve	14	58	324
Accumulated other comprehensive income		958	82
Accumulated deficit		(22,302)	(16,969)
Total equity attributed to owners of the Company		**96,531**	**99,674**
Non-controlling interest	**21**	**49,110**	**48,883**
Total equity		**145,641**	**148,557**
Total liabilities and equity		**$ 173,174**	**$ 173,715**

Commitments and Contingencies (Note 17)

On behalf of the Board "Allan Shaw" Director (signed) "Ian Walters" Director (signed)

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

PORTAGE BIOTECH INC.
Consolidated Statements of Operations and Comprehensive Income (Loss)
(US Dollars in thousands, except per share amounts)

		Years Ended March 31,		
	Notes	**2020**	**2019**	**2018**
Expenses				
Research and development		$ 4,108	$ 1,907	$ 788
General and administrative expenses		1,870	857	1,447
Loss from operations		(5,978)	(2,764)	(2,235)
Realized gain on investment in Biohaven Pharmaceuticals Holding Company Ltd. (Biohaven)	5	-	-	126,000
Share of gains (losses) of associates accounted for using equity method	6	18	(162)	-
Foreign exchange transaction gain (loss)		1,431	(691)	-
Loss on extinguishment of debt		(33)	-	-
Change in fair value of warrants		24	-	-
Interest income		11	111	
Interest expense		(557)	(88)	(24)
Loss before provision for income taxes		(5,084)	(3,594)	123,741
Income tax expense		2,165	-	-
Net (loss) income		(7,249)	(3,594)	123,741
Other comprehensive income				
Realized gains transferred to retained earnings upon disposal of investment	5	-	-	(24,515)
Net unrealized gain on investments	5&8	876	50	-
Total comprehensive (loss) income for year		$ (6,373)	$ (3,544)	$ 99,226
Net (loss) income attributable to:				
Owners of the Company		$ (5,333)	$ (2,635)	$ 123,741
Non-controlling interest	21	(1,916)	(959)	-
		$ (7,249)	$ (3,594)	$ 123,741
Comprehensive (loss) income attributable to:				
Owners of the Company		$ (4,457)	$ (2,585)	$ 99,226
Non-controlling interest	21	(1,916)	(959)	-
		$ (6,373)	$ (3,544)	$ 99,226
Basic and diluted (loss) income per share	16			
Basic		$ (0.49)	$ (0.55)	$ 46.21
Diluted		$ (0.49)	$ (0.55)	$ 45.89
Weighted average shares outstanding	16			
Basic		10,951,531	4,819,874	2,677,961
Diluted		10,951,531	4,819,874	2,696,423

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

PORTAGE BIOTECH INC.
Consolidated Statements of Changes in Equity
(US Dollars in thousands)

	Number of Shares	Capital Stock	Stock Option Reserve	Accumulated Other Comprehensive Income	Retained Earnings (Accumulated Deficit)	Equity Attributable to Owners of Company	Non-Controlling Interest	Total Equity
Balance, April 1, 2017	**2,606,889**	**$ 18,360**	**$ 1,706**	**$ 24,547**	**$ 14,981**	**$ 59,594**	**$ -**	**$ 59,594**
Share-based compensation	-	-	193	-	-	193	-	**193**
Options exercised	184,710	4,358	(1,632)	-	-	2,726	-	**2,726**
Value of shares issued as compensation	15,600	936	-	-	-	936	-	**936**
Realized gain transferred to income on disposition of Biohaven shares by sale and stock dividend	-	-	-	(24,515)	-	(24,515)	-	**(24,515)**
Stock dividend of Biohaven shares	-	-	-	-	(153,056)	(153,056)	-	**(153,056)**
Net income for year	-	-	-	-	123,741	123,741	-	**123,741**
Balance, March 31, 2018	**2,807,199**	**$ 23,654**	**$ 267**	**$ 32**	**$ (14,334)**	**$ 9,619**	**$ -**	**$ 9,619**
Unrealized gain on investment in Biohaven	-	-	-	50	-	50	-	**50**
Shares issued on acquisition of SalvaRx Ltd.	8,050,701	92,583	-	-	-	92,583	-	**92,583**
Fair value of a subsidiary attributable to non-controlling interest on acquisition	-	-	-	-	-	-	48,731	**48,731**
Share-based compensation	-	-	57	-	-	57	1,111	**1,168**
Net loss for year	-	-	-	-	(2,635)	(2,635)	(959)	**(3,594)**
Balance, March 31, 2019	**10,857,900**	**116,237**	**324**	**82**	**(16,969)**	**99,674**	**48,883**	**148,557**
Net unrealized gain on investments	-	-	-	876	-	876	-	**876**
Shares issued on acquisition of Intensity Holdings Limited	129,806	1,298	-	-	-	1,298	-	**1,298**
Expiration of unexercised stock options	-	282	(282)	-	-	-	-	**-**
Share-based compensation	-	-	16	-	-	16	2,143	**2,159**
Net loss for year	-	-	-	-	(5,331)	(5,331)	(1,916)	**(7,249)**
Balance, March 31, 2020	**10,987,706**	**$117,817**	**$ 58**	**$ 958**	**$ (22,302)**	**$ 96,531**	**$ 49,110**	**$ 145,641**

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

PORTAGE BIOTECH INC.
Consolidated Statements of Cash Flows
(US Dollars in thousands)

	Years Ended March 31,		
	2020	**2019**	**2018**
Cash flows from operating activities			

Net loss (income) for year	$ (7,249)	$ (3,594)	$ 123,741
Adjustments for non-cash items			
Share-based compensation expensed as consulting fee	2,143	1,148	1,129
Share-based compensation expensed as research and development	16	20	-
Realized gain on investment, available for sale	-	-	(126,000)
Change in fair value of warrant liability classified within interest	-	-	7
Amortization of debt discount	265	-	-
Loss on extinguishment of unsecured notes	33	-	-
Foreign exchange transaction loss	1,234	691	-
Share of losses of associates accounted for using equity method	(18)	162	-
Change in fair value of warrants	(24)	-	-
Net change in working capital components			
Prepaid expenses and other receivables	(281)	352	32
Accounts payable and accrued liabilities	167	363	18
	(3,714)	(858)	(1,073)
Cash flows from investing activities			
Cash from SalvaRx acqusitioin (note 10)	-	1,192	-
Proceeds from sale of investment, available for sale	-	-	7,289
Investment in associate	-	(688)	(681)
Purchase of notes receivable issued by SalvaRx Ltd. prior to the acquisition by Portage	-	(950)	(950)
	-	(446)	5,658
Cash flows from financing activities			
Proceeds from advance from related party	1,000	-	-
Proceeds from exercise of stock options	-	-	2,726
Proceeds from issuance/(repayment) of notes payable	(300)	(50)	50
	700	(50)	2,776
(Decrease/Increase) in cash and cash equivalents during year	(3,014)	(1,354)	7,361
Cash and cash equivalents, beginning of year	6,166	7,520	159
Cash and cash equivalents, end of year	**$ 3,152**	**$ 6,166**	**$ 7,520**
Supplemental disclosure of noncash investing and financing activities:			
Fair value of shares issued to acquire SalvaRx Ltd.	$ -	$ 92,583	$ -
Fair value of shares issued to acquire Intensity Holdings Limited	$ 1,298	$ -	$ -
Effective settlement of convertible notes issued by SalvaRx Ltd. upon acquisition by Portage	$ -	$ 1,963	$ -
Unrealized gain on investments in Intensity and Biohaven	$ 876	$ 50	$ -

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

1. NATURE OF OPERATIONS

Portage Biotech Inc. (the "Company") is incorporated in the British Virgin Islands ("BVI") with its registered office located at FH Chambers, P.O. Box 4649, Road Town, Tortola, BVI. Its Toronto agent, Portage Services Ltd., is located at 6 Adelaide Street East, Suite 300, Toronto, Ontario, M5C 1H6, Canada.

The Company is a reporting issuer with the Ontario Securities Commission on the Canadian Stock Exchange under the symbol PBT-U and US Securities and Exchange Commission on the OTC market under the symbol PTGEF.

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

On August 13, 2018, the Company reached a definitive agreement to acquire 100% of SalvaRx Limited ("SalvaRx") in exchange for 8,050,701 ordinary shares of the Company (the "SalvaRx Acquisition"). The SalvaRx Acquisition was completed on January 8, 2019 (the "Acquisition Date") upon receiving shareholder and regulatory approval. In connection with the SalvaRx Acquisition, the Company acquired interests in SalvaRx's five research and development invested entities and subsidiaries: iOx Therapeutics Ltd ("iOx"), Nekonal Oncology Limited ("Nekonal"), Intensity Therapeutics Inc. ("Intensity"), Saugatuck Therapeutics Ltd. ("Saugatuck") and Rift Biotherapeutics Inc ("Rift"). In connection with the SalvaRx Acquisition, the Company also acquired an option in Nekonal SARL, a Luxembourg-based company holding intellectual property rights for therapeutics and diagnostics in the field of autoimmune disorders and oncology, to participate in the funding of its autoimmune programs. See Note 9.

On June 5, 2020, the Company effected a reverse stock split. All share and per share information included in the consolidated financial statements have been retroactively adjusted to reflect the impact of the reverse stock split. The shares of ordinary shares authorized remained at an unlimited number of ordinary shares without par value.

Liquidity and Capital Resources:

The Company has incurred substantial operating losses since inception and expects to continue to incur significant operating losses for the foreseeable future and may never become profitable. The losses are mostly from its conduct of research and development activities. As of March 31, 2020, the Company had cash of approximately \$3.2 million, working capital of approximately \$0.7 million and an accumulated deficit of approximately \$21.0 million.

On June 16, 2020, the Company issued 698,145 ordinary shares for gross proceeds of \$6.8 million.

The Company historically has funded its operations principally from proceeds from issuances of equity and debt securities. The Company will require significant additional capital to make the investments it needs to execute its longer-term business plan. The Company's ability to successfully raise sufficient funds through the sale of debt or equity securities when needed is subject to many risks and uncertainties and, even if it were successful, future equity issuances would result in dilution to its existing stockholders and any future debt securities may contain covenants that limit the Company's operations or ability to enter into certain transactions.

1. **NATURE OF OPERATIONS (cont'd)**

The Company's current cash along with the $6.7 million net cash proceeds raised from the equity financing during June 2020 will be sufficient to fund operations for at least the next 12 months through August 2021. However, the Company will need to raise additional funding through strategic relationships, public or private equity or debt financings, grants or other arrangements to develop and seek regulatory approvals for the Company's existing and new product candidates. If such funding is not available or not available on terms acceptable to the Company, the Company's current development plan and plans for expansion of its general and administrative infrastructure may be modified or even curtailed.

Beginning in early March 2020, the COVID-19 pandemic and the measures imposed to contain this pandemic have disrupted and are expected to continue to impact the Company's business. The magnitude of the impact of the COVID-19 pandemic on the Company's productivity, results of operations and financial position, and its disruption to the Company's business and clinical programs and timelines, will depend, in part, on the length and severity of these restrictions and on the Company's ability to conduct business in the ordinary course.

2. BASIS OF PRESENTATION

(a) Statement of Compliance and Basis of presentation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), and interpretations of the International Financial Reporting Interpretations Committee. Certain reclassifications have been made to prior years to conform with current year presentation.

These consolidated financial statements have been prepared on a historical cost basis except for items disclosed herein at fair value (see Note 19).

The Company has only one reportable operating segment.

These consolidated financial statements were approved and authorized for issuance by the Audit Committee and Board of Directors on August 16, 2020.

(b) Consolidation

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

a. Portage Services Ltd., a wholly-owned subsidiary incorporated in Ontario on January 31, 2011.
b. Portage Pharmaceuticals Ltd. ("PPL") a wholly-owned subsidiary resulting from a merger on July 23, 2013 and is incorporated under the laws of the British Virgin Islands, as a BVI business company.
c. EyGen Limited, ("EyGen") which is a wholly-owned subsidiary of PPL, was incorporated on September 20, 2016 under the laws of the BVI.

2. BASIS OF PRESENTATION (cont'd)

d. SalvaRx Limited ("SalvaRx"), a wholly-owned subsidiary, incorporated on May 6 2015 in the British Virgin Islands.
e. Portage Glasgow Ltd ("PGL"), a 65% subsidiary of PPL, incorporated in Glasgow, Scotland.
f. iOx, a United Kingdom based immune-oncology company, a 60.49% subsidiary incorporated in the United Kingdom on February 10, 2015.
g. Saugatuck, a 70% owned subsidiary incorporated in the British Virgin Islands.

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

Non-controlling interest in the equity of a subsidiary is accounted for and reported as a component of stockholders' equity. Non-controlling interest represents the 35% shareholder ownership interest in PGL, 39.51% shareholder ownership interest in iOx, the 30% shareholder ownership interest in Saugatuck which are consolidated by the Company and the warrant liability of SalvaRx.

(c) Functional and presentation currency

The majority of the Company's functional and presentation currency is US Dollars.

(d) Use of Estimates and judgments

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant areas where estimates are made include valuation of financial instruments, research and development costs, fair value used for acquisition and measurement of share-based compensation. Significant areas where critical judgments are applied include assessment of impairment of investments and goodwill and the determination of the accounting acquirer and acquiree in the business combination accounting.

3. SIGNIFICANT ACCOUNTING POLICIES

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial instruments

i) Financial assets

Classification

Upon the initial recognition of a financial assets, the financial assets are classified as one of the following measurement methodologies: (a) amortized cost, (b) fair value through other comprehensive income (FVTOCI), or (c) fair value through profit or loss (FVTPL). Subsequent measurement will be based on the initial classification of the financial assets.

The classification of a financial asset at initial recognition depends on the Company's business model for managing the financial asset and the financial asset's contractual cash flow characteristics.

In order for a financial asset to be measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVTOCI
- Financial assets at FVTPL

Financial assets at amortized cost (debt instruments)

The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective of holding the financial asset in order to collect contractual cash flows and;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortized cost are subsequently measured using the effective interest rate method and are subject to a period impairment review. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The Company's financial assets classified at amortized cost includes other receivable.

Financial assets designated at fair value through OCI (equity instruments)
Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at FVTOCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company irrevocably elected to classify its investments in Biohaven Pharmaceuticals Holding Company ltd (Biohaven), Sentien and Intensity as FVTOCI.

Financial assets at fair value through profit or loss

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured FVTPL, irrespective of the business model.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

ii*) *Financial liabilities

The Company's financial liabilities include accounts payable which approximates fair value due to their short maturity and unsecured notes payable assumed in the SalvaRx Acquisition. The unsecured notes payable assumed in the SalvaRx Acquisition are recorded at fair value on the acquisition date. (see Notes 9 and 12).

Warrant liability and note payable

During the year ended March 31, 2017, the Company's subsidiaries, PPL and EyGen, issued notes with warrants (see Note 12). The warrants which are exercisable for common shares of PPL and EyGen, respectively.

Accordingly, at inception a portion of the proceeds was allocated to the fair value of the warrants and the remainder is recorded as a note payable.

At subsequent balance sheet dates the fair value of the warrant is remeasured with movements in the fair value recorded in profit or loss. The loan is recorded at amortized cost and is accounted for using the effective interest method.

In connection with the SalvaRx Acquisition (see Notes 9 and 12), the Company acquired notes payable and associated warrants which were recorded at fair value on the date of the acquisition.

Impairment of financial assets

IFRS 9 requires the Company to recognize an allowance for expected credit losses ("ECLs") for all debt instruments and investments not held at fair value through profit or loss and contract assets. For intangible assets, at the end of each reporting period and whenever there is an indication that the intangible asset may be impaired, the Company reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

At the end of each reporting period, the Company assessed whether there was objective evidence that a financial asset was impaired. The Company recognizes an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Foreign currencies

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

The effect of exchange rates on our foreign currency-denominated asset and liability balances are recorded as foreign currency transaction losses in the determination of net income (loss).

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and on-demand deposits that are readily convertible to a known amount of cash with three months or less from date of acquisition and are subject to an insignificant risk of change in value. The Company does not have any cash equivalents as at March 31, 2020 and 2019.

PORTAGE BIOTECH INC.
Notes to Consolidated Financial Statements
(US Dollars)
March 31, 2020 and 2019

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Intangible assets acquired in business combinations

Intangible assets acquired in business combinations that are separable from goodwill are recorded at their acquisition date fair value. Subsequent to initial recognition, intangible assets acquired in business combinations are reported net of accumulated amortization and any impairment losses.

Impairment of indefinite life intangible assets other than goodwill

At the end of each annual reporting period and whenever there is an indication that an indefinite life intangible asset may be impaired, the Company reviews the carrying amounts of such intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of impairment loss (if any). When it is not possible to estimate the recoverable amount of any individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units ("CGU" or "CGUs"), or the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Share-based payments

The Company determines the fair value of share-based payments granted to directors, officers, employees and consultants using the Black-Scholes option-pricing model at the grant date. Assumptions for the Black-Scholes model are determined as follows:

- Expected Volatility. The expected volatility rate used to value stock option grants is based on volatilities of a peer group of similar companies whose share prices are publicly available. The peer group was developed based on companies in the life sciences industry.
- Expected Term. The Company used historical experience.
- Risk-free Interest Rate. The risk-free interest rate assumption was based on zero-coupon U.S. Treasury instruments that had terms consistent with the expected term of the Company's stock option grants.
- Expected Dividend Yield. The Company has never declared or paid any cash dividends and does not presently plan to pay cash dividends in the foreseeable future.

Share-based payments to employees, officers and directors are recorded and reflected as an expense over the vesting period with a corresponding increase in the stock option reserve. On exercise, the associated amounts previously recorded in the stock option reserve are transferred to common share capital.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(Loss) Income per Share

Basic (loss) income per share is calculated by dividing net (loss) income (the numerator) by the weighted average number of ordinary shares outstanding (the denominator) during the period. Diluted (loss) Income per share reflects the dilution that would occur if outstanding stock options and share purchase warrants were exercised into ordinary shares using the treasury stock method and convertible debt were converted into oridinary shares using the if-converted method. Diluted (loss) income per share is calculated by dividing net (loss) income applicable to ordinary shares by the sum of the weighted average number of ordinary shares outstanding and all additional ordinary shares that would have been outstanding if potentially dilutive common shares had been issued. The share and per share information has been retroactively adjusted to reflect the impact of the stock dividend.

The inclusion of the Company's stock options and share purchase warrants in the computation of diluted loss per share would have an anti-dilutive effect on loss per share and are therefore excluded from the computation. Consequently, there is no difference between basic loss per share and diluted loss per share (see Note 16).

Investment in private companies

The investment is comprised of shares of private companies that have been acquired through a private placement. The investment is initially recorded at fair value. Following acquisition, the Company evaluates whether control or significant influence is exerted by the Company over the affairs of the investee company. Based on the evaluation, the Company accounts for the investment using either the consolidation, equity accounting or fair value method. See Note 8.

Investments in associates

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in an associate is initially recognized in the consolidated statement of financial position at cost from the date the investee becomes an associate and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. When the Company's share of losses of an associate exceed the Company's interest in that associate (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The Company has incurred legal or constructive obligations or made payments on behalf of the associate.

After application of the equity method, the Company determines whether it is necessary to recognize an impairment loss on its investment in its associate. At each reporting date, the Company determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognizes the loss within 'Share of profit of an associate' in the statement of profit or loss.

Research and Development Expenses

(i) Research and development

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

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically, and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

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

(ii) Subsequent expenditure

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

(iii) Clinical trial expenses

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3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

Contingent liability

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

Determination of fair value

A number of the Company's accounting policies and disclosures required the determination of fair value, both for financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. When applicable, further information about the assumptions made in determining fair values is disclosed in Note 20 and other footnotes that specifically relate to assets or liabilities measured at fair value.

Income Tax

The Company uses the asset and liability method to account for income taxes. Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities for accounting purposes, and their respective tax bases.

Deferred income tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted and applied to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in statutory tax rates is recognized in profit or loss in the year of change. Deferred income tax assets are recorded when their recoverability is considered probable and are reviewed at the end of each reporting period.

Business Combinations

Business combinations are accounted for using the acquisition method as of the date when control transfers to the Company. The total purchase price less the fair value of non-controlling interest is allocated to the acquired net tangible and intangible assets and liabilities assumed at fair value.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Transaction costs that the Company incurs in connection with a business combination are expensed as incurred.

Goodwill

Goodwill represents the excess of the purchase price paid for the acquisition of an entity and the amount recognized for non-controlling interests over the fair value of the net identifiable assets acquired and liabilities assumed. Goodwill is allocated to the CGUs which are expected to benefit from the synergies of the combination. Goodwill is not subject to amortization and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Impairment is determined for goodwill by assessing if the carrying value of a CGU, including the allocated goodwill, exceeds its recoverable amount determined as the greater of the estimated fair value less costs to sell and the value in use. Impairment losses recognized in respect of a CGU are first allocated to the carrying value of goodwill and any excess is allocated to the carrying amount of assets in the CGU. Any goodwill impairment is recorded in income in the period in which the impairment is identified. Impairment losses on goodwill are not subsequently reversed.

Adoption of New Standards

IFRS 16, Leases

In January 2016, the IASB issued IFRS 16 which requires lessees to recognize assets and liabilities for most leases. Lessees will have a single accounting model for all leases, with certain exemptions. The new standard is effective for annual reporting periods beginning on or subsequent to January 1, 2019, with limited early application permitted. The new standard permits lessees to use either a full retrospective or a modified retrospective approach on transition for leases existing at the date of transition, with options to use certain transition reliefs. On April 1, 2019, the Company's adoption of this standard did not have a material impact on its financial statements.

IFRIC 23 Uncertainty over Income Tax Treatment

The interpretation addresses the determination of taxable income (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. The new standard is effective to annual reporting periods beginning on or after January 1, 2019. On April 1, 2019, the Company's adoption of this standard did not have any impact on its financial statements.

Prepayment Features with Negative Compensation (Amendments to IFRS 9)

Amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortized cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The amendment is effective to annual reporting periods beginning on or subsequent to January 1, 2019. On April 1, 2019, the Company's adoption of this standard did not have any impact on its financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)

Clarifies that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The amendment is effective to annual reporting periods beginning on or subsequent to January 1, 2019. On April 1, 2019, the Company's adoption of this standard did not have any impact on its financial statements as all associates and joint ventures use the equity method.

Amendments to IAS 23 Borrowing Costs: Annual Improvements to IFRS 2015 - 2017 Cycle

The amendment specifies that when determining the weighted average borrowing rate for purposes of capitalizing borrowing costs, the calculation excludes borrowings which have been made specifically for the purposes of obtaining a qualifying asset, but only until substantially all the activities necessary to prepare the asset for its intended use or sale are complete. The new standard is effective to annual reporting periods

beginning on or subsequent to January 1, 2019. On April 1, 2019, the Company's adoption of this standard did not have any impact on its financial statements.

Amendments to IAS 12 Income Taxes: Annual Improvements to IFRS 2015 - 2017 Cycle

The amendment specifies that the income tax consequences on dividends are recognized in profit or loss, other comprehensive income or equity according to where the entity originally recognized the events or transactions which generated the distributable reserves. The new standard is effective to annual reporting periods beginning on or subsequent to January 1, 2019. On April 1, 2019, the Company's adoption of this standard did not have any impact on its financial statements.

Amendments to IFRS 3: Business Combinations: Annual Improvements to IFRS 2015 - 2017 Cycle

The amendment clarifies that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation. The new standard is effective to annual reporting periods beginning on or subsequent to January 1, 2019. On April 1, 2019, the Company's adoption of this standard did not have any impact on its financial statements.

New standards and interpretations not yet adopted

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

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The amendment addresses the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognized in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. The Company does not believe that the above amendment will have any material impact on its financial statements.

4. PREPAID EXPENSES AND OTHER RECEIVABLE

(in thousands)	March 31, 2020	March 31, 2019
Prepaid expenses	$ 14	$ 19
R&D credits	500	208
Other receivables	60	55
	$ 574	**$ 282**

In October 2016, the Company's wholly-owned subsidiary, PPL agreed to a settlement, from a claim made against a supplier, to receive $120,000 in annual instalments of $11,250. As of March 31, 2020, the Company received $75,000. The Company has classified $11,250 as a current asset within other receivables as of both March 31, 2020 and 2019 and $33,750 and $45,000 as a long-term asset as of March 31, 2020 and 2019, respectively.

5. INVESTMENT IN BIOHAVEN

As of February 15, 2017, the Company held 6,341,500 shares of Biohaven Pharmaceutical Holdings Company Ltd. ("Biohaven") that is being accounted for as available for sale securities following its loss of control, as a subsidiary.

The Company currently accounts for its investment in Biohaven as a financial asset classified as FVTOCI. Biohaven is listed and began trading on New York Stock Exchange effective May 4, 2017.

On January 16, 2018, the Company distributed 6,102,730 shares of its Biohaven stock as a property dividend, on a pro-rata basis, to the shareholders of the Company's ordinary shares. The Company's ordinary shareholders of the Company's ordinary shares received one (1) common share of Biohaven as a dividend for each forty-six (46) outstanding ordinary shares of the Company owned as of January 5, 2018, the Record Date. No fractional shares, or cash in lieu of fractional shares, were distributed. In accordance with IFRIC 17.

Between January 3, 2018 and February 1, 2018, the Company sold 236,770 of the Biohaven shares in the open market for an average price of $30.79 per share for total proceeds of $7.3 million.

5. INVESTMENT IN BIOHAVEN (cont'd)

As at March 31, 2020, 2019 and 2018, the fair value of the 2,000 share investment in Biohaven was $68,060 (at a quoted market price of $34.03 per share), $102,940 (at a quoted market price of $51.47 per share) and $52,520 (at a quoted market price of $25.76 per share), respectively. The unrealized loss of $34,880 and the unrealized gain of $50,420 are included in unrealized gain on investments in the accompanying statement of operations and other comprehensive (loss) income for the years ended March 31, 2020 and 2019, respectively.

The following table is a rollforward of the investment in Biohaven as of March 31, 2109 and 2020 (in thousands):

Balance at March 31, 2017	$	58,913
Realized gain on investment		126,000
Realized gain transferred to income on disposition of shares		(24,515)
Proceeds from sale of investment		(7,289)
Property dividend of Biohaven shares		(153,056)
Balance at March 31, 2018		53
Unrealized gain on investment		50
Balance at March 31, 2019		103
Unrealized loss on investment		(35)
Balance at March 31, 2020	$	68

6. INVESTMENT IN ASSOCIATE

The following table is a rollforward of the investment Stimunity S.A. as of March 31, 2020 and 2019 (in thousands):

Investment in associates, April 1, 2018	$	681
Additional investment		688
Share of losses in associate		(162)
Investment in associates, March 31, 2019	$	1,207
Share of gains in associates		18
Investment in associates, March 31, 2020	$	1,225

Details of the Company's associate as of March 31, 2020 and 2019 are as follows:

Name	Principal Activity	Place of Incorporation and principal place of business	Voting rights held as at March 31, 2020	Voting rights held as at March 31, 2019
Associate:				
Stimunity S.A.	Biotechnology	Paris, France	36.4%	36.5%

6. INVESTMENT IN ASSOCIATE (cont'd)

The abovementioned associate is accounted for using the equity method in these consolidated financial statements.

On February 28, 2018, the Company made an initial investment of €0.5 million ($0.7 million) by subscribing to 3,780 new Class A shares of Stimunity SAS ("Stimunity"), a French simplified joint stock company located and operating in Paris, France, for a 27% equity interest. One of the three directors on the Board of Directors is represented by the Company. The management of Stimunity is controlled by the two other founding shareholders of Stimunity. Management has evaluated the Company's investment and concluded that the Company has significant influence and therefore its investment in Stimunity is accounted for using the equity method.

The Company also committed to a second investment in the amount of €1.5 million ($1.9 million) (the "Stimunity Commitment") by subscribing to 4,140 new ordinary shares at a price of €363 per share, upon Stimunity successfully completing agreed milestones (the "Milestones"). On March 25, 2019, the Company made an additional discretionary investment of €0.6million ($0.7 million) by subscribing to 1,945 ordinary shares at a price of €308.55 per share, increasing its ownership to approximately 37%. No milestones were completed as at March 31, 2019. As of March 31, 2020, the Milestones have not been achieved, thus the Company has not made any payments for the Stimunity Commitment. On June 1, 2020, the Company made an additional $1.0 million investment in Stimunity upon Stimunity's achievement of certain agreed milestones. See Note 22.

Under the shareholders agreement, the Company has (i) a preferential subscription right to maintain its equity interest in Stimunity in the event of a capital increase from the issuance of new securities by Stimunity, except for issuances of new securities for stock options under a merger plan or for an acquisition, or (ii) the right to vote against any (a) issuances of additional securities that would call for the Company to waive its preferential subscription right or (b) any dilutive issuance.

The following table illustrates the summarized financial information of the Company's investment in Stimunity S.A (in millions):

	March 31,	
	2020	2019
	(Unaudited)	(Unaudited)
Current assets	$ 1.3	$ 1.1
Non-current assets	-	-
Current liabilities	0.3	0.2
Non-current liabilities	0.1	-
Equity	0.9	0.9
Company's share in equity - 36.4% and 36.5%	$ 0.3	$ 0.3

6. INVESTMENT IN ASSOCIATE (cont'd)

Years ended March 31,	**2020 (Unaudited)**	**2019 (Unaudited)**
Revenue	$ 0.2	$ 0.2
Loss from operations	$ (0.3)	$ (0.5)
Net loss	$ -	$ (0.5)

7. INVESTMENT IN PGL

On January 31, 2018, the Company's wholly owned subsidiary, PPL, purchased 650 ordinary shares of Portage Glasgow Ltd. (PGL), a newly incorporated company in Glasgow, Scotland at £0.01 per share for a total consideration of £6.50 ($9.11). PPL's ownership comprised 65% of the issued ordinary shares in PGL. PPL's Chief Executive Officer ("CEO") is also the chairman of the board of directors of PGL which currently consists of two persons. PGL is therefore considered a subsidiary and consolidated.

As per the terms of a Convertible Loan Agreement dated January 31, 2018 signed with PGL, PPL has committed to provide PGL with an unsecured convertible loan facility up to £1 million ($1.4 million) with a minimum drawdown of £50,000 ($70,075) and maximum drawdown of £250,000 ($350,375) during any three-month period. Interest will be at 7% accruing on a monthly basis and the facility is repayable within nine years from the date of the agreement. The outstanding loan with accrued interest can be converted into ordinary shares of PGL to be priced at between £9,000 per share and £5,000 per share depending on the conversion date being within one year to eight years. However, completion of an eligible fundraising by PGL, being £5 million ($7 million) at a pre-money valuation of minimum £10 million ($14 million), will require the loan to be mandatorily converted as per the terms of conversion described above. As at March 31, 2020 and 2019, the outstanding balance on the loan facility was $188,733 and $45,378, respectively. This loan facility is an intercompany loan that is eliminated in consolidation.

PPL is also committed to providing a contribution of £33,419 ($45,486) payable in three annual instalments for tuition expenses with the University of Glasgow (see note 17). The Company paid $15,606 and $29,880, during the years ended March 31, 2018 and March 31, 2020, respectively. There were no payments for the year ended March 31, 2019.

8. INVESTMENTS IN PRIVATE COMPANIES

The following table is a rollforward of the investments in Sentien and Intensity as March 31, 2019 and 2020 (in thousands):

	Intentsity	**Sentien**	**Total**
Balance at April 1, 2018	$ -	$ 700	$ 700
Acquisition of SalvaRx	4,500	-	4,500
Balance at March 31, 2019	4,500	700	5,200
Acquisition of Intensity Holding Limited	1,298	-	1,298
Unrealized gain (loss) on investment	1,611	(700)	911
Balance at March 31, 2020	$ 7,409	$ -	$ 7,409

8. INVESTMENTS IN PRIVATE COMPANIES (cont'd)

Sentien

In August 2015, the Company acquired 210,210 shares of Series A preferred stock in Sentien ("Preferred Stock"), a Medford, MA based private company for $700,000 of cash. The Preferred Stock is fully convertible into equal number of ordinary shares. The Company's holdings represent 5.06% of the equity of Sentien on a fully diluted basis as at March 31, 2019 and 2018, respectively. The investment in Sentien has been irrevocably designated as a financial asset recorded at fair value with gains and losses recorded through OCI. As of March 31, 2019, in accordance with the guidance in IFRS 9 regarding when cost may be the best estimate of fair value, Sentien was recorded at cost. As of March 31, 2020, the Company determined that cost no longer was the best estimate of fair value due to a significant change in the strategy of Sentien. As of March 31, 2019, the Company determined that the investment in Sentien no longer had any fair value as Sentien was no longer pursing the proposed indication from the time of the Company's initial investment. Accordingly, the Company recorded an unrealized loss on investment of $0.7 million.

Intensity

In connection with the SalvaRx Acquisition, the Company acquired a $4.5 million interest in Intensity, a clinical stage biotechnology company, for 1 million shares, or a 7.5% equity interest in Intensity (see Note 9). The investment was recorded at fair value (which approximates cost) at the acquisition date. The investment in Intensity has been irrevocably designated as a financial asset recorded at fair value with gains and losses recorded through OCI. The fair value of the asset is determined by comparing the carrying amount of the investment to the issuance price of similar securities issued by Intensity for cash to unrelated investors in financing transactions.

On July 11, 2019, the Company entered into an agreement with Fast Forward Innovations Limited ("Fast Forward") to purchase Intensity Holdings Limited ("IHL"), a wholly-owned subsidiary of Fast Forward. The Company paid $1.3 million for IHL through the issuance of 129,806 ordinary shares. The sole asset of IHL consists of 288,458 shares of the private company, Intensity. This transaction increased the Company's ownership to 1,288,458 shares of Intensity. As of March 31, 2020, the Company owned approximately 9.0% of the outstanding shares of Intensity.

9. ACQUISITION AND BUSINESS COMBINATION

On August 13, 2018, the Company reached a definitive agreement to acquire 100% of SalvaRx, a Company incorporated in the British Virgin Islands on May 6, 2015 focused on novel cancer immunotherapies and to develop clinical proof of concept, in exchange for 8,05,0,701 ordinary shares of the Company (the "SalvaRx Acquisition"). The SalvaRx Acquisition was completed on January 8, 2019 (the "Acquisition Date") upon receiving shareholder and regulatory approval. Shares issued by the Company on acquisition were valued at $92.6 million based on the market price of the Company shares of $11.50 per share on the Acquisition Date. Portage is the accounting acquirer as the controlling group of shareholders of the Company increased their holdings, retained majority of voting rights after the acquisition and the Company's management prior to the acquisition continued as management of the combined company. Four of the Company's Board members are also directors of SalvaRx (See Note 18). Notwithstanding the high degree of common ownership between the companies, this was not considered a common control transaction as no single individual held a controlling interest and no contractual arrangement exists among the group of shareholders.

(US Dollars)

9. ACQUISITION AND BUSINESS COMBINATION (cont'd)

In connection with the SalvaRx Acquisition, the Company acquired SalvaRx's five invested entities and subsidiaries: iOx and Saugatuck (consolidated subsidiary with non-controlling interest), Intensity (investment in private company (see Note 9), Nekonal (joint venture with no fair value due to a dispute with Nekonal, see below), and Rift (no fair value as operations are discontinued). In connection with the SalvaRx Acquisition, the Company also acquired an option from Nekonal SARL that gives SalvaRx the right to acquire shares in Nekonal for €50 ($55 USD) per share for four years. On January 8, 2019, the acquisition date, the fair value of option was determined to be $0 due to a dispute with Nekonal.

SalvaRx and Nekonal are currently involved in a dispute regarding Nekonal's claim that it attained a development milestone that would require SalvaRx to provide the next tranche of funding. SalvaRx claims that Nekonal committed a breach of duties and fraud on its minority shareholders with respect to its assumption that the milestone has been attained. Nekonal management has counterclaimed that SalvaRx is in breach of breach of contract with respect to the funding arrangement. While litigation is threatened, no legal proceedings have been formally commenced. Nekonal has halted all development and it intends to so until this matter can be resolved. The Company and Nekonal are currently negotiating a resolution of this matter.

The acquisition of SalvaRx allows the Company to acquire interest in the development of nine immune-oncology products. SalvaRx has three in-process research and development ("IPR&D") projects identified.

9. ACQUISITION AND BUSINESS COMBINATION (cont'd)

The following table summarizes the purchase price allocation to the fair value of assets acquired and liabilities assumed for SalvaRx:

Investment in Intensity	$	4,500
Other receivable		641
Cash and cash equivalents		1,192
IPR&D		117,388
Goodwill		43,324
		167,045
Trade and other payables		(625)
Notes payable		(3,370)

Convertible notes payable		(100)
Deferred tax liability, net		(19,673)
Non-controlling interest (see Note 21)(a)		(48,731)
		(72,499)
Fair value of consideration	$	94,546

(a) Includes the $2.5 million for the fair value of warrants issued with the SalvaRx notes of $2.5 million (see Note 12) and $7.4 million for the fair value of the vested portion of the iOx stock options (see Note 12) that were outstanding at the time of the SalvaRx Acquisition.

On March 7, 2018 and December 31, 2018, the Company invested a total of $1.9 million in convertible notes (the "Notes") issued by iOx. As a result of the SalvaRx Acquisition, iOx has become a subsidiary of the Company during the year ended March 31, 2019. In accordance with IFRS 3 - *Business combinations*, the fair value, including interest receivable, of the Notes are effectively settled upon the business combination and the fair value of the Notes is additional consideration (see Note 12).

The following table summarizes the fair value of consideration in the SalvaRx Acquisition (in thousands):

Fair value of common shares of the Company	$	92,583
Effective settlement of intercompany debt (see Note 12)		1,963
Fair value of consideration	$	94,546

Goodwill has been recognized as a result of SalvaRx's history of discovering and commercializing drugs in the area of cancer immunotherapy and assembled management team. The goodwill acquired is not deductible for tax purposes.

Net losses of $2.9 million and $1.9 million from the acquired operations are included in the consolidated statements of operations and other comprehensive income for the years ended March 31, 2020 and 2019.

Acquisition costs of approximately $0.1 million were incurred and recognized in professional fees in the accompanying consolidated statement of operations and other comprehensive loss for the year ended March 31, 2019.

The following table presents unaudited supplemental pro forma consolidated net income based on SalvaRx's historical reporting periods as if the SalvaRx Acquisition had occurred as of April 1, 2018 (in thousands):

Year ended March 31,		**2019**
Net loss	$	(5,160)
Net loss applicable to common stockholders	$	(3,920)
Net loss per share, basic and diluted		(0.01)

10. GOODWILL IN-PROCESS RESEARCH AND DEVELOPMENT

The Company's goodwill arose from the acquisition of Salvarx and its portfolio of several projects and investments.

10. GOODWILL IN-PROCESS RESEARCH AND DEVELOPMENT (cont'd)

IPR&D consists of the following projects (in thousands):

	IMM 60 iOx Melanoma & Lung Cancers	IMM 65 iOx Ovarian/ Prostate Cancers	Oncomer Saugatuck DNA Aptamers	Total
Value assigned by Valuator as of July 23, 2018 - only SalvaRx portion (60.49% for iOx and 70% for Saugatuck)	$ 40,200	$ 24,200	$ 450	$ 64,850
Value accepted by the Company and SalvaRx	33,160	19,960	450	53,570
Gross up of the above value to 100%	54,819	32,997	643	88,459
Changes in value between July 23, 2018 and March 31, 2019	29,394		(465)	28,929
March 31, 2020 and March 31, 2019	$ 84,213	$ 32,997	$ 178	$ 117,388

Impairment Review

On an annual basis, the Company assesses its long-lived assets with indefinite lives and long-lived assets with definite lives which are not yet available for use for potential indicators of impairment. If any such indication exists, the Company estimates the recoverable amount of the asset or CGU and compares it to the carrying value.

For the year ended March 31, 2020, the Company determined that it has only one CGU, the consolidated Portage Biotech, Inc.

The Company performed its annual impairment test of goodwill and IPR&D and estimated the recoverable amount of the above-noted CGU based on its value in use, which was determined using a capitalized cash flow methodology and categorized within level 3 of the fair market value hierarchy.

The recoverable amount of the CGU has been determined based on its value in use. The recoverable amount considered assumptions based on probabilities of technical, regulatory and clinical acceptances and financial support. Further, Management uses risk-adjusted cash flow projections based on financial budgets. Management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed its recoverable amount. The discount rate has been determined based on the Company’s best estimate of a risk adjusted discount rate.

10. GOODWILL IN-PROCESS RESEARCH AND DEVELOPMENT (cont'd)

The key assumptions used in the calculation of the recoverable amount include forecasts of the following:

a) revenues;
b) normalized operating expenses;
c) income taxes; and
d) capital expenditures.

Discounted cash flows are determined with reference to undiscounted risk adjusted cash flows, and the discount rate approximated 20.5% based on the individual characteristics of the Company's CGU, the risk-free rate of return and other economic and operating factors.

The recoverable amount exceeded carrying amount of goodwill and therefore no impairment was considered necessary as at March 31, 2020 and 2019.

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

(in thousands)	March 31, 2020	March 31, 2019
Accounts payable	$ 343	$ 388
Accrued interest	701	523
Other	224	196
	$ 1,268	**$ 1,107**

12. UNSECURED NOTES PAYABLE AND WARRANTS

Following is a rollforward of the notes payable and the warrant liability:

Notes payable (in thousands):

	PPL	Eygen	iOx	SalvaRx	Total
Balance at April 1, 2018	$ 210	$ 23	$ -	$ -	$ 233
Repayment	(25)	(25)	-	-	(50)
Interest	8	2	-	-	10
Loss on extinguishment of debt	-	-	100	3,370	3,470
Balance at March 31, 2019	193	-	100	3,370	3,663
Repayment	-	-	-	(300)	(300)
Interest	7	-	-	258	265
Loss on extinguishment of debt	-	-	-	33	33
Balance at March 31, 2020	$ 200	$ -	$ 100	$ 3,361	$ 3,661

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12. UNSECURED NOTES PAYABLE AND WARRANTS (cont'd)

Warrant liability (in thousands):

	PPL	Eygen	Total
Balance at April 1, 2018	$ 22	$ 2	$ 24
Balance at March 31, 2019	22	2	24
Change in fair value	(22)	(2)	(24)
Balance at March 31, 2020	$ -	$ -	$ -

PPL and EyGen Unsecured Notes Payable and Warrants

During the year ended March 31, 2017, the Company's subsidiaries, PPL and Eygen, commenced debt financing

transactions through a private placement of unsecured notes (the "Unsecured Notes"). The aggregate principal amount of the Unsecured Notes was $0.2 million at March 31, 2020 and 2019, respectively.

The Unsecured Notes bear interest at 7% per annum, payable annually on the issuance date. The Unsecured Notes are not redeemable by the Company prior to the maturity date of March 2020. The Unsecured Notes matured in March 2020, but have not been repaid, accordingly the Unsecured Notes are included in current liabilities.

In conjunction with the issuance of the Unsecured Notes, the note holders were also issued a warrant to subscribe for $7,500 new PPL or Eygen ordinary shares for every $10,000 of principal issued, respectively, provided that a certain qualifying event occurs within the three years of issuance. The warrants are only exercisable on a qualifying event and the exercise price of the warrant will be based on the price of equity shares determined by the qualifying event and the year in which it takes place. The warrants have a three- year term. As of March 31, 2019, given that there was an obligation to issue a variable number of shares, the warrants were classified as financial liabilities and recorded at fair value of $24,000 in warrant liabilities in the accompanying consolidated balance sheet. The warrants expired during the year ended March 31, 2020, and thus do not have any fair value.

The Company did not incur financing costs in connection with this placement of notes.

SalvaRx Unsecured Notes Payable and Warrants

In connection with the SalvaRx Acquisition in January 2019, the Company assumed $3.96 million of principal in unsecured notes due on March 2, 2021 (or a qualifying event), that bear interest of 7% (the "SalvaRx Notes"). As the SalvaRx Acquisition was a qualifying event, the unsecured notes became due upon the acquisition. In December 2019, the maturity date of the SalvaRx Notes was extended to 2021, accordingly the SalvaRx Notes are included in non-current liabilities.

(US Dollars)

On January 8, 2019, the acquisition date, the fair value of the SalvaRx Notes was determined to be $3.4 million (see Note 9) using a 12.5% market interest rate to discount all payments of principal and interest due to the holders of such notes through the date of maturity. The holders of the SalvaRx Notes received $7,500 of warrants in respect of each $10.0 thousand of principal issued. The warrants vest in the event of a qualifying transaction and are exercisable at a 30% discount to the implied valuation of SalvaRx. On the Acquisition

12. UNSECURED NOTES PAYABLE AND WARRANTS (cont'd)

Date, the fair value of warrants, which are included in non-controlling interest, was determined to be $2.5 million (see Note 9) using the Black Scholes Model with the following assumptions:

Fair value of stock	$1,354.88
Risk free interest rate	1%
Expected dividend	Nil
Expected volatility	80%
Expected life	2.6 years

For the year ended March 31, 2020, unsecured notes for $300,000 were repaid in cash and resulted in a loss on extinguishment of debt of $33,000 which is included in the consolidated statement of operations.

iOx Unsecured Notes Payable and Warrants

In connection with the SalvaRx Acquisition in January 2019, the Company assumed $2.0 million of 7% convertible notes issued by iOx, a wholly-owned subsidiary of SalvaRx (the “Convertible Notes”), of which the Company holds $1.9 million. As a result of the SalvaRx Acquisition, iOx has become a subsidiary of the Company during the year ended March 31, 2019. In accordance with IFRS 3 – Business combinations, the fair value notes payable are effectively settled against the note receivable (see Note 9) upon the business combination and the fair value of the notes receivable is additional consideration (see Note 9). The remaining Convertible Notes issued to third parties, including the conversion option, are recorded at a fair value of $0.1 million (see Note 9) on the Acquisition Date. In each of March 2019 and December 2019, $0.05 million of the Convertible Notes mature. The holders of the Convertible Notes can convert the notes and accrued interest into ordinary shares of iOx at any time before maturity at £120 per share. There is an automatic conversion in the event iOx raises $2 million, and the conversion price will be determined based on the timing of the capital raise and the price at which the money was raised. iOx has right to repay the Convertible Notes together with accrued interest at any time.

13. CAPITAL STOCK

Authorized ordinary shares**:** Unlimited number of ordinary shares without par value.

On June 5, 2020, the Company effected a reverse stock split. The effect of this reverse stock split was to decrease in the number of ordinary shares outstanding as of March 31, 2020 and 2019, from 1,098,770,596 and 1,085,789,986 to 10,987,706 and 10,857,900, respectively. All share and per share information included in the consolidated financial statements have been retroactively adjusted to reflect the impact of the reverse stock split.

The number of ordinary shares authorized remained at an unlimited number of common shares without par value. Following is a rollforward of ordinary shares as of March 31, 2020 and 2019 (dollars in thousands):

13. CAPITAL STOCK (cont'd)

	2020			2019		
	Ordinary Shares		Amount	Ordinary Shares		Amount
Balance, beginning of period	10,857,900	$	116,237	2,807,199	$	23,654
Shares issued on acquisition of Intensity Holding Limited (i)	129,806		1,298	-		-
Expiration of unexercised stock options	-		282	-		-
Shares issued on acquisition of SalvaRx (ii)	-		-	8,050,701		92,583
Balance, end of period	10,987,706	$	117,817	10,857,900	$	116,237

(i) On July 11, 2019, the Company issued 129,806 ordinary shares acquire IHL, a wholly-owned subsidiary of Fast Forward, (see Note 8) for $1.3 million.

(ii) On January 8, 2019, the Company issued 8,050,701 ordinary shares to acquire SalvaRx (see Note 9). The total consideration of $92.6 million was based on the quoted market price of $0.115 per share on January 8, 2019.

14. SHARE-BASED PAYMENT

The following table provides the activity for the Company's stock option reserve for the years ended March 31, 2020 and 2019 (in thousands):

		Non-Controlling Interest		Stock Option Reserve
Balance at April 1, 2018	$	-	$	267
Value of iOx options relating to pre-acquisition services		7,364		-
Share-based compensation expense		1,111		57
Balance at March 31, 2019		8,475		324
Expiration of unexercised stock options		-		(282)
Share-based compensation expense		2,143		16
Balance at March 31, 2020	$	10,618	$	58

The $7.4 million fair value of vested iOx options acquired in the SalvaRx Acquisition and the stock-based compensation expense for unvested options are included in non-controlling interest in the combined balance sheets as of March 31, 2020 and 2019.

(US Dollars)

14. SHARE-BASED PAYMENT (cont'd)

Stock Options

The Board of Directors of the Company (the "Board") established a stock option plan (the "2013 Option Plan") under which options to acquire ordinary shares of the Company are granted to directors, employees and consultants of the Company. The maximum number of ordinary shares issuable under the 2013 Option Plan shall not exceed 10% of the total number of issued and outstanding ordinary shares, inclusive of all shares presently reserved for issuance pursuant to previously granted stock options. If a stock option was surrendered, terminated or expired without being exercised, the ordinary shares reserved for issuance pursuant to such stock option were available for new stock options granted under the 2013 Option Plan. The options vest on a schedule determined by the Board of Directors, generally over two to four years, and expire after five years.

As of March 31, 2019, the Board decided to discontinue the 2013 Option Plan. There are 2,980 and 5,959 stock options issued under this plan as of March 31, 2020 and 2019, respectively. No additional shares will be issued under this plan.

From time to time the Board issues stock options to acquire ordinary shares of PPL, a wholly-owned subsidiary of the Company, which are granted to directors, employees and consultants of PPL (the "PPL Option Plan"). On September 17, 2018, the Company issued 9,341 stock options to acquire up to 2% of PPL, with an exercise price of $5.35 per common share, to PPL's CEO. The stock options vest quarterly over 4 years and expire in five years. The fair value of these stock options on the date of grant have been estimated at a fair value of $0.04 million using a Black-Scholes option pricing model with the following assumptions:

Risk free interest rate	1%
Expected dividend	Nil
Expected volatility	68.86%
Expected life	1826 days
Fair value of stock	US$6.27

In January 2019, iOx, a subsidiary of SalvaRx, was acquired by the Company as part of the SalvaRx Acquisition. Accordingly, the 2,599 stock options to acquire common shares of iOx (the “Acquired Options”) with an exercise price of £120 ($152.84) per common share, outstanding under the iOx stock option plan (“iOx Option Plan”) have been acquired by the Company. At the Acquisition Date, 1,643 of the stock options, with a fair value at the Acquisition Date of $7.4 million, are fully vested and recorded in non-controlling interest with a corresponding increase to goodwill (see Note 9). The fair value of the remaining 956 unvested stock options is $4.3 million and will be recorded as compensation expense over the remaining 3-year vesting period. $1.1 million was recorded in compensation expense for the year ended March 31, 2019. The Acquired Options have a 2.6-year weighted average remaining contractual life. Following are the weighted average assumptions used in the calculation of the fair value of the vested and unvested options on the Acquisition Date:

Assumption	Vested Options	Unvested Options
Risk free interest rate	2.6%	2.6%
Expected dividend	Nil	Nil
Expected volatility	80%	80%

(US Dollars)

Expected life	1.3 years	3.2 years
Fair value of stock	US$4,630.35	US$4,630.35

14. SHARE-BASED PAYMENT (cont'd)

There were no other options issued under the iOx Option Plan.

The following is a summary of all outstanding stock options:

	PBI 2013 Option Plan	PPL Option Plan (Subsidiary Plan)	iOx Option Plan (Subsidiary Plan)
Balance as at April 1, 2017	203,169	47,917	-
Exercised	(184,710)	-	-
Balance as at March 31, 2018	18,459	47,917	-
Acquired from SalvaRx Acquisition	-	-	2,599
Granted	-	9,341	-
Cancelled	(12,500)	-	-
Balance as at March 31, 2019	5,959	57,258	2,599
Expired	(2,979)	(47,917)	
Balance as at March 31, 2020	2,980	9,341	2,599
Exercisable as at March 31, 2020	2,980	9,341	1,643

Following are the weighted average exercise price and the remaining contractual life for outstanding options by plan:

	PBI 2013 Option Plan		PPL Option Plan (Subsidiary Plan)		iOx Option Plan (Subsidiary Plan)	
	March 31,		March 31,		March 31,	
	2020	2019	2020	2019	2020	2019
Weighted average exercise price	$ 15.00	$ 15.00	$ 5.35	$ 2.83	$ 148.84	$ 152.84
Weighted average remaining contractual life (in years)	1.72	2.72	2.61	1.63	1.63	3.10

The options can be exercised at any time after vesting within the exercise period in accordance with the applicable option agreement. The exercise price was more than the market price on the date of the grants for all options outstanding as of March 31, 2020 and March 31, 2019.

The Company recorded $2.2 million, $1.2 million and $1.1 million of compensation expense related to the stock option plans for the years ended March 31, 2020, 2019 and 2018, respectively.

Consultant Stock Plan

In March 2011, the Board established the 2011 Consultant Stock Compensation Plan (the "2011 Plan"), under which the Company awards stock to employees, consultants and contractors as compensation.

During the year ended March 31, 2018, the remaining 15,600 shares were issued under 2011 Consultant Stock Compensation Plan to six consultants. including 13,900 to five directors, for services provided. The shares fair value of $0.9 million, based on the market price of the Company's common shares prevailing on the date of their issuance, was included in consulting fee expense for the year ended March 31, 2018.

14. SHARE-BASED PAYMENT (cont'd)

As at March 31, 2020 and March 31, 2019, the Company did not have any active Consultant Stock Compensation Plans.

15. TAXATION

The Company is a British Virgin Island corporation. The Government of the British Virgin Islands does not, under existing legislation, impose any income or corporate tax on corporations.

PGL and iOx are subject to United Kingdom taxes ("UK Taxes"). Portage Services Ltd. Is subject to taxes in Canada. Tax losses or potential tax credits for Portage Services Ltd. are insignificant.

iOx has research and development cash credits of approximately $0.5 million that have been recorded for the year ended March 31, 2020 and are included in prepaid expenses and other receivables as of March 31, 2020.

The following is a reconciliation of the UK Taxes to the effective income tax rates for the years ended March 31, 2020 and 2019 ($ in thousands):

		2020		2019
Loss on ordinary activities before tax	$	2,409	$	2,343
Statutory UK income tax rate		19.0%		17.0%
Loss at statutory income tax rate	$	458	$	398
Change in deferred rate and true-up		(2,665)		-
Research and development credit		500		-
Losses (unrecognized)		(458)		(398)
Income tax expense	$	(2,165)	$	-

At March 31, 2020 and 2019, the Company's deferred tax assets and liabilities consisted of the effects of temporary differences attributable to the following (in thousands):

2020	2019

(US Dollars)

Deferred tax assets:				
Net operating loss	$	1,186	$	457
Deferred tax asset (unrecognized)	$	1,186	$	457

Deferred tax liabilities:				
In-process R&D	$	21,604	$	(19,673)
Deferred tax liability (unrecognized)	$	21,604	$	(19,673)

15. TAXATION (cont'd)

The reduction in the rate of UK corporation tax to 19% from April 1, 2017 and to 17% from April 1, 2020 was substantively enacted at the Balance Sheet date. However subsequently, the UK Government announced that the UK corporation tax rate would remain at 19% and not reduce to 17% on 1 April 2020. This was substantively enacted on 17 March 2020. The standard rate of UK corporation tax applied to reported loss is 19% (2018: 19%). Unrecognized UK deferred tax assets and liabilities are calculated at a rate of 19%, being the rate that was substantively enacted at the Balance Sheet date.

iOx has research and development cash credits of approximately $466,000 that have been recorded for year ended March 31, 2020.

As of March 31, 2020 and 2019, tax losses for iOx were approximately $6.2 million and $2.1 million, respectively.

As of March 31, 2020 and 2019, iOx had a deferred tax liability of approximately $21.6 million and $20.4 million, respectively. On January 8, 2019, the Company recognized a $19.8 million deferred tax liability for the difference between the book and income tax basis of IPR&D acquired as part of the acquisition of SalvaRx. As the IPR&D process is in the UK, the deferred tax had been recorded at 17%, the rate applicable in the UK. During the year ended March 31, 2020, the Company recorded a tax expense of $2.2 million, including $2.3 million to provide for an increased deferred tax liability resulting from the increase in the UK tax rate to 19% in March 2020, $0.4 million of a return to provision adjustment and a decrease due to a refundable research and development credit of $0.5 million. As the deferred tax liability may be settled in the future in Great British Pounds ("GBP"), the Company decreased the deferred tax liability by $1.4 million and increased the deferred tax liability by $0.7 million as of March 31, 2020 and 2019, respectively, for the difference in exchange rates from period to period.

There is no expiration date for accumulated tax losses in the U.K. entities.

16. EARNINGS (LOSS) PER SHARE

Basic Earnings Per Share ("EPS") is calculated by dividing the net income (loss) attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the net income (loss) attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

16. EARNINGS (LOSS) PER SHARE (cont'd)

The following table reflects the income and share data used in the basic and diluted EPS calculations (dollars in thousands, except per share amounts):

	Years Ended March 31,		
	2020	**2019**	**2018**
Numerator			
Net income (loss) attributable to owners of the Company	$ (5,333)	$ (2,635)	$ 123,741
Denominator			
Weighted average number of shares - Basic	10,951,531	4,819,874	2,677,961
Diluted effect of average number of options	-	-	18,462
Weighted average number of shares - Diluted	10,951,531	4,819,874	2,696,423
Basic earnings (loss) per share	$ (0.49)	$ (0.55)	$ 46.21
Diluted earnings (loss) per share	$ (0.49)	$ (0.55)	$ 45.89

Inclusion of the Company's 2,980 and 5,959 stock options in the computation of diluted loss per share for the years ended March 31, 2020 and 2019 would have an anti-dilutive effect on the loss per share and are therefore excluded from the computation. Consequently, there is no difference between loss per share and diluted loss per share for the year ended March 31, 2020 and 2019.

17. COMMITMENTS AND CONTINGENCIES

(a) Under the terms of a License Agreement dated January 25, 2013, PPL is required to reimburse to the Licensor, Trojan Technologies Limited ("Trojan"), 50% of all maintenance costs of the US Patent #7,968,512 and to pay royalties of 3% on Net Receipts from sales of the Licensed Product and 5% on Net Receipts from third parties in respect of development or other exploitation of Licensed Intellectual Property and/or *Licensed Products up to a maximum of $30 million. As of March 31, 2020, no royalties have been earned and maintenance fees are insignificant, therefore no payments have been made to Trojan.*

(b) *The Company is committed to invest approximately €1.5 million ($1.9 million) in Stimunity upon Stimunity's achievement of certain agreed milestones. As of March 31, 2020, the Company has made an additional discretionary investment of €600,129 ($688,359) toward the commitment (see Note 6). See Note 22.*

(c) *SalvaRx has an obligation to make further capital contribution of €0.3 million ($0.3 million) in Nekonal once certain development milestones have been achieved (see Note 9 and (d) below).*

17. COMMITMENTS AND CONTINGENCIES (cont'd)

(d) *SalvaRx and Nekonal are currently a in disagreement regarding SalvaRx's obligation to make the additional equity contribution described in (c), which is due upon Nekonal's attainment of the defined milestone. In April 2019, SalvaRx asserted that management of Nekonal committed a breach of duties and fraud on its minority shareholder and Nekonal management has accused SalvaRx of breach of contract stemming from the disagreement as to whether the milestone triggering the requirement to provide funding has been met. To date, no legal proceedings have been formally commenced by either party. Research and development efforts have been suspended pending a resolution of this matter. The Company cannot predict the outcome of this matter and there is no assurance that a loss will not be incurred. (see Notes 9 and 19).*

18. RELATED PARTY TRANSACTIONS

SalvaRx Acquisition

On January 8,2019 the Company acquired 100% of SalvaRx from SalvaRx Group plc. in exchange for 8,050,701 ordinary shares of the Company for an aggregate consideration of US$92.6 million (see note 9). Four of the six directors of the Company are also directors of SalvaRx Group plc. The Company's CEO is also the CEO of SalvaRx and employees of the Company comprise the management team of SalvaRx.

Investments

The Company has entered into related party transactions and certain services agreements with its investees. Key management of the Company has also entered into related party transactions with investees. Key management personnel are those persons having the 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. The related party transactions are as follows:

Nekonal

One of the three directors on the Board of Directors of Nekonal is represented by the Company. Under the terms of the Nekonal Agreement, prior the acquisition of SalvaRx, SalvaRx invested an initial €600,000. €300,000 was invested to further the drug development efforts of Nekonal's technology in cancer immunotherapy. Of the investment €50,000 was paid to each of SalvaRx and Nekonal SARL for fees called for under the services agreements with SalvaRx (management fees) and Nekonal SARL (scientist fees), respectively, for labor fees. The remainder of €200,000 was used for materials in the labs. Additionally, the CEO of the Company is also the CEO of Nekonal and employees of the Company comprise the management team of Nekonal under the service agreement for management services.

Stimunity

One of the three directors on the Board of Directors of Stimunity is represented by the Company (see Note 6).

Saugatuck

One of the three directors on the Board of Directors of Saugatuck is represented by the Company. Additionally, the CEO of the Company is also the CEO of Saugatuck and employees of the Company comprise the management team of Saugatuck (see Note 9).

18. RELATED PARTY TRANSACTIONS (cont'd)

Intensity

One of the four directors on the Board of Directors of Intensity is represented by the Company. Additionally, the CEO of the Company is an officer and employee of Intensity (see Note 8).

PGL

On January 31, 2018, the Company's wholly-owned subsidiary, PPL, acquired 650 ordinary shares, or 65%, of Portage Glasgow Ltd. (PGL), a newly incorporated company in Glasgow, Scotland at less than $0.01 per share for a total consideration of $9.11. PPL's CEO is also the chairman of the two-person board of directors of PGL (see Note 7).

Prepaid expenses and other receivables include amounts due from a joint venture of $73,412 for the year ended March 31, 2019. There were no amounts due from the joint venture for the years ended March 31, 2020. The amount is interest free and repayable on demand (see note 6).

Unsecured Notes Payable/Convertible Notes

On March 7, 2018, the Company invested in convertible notes from iOx. On December 3, 2018, the Company invested an additional $950 in iOx (the "Convertible Notes Receivable"). As a result of the SalvaRx Acquisition, iOx has become a subsidiary of the Company during the year ended March 31, 2019. In accordance with IFRS 3 - Business combinations, the fair value notes receivable are effectively settled upon the business combination and the fair value of the notes receivable is additional consideration (see Notes 9 and 12).

The Unsecured Notes and the SalvaRx Notes include notes of the original amount of approximately $3.2 million issued to directors of the Company (see Note 12).

In January 2020, a board member of the Company advanced the Company $1.0 million which was repaid in July 2020. There was no interest or fees associated with this advance.

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

Transactions between the parent company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

Fair value estimates are made at a specific point in time, based on relevant market information and information about financial instruments. These estimates are subject to and involve uncertainties and matters of significant judgment, therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The following table summarizes the Company's financial instruments as of March 31, 2020 and 2019 (in thousands):

	March 31,			
	2020		2019	
	Amortized Cost	FVTOCI	Amortized Cost	FVOCI
Cash and cash equivalents	$ 3,152	$ -	$ 6,166	$ -
Prepaid expenses and Other Receivables	$ 74	$ -	$ 282	$ -
Investment	$ -	$ 7,477	$ -	$ 5,303
	Amortized Cost	FVTPL	Amortized Cost	FVTPL
Accounts payable and accrued liabilities	$ 1,268	$ -	$ 1,107	$ -
Unsecured notes payable	$ 3,661	$ -	$ 3,663	$ -
Warrant liability	$ -	$ -	$ -	$ 24

A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

Fair value of financial instruments

The Company's financial assets and liabilities are comprised of cash, receivables and investments in equities and private entities, accounts payable, warrant liability and unsecured notes payable.

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.

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd)

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.

Management has assessed that the fair values of cash and cash equivalents, other receivables and accounts payable approximate their carrying amounts largely due to the short-term maturities of these instruments.

The following methods and assumptions were used to estimate their fair values:

Investment in Biohaven: Fair value was based on quoted market price of $34.03 per share (Level 1).

The investment in Nekonal and the option in Nekonal has been listed at a $0 fair value (see Note 9).

Investment in Sentien: fair value of the asset is determined by considering strategy changes by Sentien. (Level 3).

Investment in Intensity: The fair value of the asset is determined by considering other comparable equity funding transactions by Intensity with unrelated investors. (Level 3).

Unsecured notes payable and warrant liability: The fair value is estimated using a Black Scholes model (Level 3). See Note 12.

There have been no transfers between levels of the fair value hierarchy for the years ended March 31, 2020 and 2019.

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

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 as reflected on the statement of financial position.

Cash- Cash is held with major international financial institutions and therefore the risk of loss is minimal.

Other receivable - The Company is exposed to credit risk attributable to its debtor since a significant portion of this amount represents the amount agreed on a settlement of a claim by PPL (Note 4), payable over the next six years. The debtor has so far been diligent in paying the amounts on the due dates and PPL management will be monitoring the account on a regular basis.

Liquidity risk

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

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd)

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

The Company monitors its liquidity position regularly to assess whether it has the funds necessary to meet its operating needs and needs for investing in new projects. The Company believes that it has sufficient funding to finance the committed drug development work, apart from meeting its operational needs for the foreseeable future.

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.

20. CAPITAL MANAGEMENT

The Company considers the items included in Equity as capital. The Company had accounts payable and accrued expenses of approximately $1.3 million as of March 31, 2020 (approximately $ 1.1 million as of March 31, 2019) and current assets, primarily in cash, of approximately $3.2 million as of March 31, 2020 (approximately $6.6 million as of March 31, 2019). The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue new business opportunities and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

As of March 31, 2020, the shareholders' equity was approximately $147.8 million (approximately $148.6 million as of March 31, 2019), $3.2 million ($6.2 million as of March 31, 2019) of it was held in the form of cash.

The Company is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital. There have been no changes to the Company's approach to capital management during the years ended March 31, 2020 and March 31, 2019.

21. NON-CONTROLLING INTEREST

(In thousands)

	PGL	SalvaRx	iOx	Saugatuck	Total
Balance as of April 1, 2018	$ -	$ -	$ -	$ -	$ -
Fair value of a subsidiary attributable to non-controlling interest on acquisition	-	-	38,826	90	38,916
Fair value:					
SalvaRx warrants vested upon acquisition	-	2,451	-	-	2,451
Vested portion of iOx stock options	-	-	7,364	-	7,364
Stock based compensation expense	-	-	1,111	-	1,111
Net loss attributable to non-controlling interest	(31)	-	(925)	(3)	(959)
Non-controlling interest at March 31, 2019	(31)	2,451	46,376	87	48,883
Fair value:					
Stock based compensation expense	-	-	2,143	-	2,143
Net loss attributable to non-controlling interest	(50)	-	(1,807)	(59)	(1,916)
Non-controlling interest at March 31, 2020	$ (81)	$ 2,451	$ 46,712	$ 28	$ 49,110

22. EVENTS AFTER THE BALANCE SHEET DATE

On June 1, 2020, the Company made an additional $1.0 million investment in Stimunity by subscribing to 2,479 ordinary shares, upon Stimunity's achievement of certain agreed milestones. This additional investment increased the Company's ownership of Stimunity to 44%.

In April 2020, one of Portage’s portfolio companies received $0.6 million dollars as a legal settlement for a dispute it had with a vendor while developing one of its products.

In May 2020, the Company made an additional $0.4 million investment in Saugatuck. The Company’s ownership did not change with the additional investment. The Company is due to make an additional $0.3 million investment in Saugatuck during the second half of calendar year 2020.

The Company entered into a license agreement with D5 Pharma Inc. ("D5") for certain rights from SunnyBrook Research Institute related to certain inventions and technology related to the identification and characterization of aptamers for $0.4 million which was paid in May 2020. At the Company's option, it can pay an additional $0.2 million in consideration for D5's research, discover and production of certain aptamers. The Company will use the licensed technology to develop and commercialize products. Additionally, the Company will pay D5 CAD$29.1 million per product upon the completion of agreed regulatory milestones. The license will expire on a country-by-country and product-by-product basis on the later of the fifteenth anniversary of the first sale of a product or the last date on which there are valid claims covering the products. In further consideration of the rights granted, beginning with the Company's first commercial sale of the developed products, the Company will also pay an annual earned royalty in the low single digits on net sales of licensed products, subject to certain customary reductions. The license became effective on May 12, 2020 upon the signing of a Right of Exclusive Option in the even that D5 becomes insolvent.

22. EVENTS AFTER THE BALANCE SHEET DATE (cont'd)

On June 5, 2020, the Company effected a reverse stock split. All share and per share information included in the consolidated financial statements have been retroactively adjusted to reflect the impact of the reverse stock split. The shares of ordinary shares authorized remained at an unlimited number of ordinary shares without par value.

On June 16, 2020, the Company issued 698,145 ordinary shares for gross proceeds of $6.8 million, including $2.0 million from two of the Company’s directors, in a non-brokered private placement.

On June 25, 2020, the Company's stockholders approved the 2020 Stock Option Plan (the "2020 Plan") which permits the directors to fix the option exercise price and to issue stock options under the plan as they see fit.

In July 2020, the Company repaid the $1 million advance from a board member of the Company. See Note 18.

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 17th day of August, 2020

PORTAGE BIOTECH INC.

By: /s/ Ian Walters
Title: Chief Executive Officer

By: /s/ Allan Shaw
Title: Chief Financial Officer