PORTAGE BIOTECH INC.

THREE MONTHS ENDED JUNE 30, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

Prepared as of October 15, 2020

Index

Management Discussion and Analysis

The following discussion and analysis by management of the financial condition and financial results for Portage Biotech Inc. for the three months ended June 30, 2020, should be read in conjunction with the unaudited consolidated interim financial statements for the three months ended June 30, 2020, together with the related Management's Discussion and Analysis and audited consolidated financial statements for the year ended March 31, 2020, and annual report in form 20-F for the same period.

Forward looking statements

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

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

Risks and uncertainties include, but are not limited to:

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

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

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

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

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

Nature of Operation and Overview

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

The Company now continues as a BVI incorporated company with its registered office located at FH Chambers, P.O. Box 4649, Road Town, Tortola, BVI. Its Toronto agent, Portage Services Ltd., is located at 6 Adelaide Street East, Suite 300. Toronto, Ontario M5C 1H6 Canada.

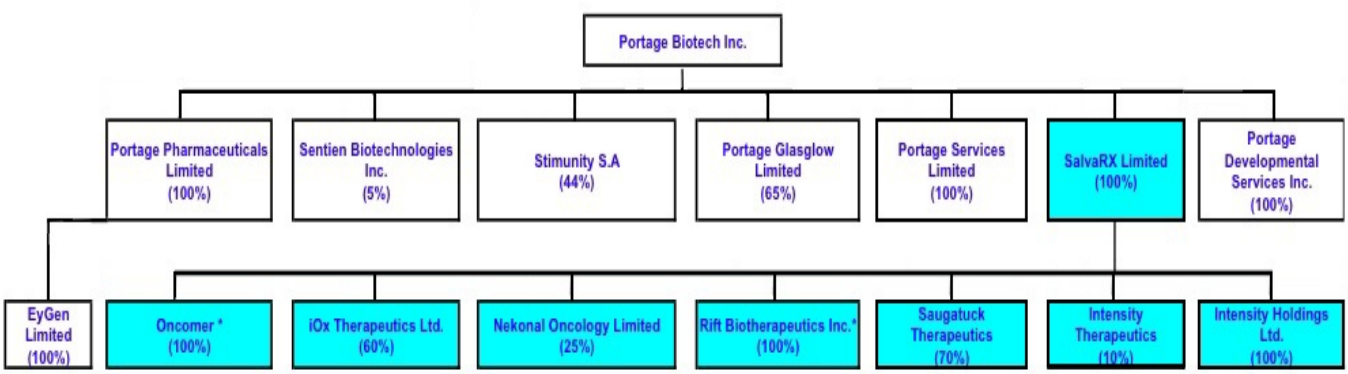
The Company continues to be a reporting issuer with the Ontario Securities Commission and the US Securities and Exchange Commission and its shares trade on the OTC Markets under the trading symbol "PTGEF," effective August 23, 2013. Prior to that date, it was trading as Bontan Corporation Inc. under the trading symbol "BNTNF". Effective October 28, 2013, the Company's shares are also listed for trading in US currency on the Canadian Securities Exchange under the symbol "PBT.U".

On January 8, 2019, the Company acquired 100% of the equity of SalvaRx Ltd., which has full and partial ownership of six immune-oncology companies that are developing nine products.

On June 5, 2020, the Company completed a reverse-split of its ordinary shares at the rate of 100 old shares for one new share. The consolidation of shares proposal was approved by our shareholders at the annual general and special meeting of shareholders of the Company held on January 8, 2020.

On June 16, 2020 the Company closed a private placement (the "Offering") for gross proceeds of US$6.98 million through the issuance of 698,145 ordinary shares (the "Ordinary Shares") at a price of US$10.00 per Ordinary Share. The Company incurred costs of $248,000 in connection with the offering, which were off set against the gross proceeds. The net proceeds from the offering will be used to accelerate pipeline development/execution and will enable management to pursue new opportunistic value creation.

The current organization chart of the Portage Group following the completion of the acquisition is as follows:



* Organization structure is in process of being formalized

Summary of Results

The following table summarizes financial information for the quarter ended June 30, 2020, and the preceding eight quarters: (All amounts in '000 US$ except net loss per share, which are actual amounts). All share and per share amounts reflect the 1:100 reverse stock split effected June 5,2020.

Quarter ended	June 30, 2020	March 31, 2020	Dec. 31, 2019	Sept. 30, 2019	June 30, 2019	March 31, 2019	Dec. 31, 2018	Sept. 30, 2018	June 30, 2018
	in 000'$	in 000'$	in 000'$	in 000'$	in 000'$	in 000'$	in 000'$	in 000'$	in 000'$
Net loss - attributable to the owners of the Company	696	2,242	376	1,273	1,442	1,901	307	208	219
Working capital	6,293	1,226	1,977	2,500	3,604	4,757	6,015	7,157	7,378
Shareholders' equity	102,646	96,531	98,574	98,248	98,222	99,674	8,979	9,229	9,436
Net profit (loss) per shares - basic	(0.06)	(0.20)	(0.03)	(0.12)	(0.13)	(0.18)	(0.11)	(0.07)	(0.08)
Net profit (loss) per share - diluted	(0.06)	(0.20)	(0.03)	(0.12)	(0.13)	(0.18)	(0.11)	(0.07)	(0.08)

Number of ordinary shares, options and warrants

These are as follows:

As at,	June 30, 2020	October 13,2020
Shares issued and outstanding	11,685,791	12,083,395
Options granted but not yet exercised (a)	596	596
Warrants (b)		49,701

(a) Options are exercisable into equal number of ordinary shares at an average exercise price of US$0.15 and have a weighted average remaining contractual life of approximately 1.47 years as at June 30, 2020.

(b) Warrants are exercisable into equal number of ordinary shares at an average exercise prise of US6.64 and have a remaining contractual life of approximately 2 years.

Business environment

Risk factors

Please refer to the Annual Report in the form F-20 for the fiscal 2020 for detailed information as the economic and industry factors that are substantially unchanged as of the date hereof.

Business plan

Portage enables research and development to produce more clinical programs and maximize potential returns by eliminating typical overhead costs associated with many biotechnology companies. We nurture the creation of early- to mid-stage, first- and best-in-class therapies for a variety of cancers, by providing funding, strategic business and clinical counsel, and shared services, to enable efficient, turnkey execution of commercially informed development plans. Our portfolio encompasses nine subsidiary companies whose products or technologies have established scientific rationales, including intra-tumoral, nanoparticles, liposomes, aptamers, cell penetrating peptides, and virus-like particles. In collaboration with our subsidiaries, we create viable product development strategies, to cost-effectively deliver best-in-class R&D, clinical trial design, and financial and project management, to ultimately build value and support commercial potential.

Operating Results

Following details analyze major expenses for the three months ended June 30, 2020 compared to those for the three months ended June 30, 2019.

Three months ended June 30,	2020	2019
	in 000'$	in 000'$
Operating expenses	(973)	(1,798)
Interest expense	(122)	(95)
Share of gain(losses) in associate - equity method	440	(43)
Net loss	**(655)**	**(1,936)**
Unrealized gain(loss) on investment, available for sale	78	(15)
Total comprehensive loss for year	**(577)**	**(1,951)**
Non-controlling interest	41	(495)
Net loss attributable to owners	(618)	(1,456)
	(577)	(1,951)

Expenses

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

Three months ended June 30,	2020	2019
Research and development	**747**	**1,237**
General and administrative expenses	**226**	**561**
	973	**1,798**

Research and development costs

These costs (in 000'$) comprised the following:

Three months ended June 30,	2020	2019
Legal regarding Patents registration	**83**	**51**
Consultants – scientists and researchers	**747**	**876**
Other outside services – lab testing, peptide handling etc.	**487**	**310**
	1,317	**1,237**
Proceeds from a legal settlement with a vendor	**(570)**	**-**
	747	**1,237**

Three months ended June 30, 2020 compared to Three Months ended June 30, 2019

Research and development costs ("R&D") were relatively similar for the quarters ended June 30, 2020 and 2019, respectively. The overall 40% or approximate $0.5 thousand reduction in R&D costs during the three months ended June 30, 2020, compared to corresponding prior year period was attributable to one of Portage's portfolio companies receiving a $0.6 million dollars as a legal settlement for a dispute it had with a vendor while developing one of its products.

Following were key developmental highlights during the three months ended June 30, 2020:

iOx

IOX has been working to get its regulatory submissions ready. COVID has impacted it timetable as hospitals shunt resources to the pandemic. It is anticipated that two iOx's products, IMM60 and IMM65

will both be entering clinic trials before the end of the year. The team is looking at other clinical opportunities as we have manufactured a good deal of clinical supplies.

Saugatuck Therapeutics Ltd. ("Saugatuck") and Oncomer

Saugatuck has focused on the development of DNA aptamers and certain aptamer-based combination products and achieved initial proof of concept of the nanolipogel ("NLG") formulation with Portage's initial investment which triggered the next capital infusion tranche of $700,000 USD. Saugatuck has been able to formulate a proprietary PD1 aptamer in the NLG formulation and has shown the formulation properly modulates PD1 signaling. In non-clinical, in vivo experiments the NLG-PD1 performed favorably compared to a mouse PD1 antibody. The additional funding will support exploration of multiple PD1 based co-formulations with small molecules and other DNA aptamers. Separately, this work has triggered a license from D5 pharma to create additional proprietary DNA aptamers for immune-oncology targets. This license is with another Portage company, Oncomer. The Oncomer company supplies Saugatuck with aptamers to be formulated in the NLG platform.

Stimunity

Stimunity has focused on the development of STING agonists in cancer and reached a major development milestone in its preclinical development plan in during the quarter ended June 302020. Portage made an additional €900k (approximately $1million) investment into Stimunity as a result of the advancement that will enable Stimunity to start the manufacturing of its biologic cGAMP-VLP (STI-001) lead compound to create create additional drug product to facilitate further development STING-activating cGAMP Virus-Like Particle(cGAMP-VLP) technology has a unique property enabling its payload to preferentially target immune cells, which is different from other chemical STING approaches. This targeting mechanism has an impact on the stimulation of the immune system and the quality of the anti-tumoral response by delivering the cGAMP via systemic route of administration and that it leads to induction of systemic anti-tumor T-cell response which demonstrates picking the right approach to modulate STING is key. Stimunity is currently working on a new oral formulation of STING, that the Company believes could be very competitive with other approaches in this area due to its unique virus like particle delivery system.

Intensity

Intensity has shown clinical proof of concept results of their product in humans and has secured regulatory secured fast track status from the FDA. In addition, Intensity has launched 7 phase 2 studies including clinical collaborations with the 2 largest players in this space, BMS and Merck. Intensity has presented clinical trial results at major conferences, including ASCO this quarter and reported excellent safety, with encouraging signs of efficacy.

GENERAL AND ADMINISTRATIVE EXPENSES

Key components of g & a expenses are:

Three months ended June 30,	**2020**	**2019**
	in 000'$	in 000'$
Consulting fee	66	272
Professional fees	75	243
Office and general	85	46
	226	561

Three months ended June 30, 2020 compared to Three Months ended June 30, 2019

General and Administrative Expenses decreased by $0.3 million or 60% during the three months ended June 30, 2020, compared to corresponding prior year period. This reduction was primarily due to a non-reoccurring consulting expense incurred in the prior year associated with the SalvaRx acquisition and a decline in the number of vested employee options. In addition, the professional fees in the three months ended June 30 2019, were higher by approximately $0.2 million, which were related to audit and accounting fees for the year ended March 31, 2019, being underprovided for in fiscal year 2020 and were accounted for during the three months ended June 30, 2019.

Liquidity and Capital Resources

On June 16, 2020 the Company closed a private placement of ordinary shares for gross proceeds of approximately US$7.0 million through the issuance of 698,145 ordinary shares at a price of US$10.00 per Share. The Company incurred costs of $248,000 in connection with the offering, which were off set against the gross proceeds. The net proceeds from the offering will be used to accelerate pipeline development/execution and will enable management to pursue new opportunistic value creation. A portion of the proceeds were used to settle the SalvaRx Notes.

Operating cash flow

During the three months ended June 30, 2020, operating activities required a net cash outflow of approximately $688,000 compared to net cash outflow from operations in the corresponding period of approximately $979,000. The cash requirement was met from the existing cash on hand. The $291,000 or 30% decrease is primarily attributable to one of Portage's portfolio companies receiving a $0.6 million dollars as a legal settlement for a dispute it had with a vendor while developing one of its products which was off-set by additional development expenses.

The Company does not currently have any contractual commitments to fund further research and development at its subsidiaries.

The Company's continuing operations are dependent upon any one of:

1. the existence of economically recoverable medical solutions;
2. the ability of the Company to obtain the necessary financing to complete the research; or
3. future profitable production from or proceeds from the disposition of intellectual property.

The Company has incurred substantial operating losses since inception due to significant research and development spending and corporate overhead and expects to continue to incur significant operating losses for the foreseeable future and may never become profitable. As of June 30, 2020, the Company had cash of approximately $8.2 million, working capital of approximately $6.3 million and an accumulated deficit of approximately $23 million. The Company has funded its operations from proceeds from the sale 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.

The Company's current cash will be sufficient to fund operations for at least the next 12 months. However, the Company will need to continue 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 curtailed.

Investing cash flows

On June 1, 2020, the Company made an additional $1.0 million investment in Stimunity upon Stimunity's achievement of certain agreed milestones, increasing its equity share in Stimunity to 44%.

There were no investing activities during the three months ended June 30, 2019.

Financing cash flows

On June 16, 2020, the Company completed a private placement offering of 698,145 restricted ordinary shares at a price of US$ 10 per share for gross proceeds of $ 6.98 million to accredited investors. Directors of the Company subscribed for 215,000 shares for $2,150,000. The Company incurred costs of $248,000 in connection with the share issue which were off set against the gross proceeds.

There were no financing activities during the three months ended June 30, 2019.

Key Contractual obligations

Details of contractual obligations, commitments and contingent liabilities are provided in note 15 to the unaudited consolidated financials for the three months ended June 30, 2020.

Off balance sheet arrangements

At June 30, 2020 and 2019, the Company did not have any off-balance sheet arrangements, including any relationships with unconsolidated entities or financial partnership to enhance perceived liquidity.

Transactions with related parties

Significant related party transactions are detailed in Note 16 to the unaudited consolidated financials for the three months ended June 30, 2020.

Financial and derivative Instruments

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 June 30, 2020 and March 31, 2020:

	As of June 30, 2020		As of March 31, 2020	
	Amortized cost	Fair value to other comprehensive income	Amortized cost	Fair value to other comprehensive income
	in 000'$	in 000'$	in 000'$	in 000'$
Financial assets				
Cash and cash equivalent	**8,196**	**-**	**3,152**	**-**
Prepaid expenses and other receivable	**572**	**-**	**574**	**-**

Investments	-	**10,220**	-	**8,702**
	Amortized cost	**FYTPL**	**Amortized cost**	**FYTPL**
Financial liabilities				
Accounts payable and accrued liabilities	**1,321**	**-**	**1,268**	-
Unsecured notes payable	**3,717**	**-**	**3,661**	-

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

The Company settled the SalvaRx Note, plus accrued interest, in the quarter ended September 30,2020 for $1.8 million cash and 397,604 of the associated warrants were subsequently exercised for Portage common shares at an exercise price of $6.64 per warrant on October 13 2020. The Company expects to record a loss on extinguishment of debt of $180 in the September quarter.

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.

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 $73.11 per share as of June 30, 2020 ($34.03 as at March 31, 2020) (Level 1).

The investment in Nekonal and the option in Nekonal has been listed at a $0 fair value.

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

Investment in Intensity: 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).

There have been no transfers between levels of the fair value hierarchy for the three months ended June 30, 2020 and year ended March 31, 2020.

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.

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.

Use of Estimates and Judgments

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected. Significant areas where estimation uncertainty and critical judgments are applied include valuation of financial instruments, valuation of property, plant and equipment, impairment losses, depletion and depreciation, and measurement of stock based compensation.

New accounting standards, interpretations and amendments

The Company is also unaware of any applicable but not-yet-adopted standards that are expected to materially affect the financial statements of future periods.

Internal Controls Over Financial Reporting

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

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

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

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

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate. Management assessed the effectiveness of the Company's internal control over financial reporting as of June 30, 2020. In making this assessment, it used the criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on the evaluation under these criteria, Management identified material weaknesses in the Company's internal controls over financial reporting, and as a result, management concluded that the Company's internal control over financial reporting was not effective as of June 30, 2020.

Management identified the following material weaknesses set forth below in our internal control over financial reporting.

- Management was unable to perform an effective risk assessment or monitor internal controls over financial reporting:

- The management of the Company lacks the number of skilled persons it requires given the complexity of the reporting requirements it has to make, which more specifically include the staff and expertise (i) to properly segregate duties and perform oversight of work performed and to perform compensating controls over the finance and accounting functions, (ii) to establish and perform fair value estimates or subsequently monitor fluctuations in fair value estimates, and (iii) to apply complex accounting principles, including those relating to business combination accounting, income taxes and fair value estimates;

- There are insufficient written policies and procedures in place to ensure the correct application of accounting and financial reporting with respect to the current requirements of IFRS and SEC disclosure requirements, some of which specifically relate to investment accounting and fair value measures, assessment of in-process research and development assets, share based payments, carrying amounts of goodwill and intangible assets and business combination accounting;

Public securities filings

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